

Avoiding Surprises - A Roadmap for Insurance Solutions

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Discussion Points

- **Defining the Risks**
- **DOE Projects Vs. Commercial Nuclear**
 - **What Are the Key Risk / Insurance Differences?**
- **The Radwaste Insurance Marketplace Today**
- **Commercial General Liability**
/ Professional - Pollution Liability
 - **Important Elements to Evaluate**
- **Site Specific Pollution Liability**
- **Trends**
- **A few Case Studies**

Sustainable Risk Management

The Changing Landscape of Environmental Liability:

Bar is Rising & the Risk is Deepening *and* Growing Broader



Driving Shareholder & Stakeholder Value through Strong Environmental Stewardship

- **Contract Terms – Fixed Priced, Fixed Fee, T&M (Costs Plus)**
- **Department of Energy project vs. Commercial Nuclear project?**
- **Contract – Project Manager or Subcontractor?**
- **Embedded operation on DOE or Commercial Nuclear site or stand-alone Radwaste facility on own property offsite?**
- **Remediation and/or Professional Consulting Services?**
- **Radwaste exposure – what type of Radwaste?**

- **The Price Anderson Act & Applicability to Risk / Insurance**
- **Key Insurance Issues:**
 - **Mixed Waste / Radwaste**
 - **Radwaste Facilities**
 - **Insurance Marketplace vs. American Nuclear Insurance – the key differences to understand**
- **Works/Services at Commercial Nuclear Facilities**
 - **Key Contract Terms to Understand for Negotiations**
 - **Indemnity matters – Liability arising from a nuclear event – bodily injury & property damage**
 - **Supplier & Transport coverage requirements – what is it & can you negotiate this out of the contract?**

Snapshot of Entire Marketplace Today – Enormous Growth!

Company	Capacity	Writing Member Company	AM Best Rating
Chartis	\$50,000,000	American International Specialty Lines Insurance Company	A (XV)
Chubb	\$50,000,000	Chubb Custom Insurance Company	A++ (XV)
Zurich	\$50,000,000	Steadfast Insurance Company	A (XV)
XL	\$50,000,000	Indian Harbor Insurance Company	A (XV)
Ace	\$50,000,000	Illinois Union Insurance Company	A+ (XV)
Ironshore	\$30,000,000	Ironshore Specialty Insurance Company	A- (XI)
Great American	\$25,000,000	Great American E&S Insurance Company	A (XIII)
Arch	\$25,000,000	Arch Specialty Lines Insurance Company	A (XV)
Liberty International	\$25,000,000	Liberty Surplus Insurance Corporation	A (XV)
CV Star	\$25,000,000	Starr Indemnity & Liability Company	A (IX)
AWAC	\$25,000,000	Allied World National Assurance Company	A (XV)
Endurance	\$16,000,000	Endurance Specialty Insurance	A (XV)
Philadelphia	\$15,000,000	Philadelphia Insurance Company	A+ (XIV)
American Safety	\$11,000,000	American Safety Insurance Group	A (VIII)
Navigators	\$10,000,000	Navigators Specialty Insurance Company	A (X)
Markel/Evanston	\$10,000,000	Evanston Insurance Company	A (XII)
Berkley	\$10,000,000	Nautilus Insurance Company	A+ (X)
Hudson	\$10,000,000	Hudson Specialty Insurance Company	A (XV)
RLI Environmental	\$10,000,000	Mt. Hawley Insurance Company.	A+ (X)
James River	\$10,000,000	James River Insurance Company	A- (VIII)
Colony	\$10,000,000	Colony Specialty Insurance Company	A (XII)
Everest	\$6,000,000	Everest Indemnity Insurance Company	A+ (XV)

Total

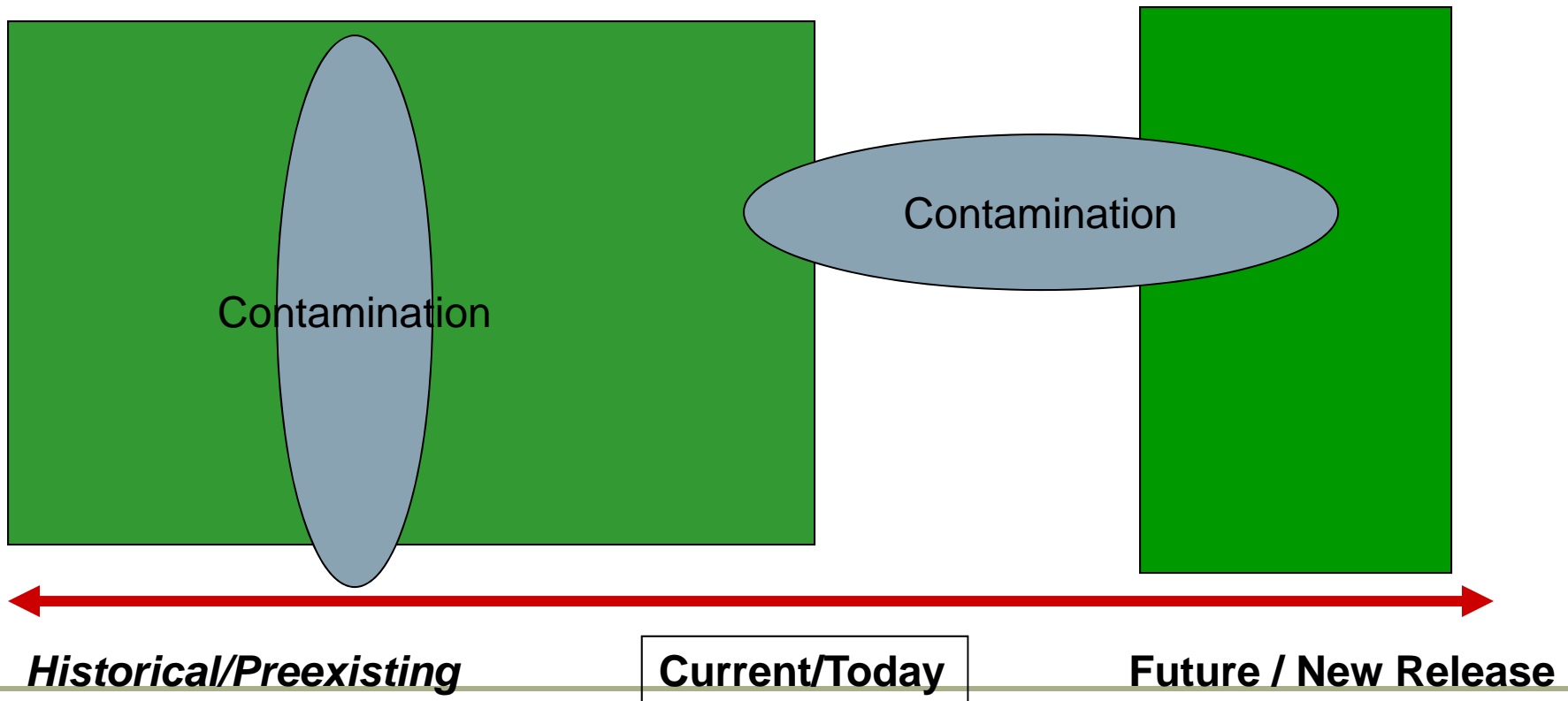
\$523,000,000

Pollution Legal Liability Insurance

- Most commonly used & versatile product to from site environmental risks
- **Can be used for Radwaste risks – no nuclear/rad exclusion**
- Covers cleanup, and third party liabilities including bodily injury and property damage
- Reopener coverage for cleanup once regulatory closure achieved
- No time bar for historical / long term coverage for future claims (up to 10 Years)

Insured Property:

Neighbor



- **Combining all liability risks under one Policy**
- **“Green” including Climate Change Risks**
- **Vapor Intrusion Risks**
- **Increasing Re-opener Risks**
- **Contingent Business Interruption Risks**
- **Defense outside the limits? Capped**
- **Emergency Response coverage**
- **Indoor Air matters – Decontamination Coverage**
- **Nuclear, Chemical & Bio Terrorism Availability**

Measuring Risks & Return on Insurance Investment for Avoidance of Loss

Risk mapping could lead to financially quantifying the risk and return on investment if catastrophic insurance procured

Environmental Management Cost:			
	Operational Departmental Cost		\$464,327
	Insurance Coverage		
	Deductible/retention in event of loss		\$1,000,000
	Annualized Premium		\$623,286
		Total Cost	\$2,087,613
Gross Loss Scenario:			
	Average Estimated Gross Severity	\$5,853,000	
	Average Estimated Probability	39.5%	
	<i>Probability-weighted gross loss</i>	\$2,311,935	
Company Operating Profit Margin:			7.7%
Estimated Gross Revenues to offset weighted loss:			\$30,025,130
Cost of Generating Offsetting Profits			\$27,713,195
Estimated ROla on Environmental Management Cost:			
	Cost versus probability-weighted gross loss (single year)		11%
	Cost versus total cost of generating offsetting profits (single year)		>100%
	Cost versus highest loss value assigned in this analysis (\$10MM)		>100%

Creating Financial Certainty w/Insurance Solutions to Avoid Surprises