



April 25, 2012

Jeffrey Hanneman, J.D., Director  
Aon Risk Services Southwest, Inc.  
Aon Risk Solutions, Environmental Practice  
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Houston, TX 77056  
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Jeffrey.Hanneman@aon.com

**Applicant: Standco Industries, Inc.**

**Policy: Environmental Legal Liability Policy**  
**Insurer: Aspen Specialty Insurance Company**

Dear Jeff:

Aspen Specialty Insurance Mgmt, Inc. (Aspen) is pleased to offer this Proposal for certain coverage(s) under the Policy shown above. This Proposal is valid for the first 30 business days following the date of this Proposal or until the subject Policy is bound, whichever is earlier.

Please be aware that this Proposal may not meet all of your previously requested specifications, so please read the entire Proposal carefully. The terms of this Proposal, the Policy and any endorsements thereto supersede any specific requests that you may have provided and may also be subject to specific conditions as noted herein. Also, please note that we are pleased to provide copies of our Policy form and any endorsements thereto upon request.

Whether or not this proposal is for more than one line of insurance, it must be accepted or rejected in its entirety. Aspen will consider all counteroffers but we may not always accept such counteroffers. Instead, we may elect to re-price based upon the coverage, exposure and expenses presented.

We appreciate the opportunity to quote this Proposal on this account and look forward to hearing your feedback.

Sincerely,

Marilyn Hattier  
Senior Vice President  
Environmental  
T 832 431-3027  
C 713 2484806  
Email: marilyn.hattier@aspen-insurance.com

Aspen Specialty Management, Inc.



## ENVIRONMENTAL LEGAL LIABILITY POLICY PROPOSAL

### APPLICANT INFORMATION

Standco Industries, Inc.  
2701 Clinton  
Houston, TX

### PROGRAM PARAMETERS

- Commission: 15%
- Policy Term: 5/1/2012- 5/1/2013  
As of 12:01 a.m. on such date in the time zone applicable to the applicant's mailing address
- Issuing Company: Aspen Specialty Insurance Company  
A.M. Best Rating: A (Excellent), XV
- Policy Form: ASPER010 1211 Environmental Legal Liability Policy
- Available Coverage Sections: A.
- 1. First Party Protection
    - 1a. – Clean-Up
    - 1b. – Emergency Response
    - 1c. – Environmental Crisis
    - 1d. – Business Interruption
  - 2. Third Party Claims
    - 2a. – Insured Location
    - 2b. – Non-Owned
    - 2c. – Transportation
    - 2d. – Covered Operations
  - B. Automatic Coverage Extensions
    - 1. – Additional Insured
    - 2. – Executive Indemnity
    - 3. – Green Up – Grade
    - 4. – Insured Contracts
    - 5. – Insured Location Devaluation
    - 6. – Microbial Matter Prevention
    - 7. – Parental Indemnity
    - 8. – Separate Legal Expense Limit
  - C. Defense and Settlement



**PROGRAM OPTIONS**

Option	Purchased Coverage Section	Per Incident Limit	Aggregate Limit of Liability	Per Incident Deductible	Policy Term	Premium
1	A.1a, 1b, 1c., .2a., ab., 2c., B., C.	\$5,000,000	\$5,000,000	\$50,000\ \$100,000	10	\$114,500 \$103,050
2	A.1a, 1b, 1c., 2 a.,2b, 2c.,B, C	\$10,000,000	\$10,000,000	\$50,000 \$100,000	10	\$161,309 \$145,178

Crisis cost shall be subject to a separate limit of \$250,000 which shall not erode the aggregate limit of liability.

\*\*If Coverage Section 1d. is purchased, such coverage shall be subject to a deductible equal to the amount incurred in the first 3 days of the business interruption.

\*\*\*The premiums quoted do not include surplus lines taxes, state surcharges or stamping fees, if applicable.

Terrorism (not included in the premium(s) quoted above): 3%, if such coverage is elected.

**ENVIRONMENTAL LEGAL LIABILITY PROPOSAL**

**FORMS & ENDORSEMENTS**

In addition to the Policy form, the following endorsements apply:

- Manuscript 100% Min Earned
- Manuscript Pre-existing Conditions Only
- Manuscript Offer of Coverage Terrorism Risk Insurance Act of 2002
- Manuscript Insured Location – Schedule (2701 Clinton Houston, TX)
- Manuscript Notice of Possible Claim Deletion
- Manuscript Deletion of clean-up with giveback for BI/PD and reopener coverage
- Manuscript Additional Named Insured Schedule
- Manuscript Schedule of Insured Contract
- Manuscript Material Change in Use (Future use industrial)

Endorsements are subject to legal approval.

**CONDITIONS**

This Proposal is being offered on a surplus lines basis. If the terms and conditions of this Proposal are acceptable, please provide us with a completed copy of the "Broker Responsible for Surplus Lines Filings Agreement". We are not required to bind coverage prior to our receipt, review and underwriting approval of such information. However, if we do bind coverage prior to such approval, it shall be for a period of not more than fifteen (15) days. Such binding of coverage shall be void ab initio ("from the beginning") if we have not received, reviewed and approved in writing such materials within fifteen (15) days from the effective date of the binder. This fifteen (15) day conditional binder may be extended only in writing signed by the insurer. If coverage is bound, the premium must be remitted to Aspen within thirty (30) days of effective date or fifteen (15) days from billing, whichever is later. Payment of premium shall not operate to extend the binding period or nullify the automatic voiding as described above. As the producing broker, it will be your responsibility to comply with regulatory



requirements, including arranging for the payment of the applicable state tax and/or stamping fee should a policy be issued.



Furthermore, this Proposal is subject to the receipt and satisfactory review of the following prior to binding. Please read them carefully.

- Completed and signed Aspen ELL application, or equivalent.
- Signed Terrorism selection/rejection form.
- Completed and signed Surplus Lines form.
- An engineering phone survey to include product quality control prior to binding
- Full copies of any and all environmental reports prior to binding

This Proposal is strictly conditioned upon no material change in the risk, including a submission being made to the insurer of a claim or circumstance that might give rise to a claim, between the date of this Proposal and the policy inception date. In the event of such a change in risk, the insurer may, in its sole discretion, amend or withdraw this Proposal.

This Proposal and all the terms, conditions and provisions contained within this letter are work product that was developed by or on behalf of, and is owned by the issuing company identified above. The Broker and the entity(s) to whom this letter is provided by the insurer agree that they will hold this Proposal and the terms, conditions and provisions contained within this letter confidential and that they will not share this Proposal or the terms, conditions and provisions contained within this letter with any person or entity which (1) sells insurance, or (2) is not sent this letter directly by the insurer, unless such person or entity agrees that it will not provide this Proposal or any of the terms, conditions and provisions contained within this letter to any person or entity which sells insurance. In the event that the Broker or any of the entity(s) to whom this letter is provided by the insurer do not agree with this provision, please return all originals and copies of this Proposal to the insurer.



## **POLICY HOLDER DISCLOSURE NOTICE OF TERRORISM COVERAGE**

You are hereby notified that, under the Terrorism Risk Insurance Act of 2002, effective November 26, 2002 and as extended through December 31, 2007, that you now have the right to purchase insurance coverage for losses arising out of “acts of terrorism”, as defined in Section 102(1) of the Act: The term “act of terrorism” mean any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of an air carrier or vessel or the premises of a United States mission; and to have been committed by an individual or individuals acting on behalf of any foreign person or foreign interests, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect of the United States Government by coercion.

Any terrorism coverage provided by this policy is partially reinsured by the United States of America under a formula established by Federal Law. Under this formula, the United States will pay either 90% (2006) or 85% (2007) of covered terrorism losses exceeding a statutorily-established deductible paid by insurers until such time as insured losses under the program reach \$100 billion. If that occurs, Congress will determine the procedures for, and the source of, any payments for losses in excess of \$100 billion. The actual coverage provided by your policy for acts of terrorism, as is true for all coverages, is limited by the terms, conditions, exclusions, limits, other provisions of your policy, and any endorsements to the policy and generally applicable rules of law.

### **SELECTION OR REJECTION OF TERRORISM INSURANCE COVERAGE**

UNDER FEDERAL LAW, YOU MAY ELECT OR REJECT THIS OFFER OF COVERAGE FOR ACTS OF TERRORISM, AS DEFINED IN THE ACT. IF YOU SELECT COVERAGE, YOU MUST SUBMIT THE PREMIUM REQUIRED. IF YOU REJECT COVERAGE, YOU WILL NOT BE COVERED FOR LOSSES ARISING FROM ACTS OF TERRORISM, AS DEFINED BY THE ACT.

	I hereby elect to purchase coverage, subject to the limitations of the Act, for acts of terrorism, as defined by the Act for a premium of \$xx
	I hereby elect to have the endorsement that excludes coverage for acts of terrorism, as defined in the Act, endorsed to my policy. I understand that I will have no coverage for losses arising from acts of terrorism, as defined in the Act and they are specifically excluded from my policy.



## POLICY HOLDER DISCLOSURE NOTICE

Possibility of Return Premium: The premium for certified acts of terrorism coverage is calculated based in part on the federal participation in payment of terrorism losses as set forth in the Act. The federal program established by the Act is scheduled to terminate at the end of 12/31/2007 unless extended by the federal government. If the federal program terminates or if the level or terms of the federal participation change your TRIA coverage will cease as of 12/31/2007. In such event, Aspen Specialty Insurance Company will reimburse you the premium that you paid for the remaining period of time (days in 2008) that coverage was not provided, on a pro-rated basis, within thirty (30) days of such termination.

\_\_\_\_\_  
Policyholder/Applicant Signature

\_\_\_\_\_  
Aspen Specialty Insurance Company  
Insurance Company

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Policy Number

\_\_\_\_\_  
Named Insured

\_\_\_\_\_  
Date



## SURPLUS LINES PRODUCER INFORMATION

**IMPORTANT: THIS AGREEMENT MUST BE COMPLETED BY THE BROKER RESPONSIBLE FOR SURPLUS LINES FILINGS**

This policy is written on a surplus lines basis by Aspen Specialty Insurance Company.

In the state(s) of \_\_\_\_\_, as the producing broker, it is your responsibility to arrange for the payment of the state tax and/or stamping fee on 100% of the premium for this policy. Please return a copy of this letter within 15 business days of receipt with your acknowledgment that you have arranged for the filing and payment of the surplus lines tax and/or stamping fee in accordance with the state regulation.

INSURED INFORMATION		
Named Insured		
Principal / Exposure State		
Issuing Company	Aspen Specialty Insurance Company	
Line of Business	Environmental	
Policy Number		
Policy Period	Inception Date: MM/DD/YYYY	Expiration Date: MM/DD/YYYY

PRODUCER INFORMATION			
Surplus Lines Producer:			
Address:			
	City:	State:	Zip Code:
Surplus Lines License #:			
Surplus Lines Transaction # (NJ Only):			

\*The producing broker agrees that, upon request by the insurer or any insurance regulator, the broker will provide a copy of all surplus lines licenses referenced above as well as any documentation supporting the payment of surplus lines taxes hereunder.