

Pollution Legal Liability Policy

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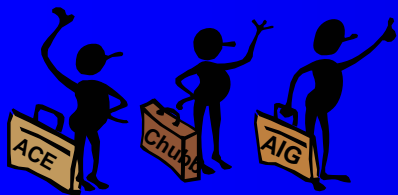
Policy Features

- Policy terms up to 10 years
- Policy limits up to \$100,000,000 or more
- Covers historical and future conditions
- Coverage triggers:
 - Discovery
 - Third party claims
 - Government mandate
- Flexible deductible and premium structure
- Transferable to future owners

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Coverage Enhancements

- Diminution of adjacent property value
- Natural resource damages
- Environmental liability assumed under contract
- Additional named insureds, including lenders
- Business interruption – actual loss or rental income
- Underground and above ground storage tanks
- Bodily injury caused by lead based paint
- Bodily injury caused by asbestos
- Non-owned disposal sites



Today's Marketplace

Insurance Carriers

Chubb Group

AIG

Ace Environmental Risk

XL Environmental

Zurich US

New Players

Liberty Mutual Insurance Group

Arch Insurance Company

Quanta Holdings

A.M. Best Rating

A++ XV

A+ XV

A+ XV

A+ XV

A XV

A XV

A- X

A- IX

(Ratings as of February 2006)

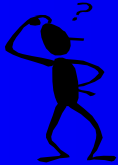
Former Manufacturing Facility



Property Description: 1.4 million square foot building situated on 93 acres. Former defense contractor built the facility in 1942 for manufacturing.

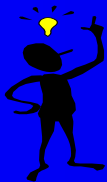
Environmental Condition

- Soil and groundwater industrial cleaning solvent contamination
- Off-site plume covering 300 acres, moving one foot per day
- ROD to conduct extensive pump and treat system



Transaction Dilemma

- Buyer's inability to secure project funding
- Buyer's concern about inheriting environmental liability
- Seller's indemnification agreement is limited



Solution

- Transfer of environmental liability to insurance carrier
 - Buyer, seller & lender named as insureds
 - Policy backstops indemnification

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Liability Limit: \$20,000,000

Self-Insured Retention: \$150,000

Policy Period: 10 Years

Policy Term Premium: \$195,000

Coverage Provided

- On-site clean-up of historical conditions(excess of indemnification)
- On-site clean-up of new conditions
- Off-site clean-up of historical conditions(excess of indemnification)
- Off-site clean-up of new conditions
- Third party claims for bodily injury and property damage (excess of indemnification)
- Diminution of adjacent property value
- Business interruption-actual loss of rental income
- Additional insureds – lender and seller