

Exposure Alert

New Upstream Energy Pollution Form



Overview

Based on claims and adverse media associated with onshore oil & gas exploration, including specific concerns about hydraulic fracturing, upstream companies have sought solutions to adequately transfer the environmental risks associated with operations. As a result, Ironshore recently launched their new SPILLS Oil & Gas form that affirmatively insures the pollution risks associated with onshore E&P operations.

Aon's Environmental Service Group is working with Ironshore to bring this product to the attention of all our onshore E&P clients. The defense and investigation costs arising from these environmental claims have been substantial regardless of the merits. Given that the claims associated with the publicized drinking water claims involve allegations of gradual leaks over time, traditional Sudden & Accidental insurance will not usually respond. The new Ironshore product though will "fill in the gaps" left by casualty and control of well insurance.

This new environmental product provides the following enhancements:

- Provides gradual pollution coverage (including defense and investigation costs)
- Insures all real property and mineral rights in which the Insured has an ownership, lease, license or easement interest as of the Inception Date on a blanket basis;
- Provides affirmative coverage for hydraulic fracturing fluids
- Provides 90 days automatic acquisition coverage for real property or mineral rights obtained during the Policy Period;
- Provides 90 days automatic coverage for drilling or installation of new wells or other assets on existing real property or mineral rights during the Policy Period;
- Provides coverage for Evacuation Expenses and Image Restoration Expenses;
- Provides blanket Insured Contract definition for non-operating assets.

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Limits of Liability

Up to \$100M per loss/\$100M aggregate limit of liability if structured with various carriers.

Up to \$30M per loss/\$30M aggregate with any one particular carrier.

Retentions

\$100,000 - \$500,000 minimum depending on well count

Please feel free to contact Aon's Environmental Group for more information.

Aon's Environmental Services Group

Aon Environmental Services Group (ESG) is the premier global environmental risk advisor and insurance broker. As an international provider of integrated environmental risk management services, ESG combines expertise in environmental engineering, environmental law, environmental management, environmental underwriting, and claims/litigation support to provide unparalleled service in the industry. Our staff of over thirty dedicated professionals, with backgrounds in environmental science and engineering, environmental management, law, geology, finance, and insurance, are located strategically across the United States, Canada and the United Kingdom.