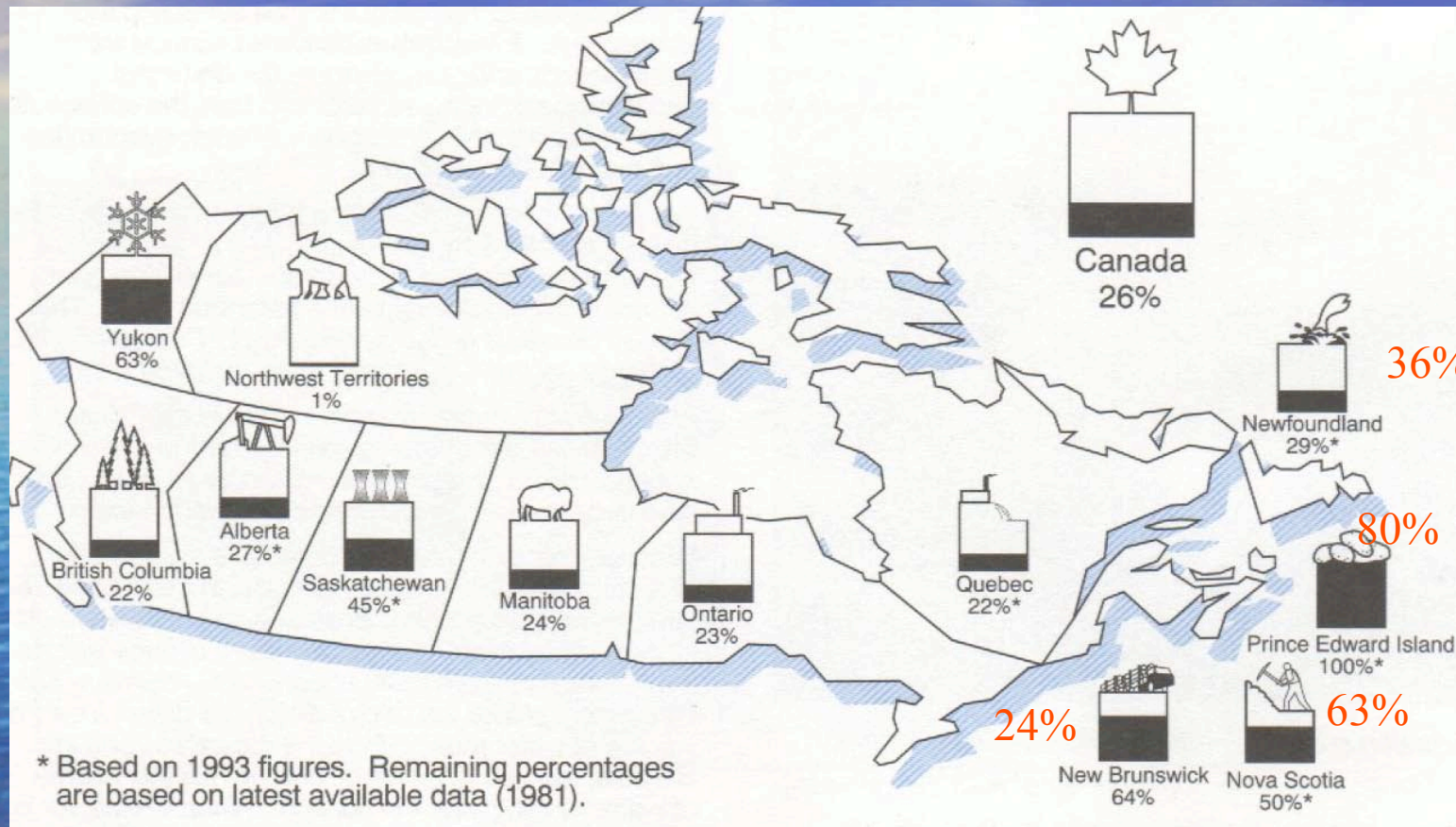




Adjuster's Perspective – Coverage Interpretation and Limitations/Flexibility of Atlantic RBCA

Presented by
Michel F. Roy, FCIP

% of Population Reliant on Groundwater



Percentages in red represent reliance on oil heat.

National average is 14%.

Number of Homes Heated by Oil

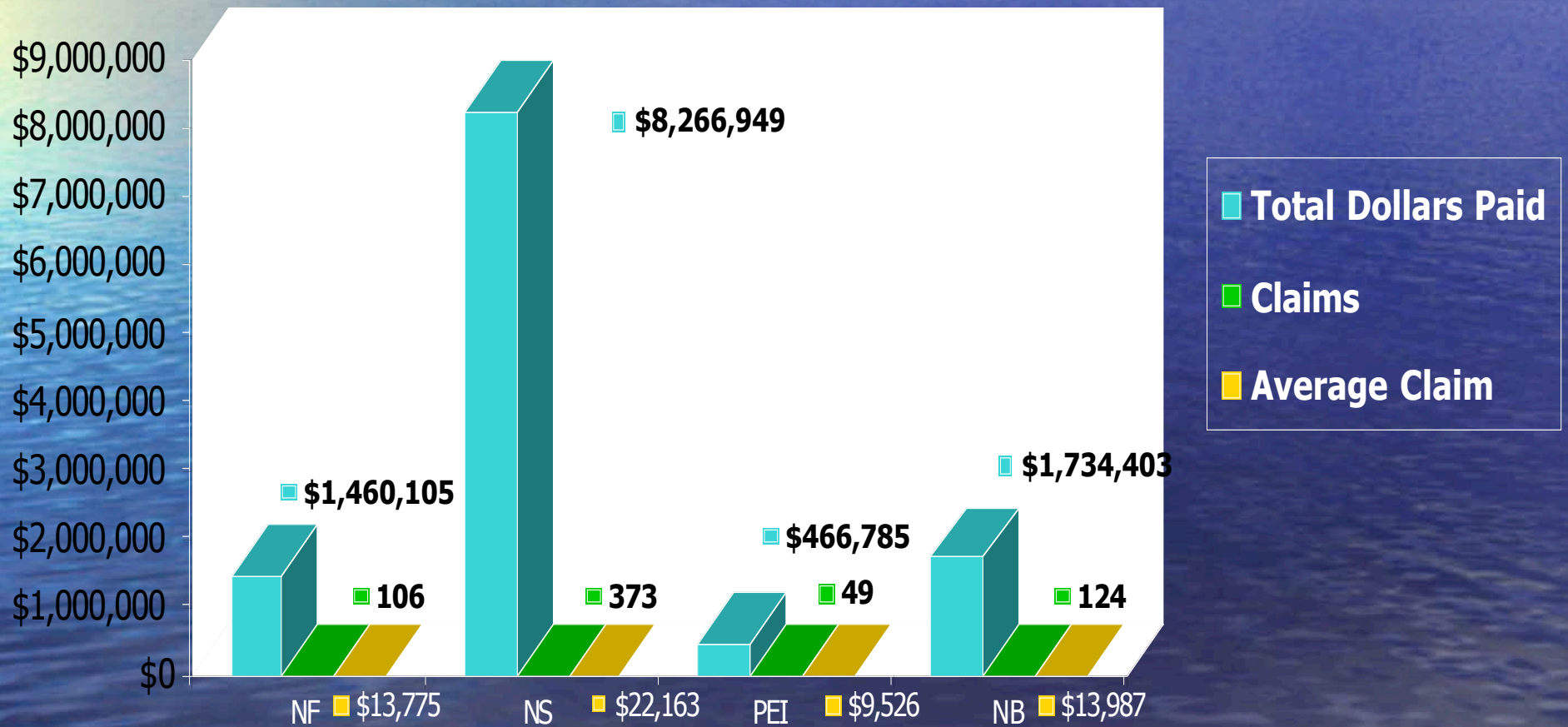
The number of homes heated with oil has not changed significantly in recent years.

Estimated number of homes with oil heating in Atlantic Region:

	1992	1997
NB	30% 76,000	24% 69,000
NF	33% 59,000	32% 64,000
NS	60% 199,000	62% 227,000
PEI	83% 46,000	84% <u>43,000</u>
		403,000

Source: Statistics Canada

Residential Oil Spills Incurred Atlantic Canada (1996-1998)



Causes & Consequences

- - Consequences relate to three major areas:
 - Health effects on the population and individuals
 - Environmental effects (short-term or long-term)
 - Economic losses and effects



Problems Facing the Insurance Industry

- THE PROBLEM

- The cost of residential oil spills to the industry is increasing
- Residential oil tank spills are not being addressed on an industry basis.
- Claims procedures are confusing to consumers.
- No industry guidelines or standards.

In New Brunswick ...

Risk-Based Corrective Action &

Guideline for the Management of
Contaminated Sites

- 5 Major Sections:
- Introduction
- Regulatory rationale
- Management process
- Responsibilities of the parties
- Definitions

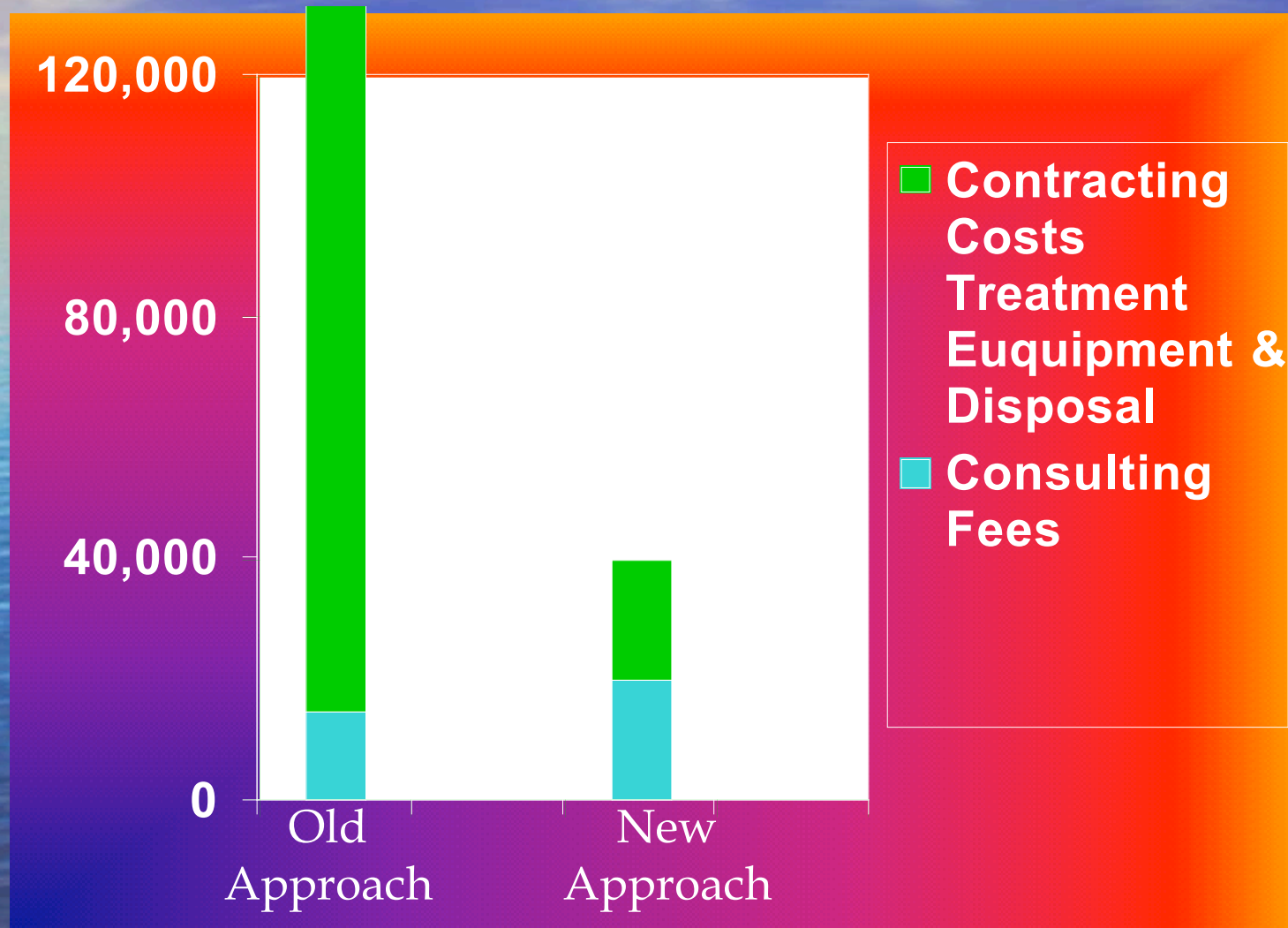
Requirements/Limitations of New Approach

- Must address risk when identified
- Drinking water limits
 - - No taste or odour
- Indoor air limits
 - - No objectionable odour
- Benzene soil criteria
 - - Lower than before

Increased Costs of RBCA

- More extensive site assessment
 - - More bore holes/test pits
 - - More lab costs
 - - Off-site assessment
- Notification of third parties
 - - Communication
 - - Possible costs
- Ecological assessment
 - - Extra testing
 - - Remedial implications
- Reporting
 - - More extensive requirements
 - - Record of site conditions

Expectations of How RBCA Should Help Reduce Overall Costs



Coverage Interpretation

- Homeowner's forms (First and Third Party losses)
 - - Basic
 - - Broad
 - - Comprehensive
 - - Commercial building forms
 - - CGLs
 - - Auto policies

Case Example

- - Cause of Loss: Pinhole Leak
- - Tank Location: Basement
- - Amount of Product Lost: 360 liters.
- - First Party Exposure: No coverage
- - Third Party Exposure: All within 150 meters – two neighboring wells; properties and nearby river
- - Type of Soil: Silty sand/silty clay & gravel
- - Soil Volume Excavated and Treated: 632.35 tons
- - Groundwater Volume Treated: 2,200 liters
- - Costs: First Party ---- No Coverage
 - Third Party -- \$99,343.16
 - Consulting Costs --- \$12,119.64
- - File Opened: June 2, 2001
- - File Closed: October 31, 2001



20. 6. 2001



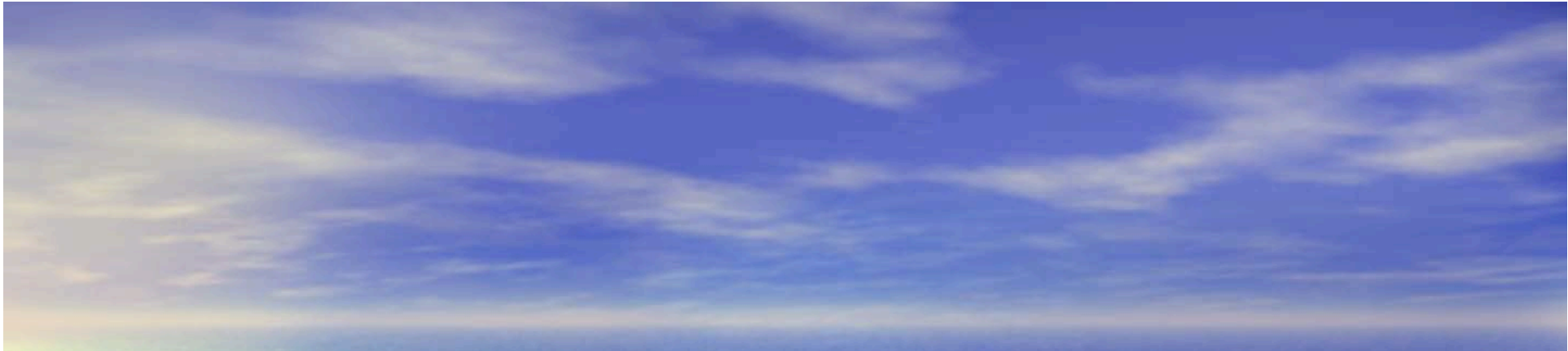


Case Example

- Cause of Loss: Pinhole Leak
- Tank Location: Basement
- Amount of Product Lost: 300 liters
- First Party Exposure: Vapor & presence of hydrocarbons in basement
- Third Party Exposure: Neighboring properties on both sides within 50 m.
- Type of Soil: Silty sand
- Soil Volume Excavated and Treated: 33.02 tons
- Groundwater Volume Treated: No groundwater control required
- Costs: First Party: \$30,754.46
- Third Party: - 0-
- Consulting Costs: \$4,659.69
- - File Opened: January 17, 2001
- - File Closed: October 31, 2001







Case Example

- Cause of Loss: Vandalism
- Tank Location: Outside
- Amount of Product Lost: Undetermined 910 liter tank empty
- First Party Exposure : Vapor & Hydrocarbons present inside building
- Third Party Exposure: Impacts on municipal treatment facility – neighbor 150 meter away
- Type of Soil: Crushed rock/silty sand and gravel
- Soil Volume Excavated and Treated: 187 tons
- Groundwater Volume Treated: 24,640 liters
- Costs: First Party ----- \$25,019.92
- Third Party ---- \$2,044.11
- Consulting Costs - \$10,176.76
- File Opened: January 16, 2001
- File Closed: October 31, 2001







Case Example

- Cause of Loss: Vandalism
- Tank Location: Outside
- Amount of Product Lost: Undetermined, possibly 910 liters
- First Party Exposure: Vapor & Hydrocarbons inside building
- Third Party Exposure: Municipal treatment system – neighbor 150 meters one side
- Type of Soil: Crushed rock/silty sand and gravel
- Soil Volume Excavated and Treated: 249.06 tons
- Groundwater Volume Treated: 6,640 liters
- Costs: First Party ----- \$87,515.58
- Third Party -----\$2,044.11
- Consulting Costs -- \$17,015.39
- File Opened: January 16, 2001
- File Closed: October 31, 2001

