

# ATTACHMENT 21

AR # 271

E-mail re: Insurance Issues

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## McDonald, Jeffrey

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From: McDonald, Jeffrey  
Sent: Friday, March 14, 2014 10:16 AM  
To: 'Gilmore, Tyler J'  
Cc: Greenhagen, Andrew; Krueger, Thomas; McAuliffe, Mary; Bayer, MaryRose; Jaime Rooke  
Subject: insurance issues raised from our contractor to help guide the discussion

### Insurance Policy:

- The PLL policy that was resubmitted yesterday is identical to the original "Specimen" policy submitted back in January. Just want to make sure you know that there were no changes made to this document.
- AIG has agreed to change the cancellation policy to 120 days to meet rule requirements. However, the policy will still allow only 10 days' notice of cancellation in the event of non-payment of the premium. This is not within the strict interpretation of the rule, which indicates the company should provide notice of cancellation no less than 120 days before cancellation is in effect.
- AIG provided a suggested approach for renewal. A few notes:
  - First, the document appears to be cut off mid-sentence. "...the Company shall extend this policy by 90 days for additional...?" Can AIG provide the remaining text for this document?
  - Second, it appears that one condition of renewal (#4) is that the insured has not incurred a loss more than 50% the value of the policy premium. Based on the premiums I reviewed in January, this works out to be \$312K to \$412K. That seems low to me given that the policy will be \$100M.
- The revised CCS Endorsement includes new definitions of (just making sure you all see these, because FutureGen did not call them all out explicitly):
  - "Clean-up Costs," This change was not mentioned by FutureGen, but the modifications appear only to remove coverage for microbial matter and Legionella pneumophila.
  - "Covered Operations," The definition now includes the construction, drilling and installation of UIC wells.
  - "Pollution Condition," This definition was broadened, as mentioned by AIG, "definition now expressly includes injected materials captured pursuant to the Permit for Injection and which have migrated, released, etc. beyond the boundaries of the Injection Zone."
- The policy still does not specify coverage amounts or when coverage will begin. (Jeff mentioned that this will have to be worked out in his recent email.)
- The submission does not include the Certificate of Insurance. **FutureGen indicated they are still working on this.** (Jeff mentioned that this will have to be worked out in his recent email.)

As Jeff mentioned, the policy references documentation from the March and May 2013 permit applications to define key terms. FutureGen should define terms to be inclusive of all documentation and communication with EPA that would shape these definitions.

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