



SPECIAL ENDORSEMENTS

Energy Pollution Liability Extension Endorsement LD-25339a (10/11)

- **Deletion of ISO Pollution Exclusion and replacement with the following exclusion:** Except as provided in this endorsement this insurance does not apply to any injury, damage, expense, cost, "loss", or legal obligation arising out of or in any way related to "pollutants"... Except as provided in this endorsement only, we shall have no duty to defend any suit, claim or proceeding... related to pollutants.
- **A Covered "Pollution Incident" defined:** This pollution exclusion does not apply to Bodily Injury, Property Damage or "remediation costs" caused by a "pollution incident" that is unexpected and unintended, commences at a specific time and date during the policy period, commences at a site, location or premises: (a) owned or occupied or rented or loaned to any insured at that time, or (b) at which any insured or any contractor or subcontractor working on the insured's behalf was performing operations at the time; and discovered by any insured within 30 days of commencement and reported to the insurer within 90 days of commencement.
- **"Pollution Incident" defined:** A discharge of pollutants into the "environment". "Environment" includes air, land, structure or the air therein, watercourse or water, including underground water, and biota.
- **Absolute Pollution Exclusions:** This insurance does not apply to any release or escape of pollutants at or from or related to any:
 - 1) Waste site (which by definition does not include salt water disposal wells);
 - 2) Closed Facility (any premises, site or location where the insureds business has been terminated or suspended but not including a well that is temporarily shut in);
 - 3) Premises, site or location any insured has sold, given away or abandoned;
 - 4) Radioactive material; or
 - 5) Damage to real or personal property owned by, leased to or rented by the insured or in the insured's care, custody or control - but this exclusion does not apply to remediation costs.
- There is also an exclusion of coverage for pollutants specifically named and excluded by separate exclusion in the policy (such as silica).

Focus:

Upstream and midstream operators and contractors

Appetite:

Middle market guaranteed cost and low deductible programs

Lines of Business:

ISO Commercial General Liability/
Auto Liability and Physical Damage/
\$10,000,000 umbrella

Companion Workers' Compensation Program:

AIG Workers' Compensation underwriting authority for eligible energy business.

Limitations:

Over the hole business in the Marcellus and Utica areas are subject to form limitations

Admitted ISO General Liability forms and endorsements

Learn more today by contacting us:
www.towerstonecorp.com or 972.725.2100.

- Defense costs are in addition to limits but...
 - Under the self-insured retention options the company has no duty to defend but will reimburse allocated loss adjustment expenses including defense costs either in full, pro rata or excluding defense costs completely. The retention options allow ALAE to erode the retention under option 1 only and ALAE is in addition to limits except in option 3.
 - Under the deductible option ALAE will not apply to reduce the deductible and ALAE are in addition to the limit.
- **Loss defined:** Those sums paid in settlement of a claim, suit or judgement which the insured is legally liable to pay as damages because of Bodily Injury or Physical Damage or remediation costs.
- **Remediation costs defined:** Expenses incurred to investigate, quantify, monitor, abate, remove, dispose, treat, neutralize, or immobilize pollution conditions required by applicable laws, statutes or ordinances or regulations including state voluntary cleanup corrective action guidance.
- **THERE IS NO EXCLUSION FOR POLLUTION FROM A WELL OUT OF CONTROL** – See Oil and Gas Industry Endorsement for limitation for on-site cleanup.
- ACE has approved a follow form Pollution endorsement on their Umbrella without exclusion to underground pollution in the following states:
 - Texas – Kansas – Colorado – Montana
 - Oklahoma – Michigan – Wyoming – North Dakota

Exposures outside these states would have to be referred for approval as long as they are incidental to overall exposures. ACE has not changed their position on any Marcellus area states and we would have to use our current pollution form there.

Oil and Gas Industry Endorsement

- Adds exclusion of damages claimed by co-owners of the working interest.
- Adds exclusion of cost of well control including costs of debris removal and cleanup of on-site oil or drilling fluids or mud or site remediation.
- Adds coverage for non-operated working interests of the named insured.
- Adds coverage for oil and gas lease co-owners whose interests you manage or from wells you operate.
- Limits coverage for non-operated interests to a ratio of your working interest times the amount of loss or damage.
- Duties in the event of an occurrence amended to require the insured to promptly take all steps required to bring a well under control.
- Makes coverage under this policy excess of operator insurance (when the insured is a non-operator) or any well control bodily injury or property damage coverage (not clean-up damages).
- Insured contract does not apply to any contract that indemnifies any person or organization for injury or damage:
 - Arising out of transportation of employees by aircraft or watercraft which you have leased or chartered; or
 - To tools, equipment or materials while performing operations for you (this is a clarification as ISO definition of a insured contract does not cover this exposure).

Underground Resources and Equipment Coverage Endorsement LD-20679a (10/09)

ACE uses a manuscript endorsement that provides the same definition of underground resources and equipment found in the ISO version. The endorsement deletes exclusion J.4 (personal property in the care, custody and control of the insured) as respects underground resources and equipment as defined.