Electronic Waste Recycling Companies

Property, Casualty & Environmental Solutions

XL Group Insurance

Environmental
How vulnerable are you?

The severity of a claim caused by an electronic data destruction security breach, an environmental loss or a truck accident can be catastrophic for an Electronic Waste Recycling Company's bottom line. Firms can effectively reduce their exposure with a proactive risk management program including efforts to reduce exposures, planning for the unexpected and insuring against unbudgeted costs.

In today's uncertain times, you may be concerned about the availability of insurance coverage and the financial stability of insurance carriers in general. XL Group can help by providing integrated risk management programs that include property, casualty and pollution coverages backed by the financial strength and stability that you require.

History has shown...
Given the nature of their operations, Electronic Waste Recycling Companies face potential liabilities associated with environmental exposures. Claims for environmental losses are often denied under Commercial General Liability policies due to the absolute pollution exclusion.

Common exposures facing electronic waste recycling firms

**Property & Casualty Exposures**
- Operation/ownership/maintenance of trucks/vehicles that can result in bodily injury/property damage
- Mobile equipment operations
- Negligence causing injury to third parties on-site

**Electronic Data Destruction Services Exposures**
- Care, Custody and Control of a third party's personally identifiable information
- Theft which results in the unintentional disclosure of that information
- Employee misappropriation, misuse or mishandling of that information

**Environmental Exposures**
- Leaks, spills or ruptures of tanks or pipelines
- Foul odors
- Poor above or underground storage tank management programs
- Spills or leaks from loading/unloading of materials
- Spills or leaks from the storage and handling of material containers such as drums, totes or bags
- Poor on-site storage practices, i.e., improper storage of incompatible wastes
- Fire/explosion hazard from flammable materials and combustion process
- Presence of PCBs in electrical equipment
- Historical concerns including:
  - Incomplete or missing information of historical on-site activities
  - Past on-site disposal activities (e.g., old septic system, spills)
  - Inadequate housekeeping practices within the facility
  - "Temporary" storage of hazardous materials within trailers on-site
  - Exposures associated with disposal of wastes at non-owned disposal sites

The consequences can be enormous
If left unprotected from these exposures, electronic waste recycling firms could face:
- Cleanup costs
- Business interruption
- Third-party bodily injury and property damage claims
- Legal defense expense in lengthy litigation trials
- Loss of competitive edge and/or community image

Expand into hazardous waste
To remain competitive, some Electronic Waste Recycling Companies are adding hazardous waste storage and/or treatment to their services, thereby creating additional exposures.

XL Group has helped many owners/operators of hazardous waste facilities comply with insurance and certificate requirements.

Consider these facts...
- 83.8% of all data breaches involve electronic records 2011 Data Breach Stats: Identity Theft Resource Center, Copyright 2011
- 400 million: the estimated number of electronic units that are discards in the US each year
- 25: the number of states that have adopted e-waste legislation banning the disposal of electronics in the waste stream
Fortunately, there’s integrated coverage you can count on

*Integrated environmental risk management®* from XL Group provides the unique advantage of a complete risk management program in one package. Insurance is combined with risk control programs specially designed for your industry as well as expert claims management to help minimize the impact of claims on your business operations.

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<thead>
<tr>
<th>Our Coverage</th>
<th>Benefits of Insurance</th>
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<tbody>
<tr>
<td>Provides custom-tailored insurance programs that can include:</td>
<td>• Protects your bottom line with a superior form of risk transfer</td>
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<tr>
<td>• Electronic Data Destruction Coverage</td>
<td>• Provides financial stability for low-frequency, high severity pollution claims</td>
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<tr>
<td>• Environmental Impairment (pollution) Coverage</td>
<td>• Pollution coverages can protect against the financial and operational losses including:</td>
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<td>• Contractor’s Pollution Coverage</td>
<td>• cleanup costs</td>
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<tr>
<td>• Full array of property and casualty coverages:</td>
<td>• third-party bodily injury and property damage claims</td>
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<td>• Auto Liability and Physical Damage, including broadened auto pollution</td>
<td>• legal defense expense</td>
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<td>• General Liability</td>
<td>• Assists in ease of property acquisition and divestiture</td>
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<td>• Umbrella Liability</td>
<td>• Helps meet property loan &amp; lease requirements</td>
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<td>• Property &amp; Equipment Breakdown</td>
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<td>• Worker’s Compensation</td>
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<th>Risk Control</th>
<th>Benefits of Risk Control</th>
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<td>Available as part of an integrated program, at no additional cost to the insured. Key programs for electronic waste recycling companies include:</td>
<td>• Helps minimize losses and protect profitability through a variety of customized training, audits and services</td>
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<td>• Mock OSHA inspections/audits</td>
<td>• Helps identify, prioritize and address exposures</td>
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<td>• Industrial hygiene services</td>
<td>• Assists in achieving your annual training requirements</td>
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<td>• Environmental assessment services</td>
<td>• Saves money because you don’t have to hire outside consultants</td>
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<td>• Spill response, loss prevention and health &amp; safety training</td>
<td>• Increases employee morale, retention and productivity due to improved worker safety</td>
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<td>• Emergency planning</td>
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<td>• Hazardous material storage: audits, inventorying, review of practices</td>
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<td>• Transportation safety services</td>
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<th>Claims Management</th>
<th>Benefits of Claims Management</th>
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<td>Our staff of legal and environmental consultants and claims adjusters is just one call away, 24-hours a day, 365 days a year to help manage an incident and minimize the claim, achieving resolution so your business can carry on. We’ve handled more than 10,000 environmental claims of varying complexity and size from small diesel spills and indoor air quality claims to complex Superfund sites and hazardous materials train derailments. Our capabilities extend beyond simple claims handling to encompass environmental project management, cost control, claims consulting and litigation support.</td>
<td>• Provides expert legal advice to help limit financial and legal liabilities arising from environmental, health &amp; safety incidents</td>
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<td>• Controls emergency response and litigation costs</td>
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<td>• Minimizes interruption of business activities</td>
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<td>• Provides qualified negotiations with regulatory, federal, state and local agencies, and the media to present your company in a professional, responsive manner</td>
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<td>• Provides reports and updates to keep you informed</td>
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<td>• Helps minimize, through timely response, the extent of an incident, lowering impact to the environment and cleanup costs, as well as to your bottom line</td>
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Benefits of one carrier for your complete risk transfer package

- Avoids confusion and potential gaps in coverage
- One underwriter to oversee your entire program ensures better service and consistency
Don’t let it happen to you...

In the following case history, the exposures take a variety of forms. This example demonstrates just some of the many ways in which an Electronic Waste Recycling Company can incur liabilities and why it is important to be protected with a complete package of insurance.

All Burned Up

Vandals set fire to an unknown amount of cardboard that was located at a recycling facility. The fire burned for several days, sending clouds of smoke and toxic substances into the surrounding neighborhood. Residents of that neighborhood filed suit against the recycler, asserting claims for strict liability and negligence. The residents alleged that they were exposed to the hazardous and toxic substances. They sought damages for medical diagnosis, testing, and monitoring.

The Recycler tendered its defense to its commercial general liability (CGL) insurer. The policy contained a total pollution exclusion in its bodily injury and property damage liability coverage. The exclusion contained an exception which reinstated coverage if the bodily injury arose out of heat, smoke, or fumes from a hostile fire.

The exclusion defined a “hostile fire” as one which becomes uncontrollable or breaks out from where it was intended to be. The exception did not apply, however, if that hostile fire occurred or originated at a site or location where the insured “handled, stored, disposed, processed or treated waste.” The policy stated that waste included material to be recycled, reconditioned, or reclaimed. The policy also contained an absolute pollution exclusion in its personal injury and advertising liability coverage.

The commercial general liability (CGL) insurer filed a complaint for declaratory judgment arguing that no coverage existed. The trial court granted the carrier’s motion for summary judgment, finding that while the underlying plaintiffs sufficiently alleged that they suffered bodily injury as defined in the policy, there was no coverage due to the policy’s total pollution exclusion.

The appellate court affirmed the judgment of the trial court. The issue for the court was whether, based on the allegations contained in the underlying plaintiffs’ complaint, the exception to the total pollution exclusion applied, i.e., whether the complaint sufficiently alleged that the recycler was handling, storing, disposing, processing, or treating waste at its facility when the fire occurred. The trial court found that the total pollution exclusion barred coverage.

Questions? Need more information?

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The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.

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