



Pollution Liability

- CERCLA & Love Canal changed everything
- 1238 Superfund sites today initially 200
- Still not widely purchased - Most purchases are based on 3rd party requests - RCRA, regulations or investors
- 10 year ago EPA focus on Land fills & Heavy industry...today smaller companies producing hazardous materials. Dry cleaner TCE pollution a major problem.
- Variety of chemicals today greater than in the past

Pollution Liability

- More Environmental Awareness, yes in the US!
- Better techniques to discover pollution
- Higher anger levels when it happens
- This is regulated more than any other area in the US
- It is regulated Federally but administered locally at the State level
- Pollution has become a main stream BOARD LEVEL management issue

The Future of Them All

- Common Elements: Personal Behaviour
- Poor judgment results in serious Financial, Property or Bodily Injury
- New limits of loss levels set in 3 out of 4
- The Greed and Deceit has fostered a “No Tolerance”

The Future of Them All

- Expectations: Don't let it happen again or else...
- Biggest Issue for D&O, EPL and Fiduciary
 - Baby boomers retiring during a period of long term poor economic performance
 - '99 \$242b surplus - '02 \$222b under funded
 - A slow drip of more fraud and deceit stories coming out. Total erosion of trust
- Potentially the largest pollution issue is ground water contamination...we can't live without water and what will be your cost to clean it?

To Assure Future Insurability -

- The Following Need to Change:
 - Move to Anticipating Risk vs Reacting to Risk
 - Asking the Tough “What if? “ questions
 - “That won’t happen.” is not the correct answer
 - The force of the market is *not* an appropriate rating tool.