



# Proposal for David Dybdahl for Environmental Insurance Consultant to Dane County

**Proposal:** To Serve as: The Environmental Insurance Consultant to Dane County; In the matter of the conditional use permit application by Enbridge CUP #2291 in Dane County.

**Lead Consultant:** David J. Dybdahl Jr. CPCU, President  
American Risk Management Resources Network, LLC.  
7780 Elmwood Ave Suite 130, Middleton, WI.

**Performance Period:** The report will be completed within 10 days from receiving the requested documents for review.

**Compensation:** \$4950. To be paid prior to the delivery of the report to the Committee.

**Conflict Of Interest Disclosure:** The consultant has no conflicts of interest or business dealings with Enbridge, any direct or indirect competitors of Enbridge or with Dane County.

**Qualifications:** David Dybdahl is a full time environmental insurance specialist in insurance brokerage environmental insurance underwriting and an expert witness in related topics. A widely published author, he is an internationally recognized subject matter expert. He has been admitted in multiple federal courts as an expert witness on matters concerning environmental insurance policies and claims. He has 32 years of experience in environmental insurance. Holds a BBA and MBA in risk management and insurance from UW-Madison. Since 1981 he has been teaching environmental insurance at the UW as a guest lecturer. Please see Biography and Curriculum Vitae Appendix A.

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## Scope of Work

- 1) An evaluation of the General Liability Insurance and “Sudden and Accidental” Pollution Liability Insurance coverage carried by Enbridge Energy Partners LLC arriving at a determination of how the existing insurance policies would apply in the event of a catastrophic spill in Dane County.

Consultant will be subject to a confidentially agreement in conducting the insurance review.

Preferably the complete General Liability and Excess Liability Insurance policies will be supplied to the consultant. If a complete copy of the policies is not supplied these sections of the policies would be necessary at a minimum to conduct the insurance coverage review.

- a) the insuring agreement,
- b) pollution exclusions and pollution coverage give packs,
- c) Definitions sections and any other provisions specifically relevant to these sections in the General Liability insurance policy in order to evaluate the adequacy of insurance coverage for a pipe line spill.
- d) If any of the excess layers deviate from the Primary General Liability insurance policy on the coverage related to pollution events, those deviations should be supplied.
- e) Other sections as requested to clarify items in the above sections.

The contractual liability sections of the current GL policy and a sample Additional Insured endorsement is needed to evaluate the coverage for Dane County if it is counting on being an additional insured on the Enbridge policy.

- 2) The consultant will provide a summary of how funds available through the Oil Spill Liability Trust Fund may apply in the event of:
  - a) Catastrophic / accidental spill event, and
  - b) A gradual spill event.

The summary will also address what party(ies) may seek access to those funds, and any limitations that may affect the applicability or use of those funds to respond to a spill event.

- 3) In light of the above insurance review, prepare an evaluation of the proposed “conditional use permit conditions” outlining additional assurances to Dane County submitted by Enbridge and entered into the public record on 1/27/15 regarding,
  - a) Liability and indemnification, and
  - b) Insurance and security. The evaluation will also include an analysis of the ramifications of including Dane County as an “additional insured” on Enbridge’s Commercial General Liability Insurance.

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- 4) The above referenced sections of the current GL insurance policy need to be compared with the insurance policy forms that are currently being litigated over the Michigan spill. See reference to this insurance litigation in Appendix B.
  - a) To evaluate if the current insurance coverage carried by Enbridge is different than the insurance currently involved with coverage litigation over costs associated with the Michigan spill from an Enbridge Pipeline ,
    - i. A copy of the complaint regarding the coverage litigation
    - ii. A Copy of the reservation of rights letters from the insurance company denying the claim from the Michigan spill.
- 5) Based on the evaluation of existing insurance policies, determine the suitability of said liability insurance policies to cover the costs associated with a catastrophic spill including response, clean up, and remediation. This determination will also address the county's ability, if any, to submit a claim against the Enbridge insurance policies on which the county is listed as an additional insured.
- 6) Consultant will make recommendations on the type(s) and amounts of insurance needed to cover costs of response, clean up, and environmental remediation in the event of a catastrophic spill.
- 7) Consultant will make recommendations on the appropriate type(s) of insurance and/or appropriate endorsement(s) needed for the county to submit a claim for damages, and/or to cover costs of response, clean up, and remediation in the event Enbridge is unable to fulfill its obligations as a liable party.
- 8) If separate environmental insurance is proposed by Enbridge the consultant will make a determination on the adequacy of said insurance to address the coverage needs for a pipeline spill.
- 9) A final written report to the Dane County Zoning and Land Regulation Committee providing the evaluations, determinations, and recommendations listed in this scope of services.
- 10) Consultant will attend (subject to a few scheduling availability conflict dates March 2- March 4 and March 18-March 19) and present the finding of the report at a future Zoning and Land Regulation Committee meeting.

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**Appendix A**

Biography

Of

David J Dybdahl, CPCU, ARM, MBA

David Dybdahl is the founder and president of American Risk Management Resources Network, LLC, in Middleton Wisconsin. He specializes in environmental risk management and insurance serving as an independent wholesale insurance broker/technical resource/consultant/expert witness. He has over thirty years of hands on experience in the placement of environmental insurance including; creating the first Contractors Pollution Liability policy in 1986, placing insurance wrap-ups on the decommissioning of nuclear weapons facilities in the United States and on the containment operations of the Chernobyl nuclear disaster. He has placed environmental insurance on hundreds of less famous places. His work today involves designing and making environmental insurance placements, insurance consulting, and providing expert and fact witness services in cases involving environmental insurance on over \$400,000,000 in disputed environmental insurance claims. His past clients include the US EPA, US Justice Department, the Army Corps of Engineers and the World Bank in London.

He is a co-author of the Society of Chartered Property and Casualty Underwriters (CPCU) text on environmental insurance and the Associate in Risk Management (ARM) text on controlling environmental losses. He is a member of the consensus drafting committees of the IICRC S500 and S520 professional standards for water and mold remediation.

He has both bachelors and masters degrees in Risk Management and Insurance from the University of Wisconsin-Madison and an MBA in Finance. He holds the prestigious Chartered Property and Casualty Underwriter and the Associate in Risk Management professional designations.

## Contact information:

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dybdahl@armr.net

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**Curriculum Vitae**

David J Dybdahl Jr. CPCU, ARM, MBA

January, 2014

**Personal Information**

**Address** 4901 Pine Cone Circle  
Middleton, Wisconsin 53562

**Contacts**

Direct line (608) 836-9567  
Mobile (608) 513-6101  
Home (608) 798-1676  
E-mail dybdahl@armr.net

**II. Work Experience****1999 to Present****American Risk Management Resource Network, LLC. Principal,**

ARMR.Network is a specialty environmental insurance brokerage firm and Managing General Agency with underwriting authority of \$5,000,000. Our customized insurance products are sold through hundreds of insurance agencies in the United States and Canada. Over the past 32 years I have worked on the placement of literally thousands of environmental insurance policies both as the placing broker and as the Global Environmental Practice Leader of Willis, the third largest insurance brokerage firm in the world.

Insurance and risk management consulting assignments at ARMR.Network include; writing the insurance specifications and conducting the insurance compliance reviews for the bidders on five hundred million dollars of fixed price environmental remediation services, serving as an expert witness on disputed environmental insurance claims with amounts in dispute measured in the tens of millions of dollars, compiling the history of the environmental insurance market complete with reconstructive pricing and underwriting guidelines for individual risks from 1980 to date, creating business plans for environmental insurance sales in insurance brokerage firms, developing new insurance products complete with policy forms, pricing models and underwriting guidelines, environmental risk management consulting on insurance issues associated with mold damages, proof of financial responsibility financial product efficacy analysis for the federal government, facilitating culture change in insurance brokerage operations and internet based knowledge sharing platforms.

Consulting projects have been completed for a broad range of clients including the US EPA, US Justice Department, US Army Corps of Engineers, US Army Environmental Center, Los Angeles County School District, The California Solid Waste Board, Arthur J Gallagher, Wells Fargo, The World Bank and numerous other fact and expert witness assignments associated with environmental insurance.

**1999 to Present****The Society of Environmental Insurance Professionals, Founder**

The Society of Environmental Insurance Professionals was created in 1999 to enhance the use of environmental insurance as a risk management tool. I created the organization by developing the business plan and soliciting the cooperation and financial support from the leading underwriters and brokers of environmental insurance. ERRA produces educational seminars on current environmental risk management issues, produces newsletters, and hosts an internet based environmental risk resources library.

ERRA is a federally registered not for profit 501, c. 3. educational organization and has been approved in over thirty states for continuing education credits in insurance and law.



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### **2002 International Risk Group, President**

IRG is the insurance branch of a leading brownfield development corporation.

### **2001 Aon, Mid West Environmental Insurance Director**

I worked as an environmental risk management resource in the environmental practice of the second largest insurance brokerage firm in the world.

### **1990 to 1999**

#### **Willis Global Environmental Practice, Managing Director**

I created the first functioning fully staffed environmental resource group in a major brokerage firm. The Willis Environmental Practice served as a technical resource to the insurance brokers of Willis. Our activities in the environmental practice included broker training, joint client calls, gathering market intelligence, assembling pricing benchmarks, trouble shooting on difficult insurance placements and claim issues, managing insurance company relationships, and quality assurance on hundreds of environmental insurance placements. Over this time period the Global Environmental Practice at Willis produced over \$250,000,000 in environmental insurance premiums for thousands of clients.

Willis pioneered the development of multi-disciplined technical resource supported environmental insurance production in the insurance brokerage industry. Employing environmental engineers, lawyers, industrial hygienists and environmental insurance experts, the environmental practice was able to deliver the specialized environmental risk management expertise to the field offices which enabled Willis brokers to develop innovative solutions to environmental risk management problems.

During this time frame the book of environmental business grew from less than one million dollars in commissions in 1990 to over fourteen million dollars in 1999. The Willis environmental practice consistently outperformed the overall environmental insurance industry in terms of growth on an annual basis. The basic design of the multi disciplined resource supported environmental practice has set the standard for the insurance brokerage industry and has been copied by the major competitors of Willis.

Significant environmental insurance placement innovations that were pioneered in the Willis Environmental Practice between 1990-1999 included designing and placing the insurance on the Clean-Up of Chernobyl on a wrap up for contractors working for the World Bank in London, designing the first contractor controlled, fully insured liability buy out for a superfund site, insuring the Clean-Up of the Oak Ridge, TN. nuclear weapons facility for Bechtel, insuring the Clean-Up of the Hanford, WA nuclear weapons facility for Fluor Daniel, insuring the design professional liability and environmental liabilities of the Los Angeles County Mass Transit Authority subway/light rail construction project and designing and implementing the first contract specific, fully cost reimbursed environmental liability insurance wrap up programs for EPA superfund contractors.

### **1998 to 1999**

#### **Willis Corroon America, Chief Knowledge Officer**

I worked on a team to create a corporate knowledge sharing culture and intranet platform at Willis. In this role I was the corporate staff person in charge of coordinating all of the specialty Practice Groups within the firm. As the Chief Knowledge Officer I served on the twenty person executive committee of Willis Corroon Americas.





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### 1983 to 1990

#### **Corroon and Black, Insurance Brokers, Vice President**

As a retail insurance broker in Milwaukee, Wisconsin I built and serviced a multi-line book of commercial insurance business. Most accounts were in the environmental services sector with a particular emphasis on EPA Superfund contractors and waste transporters.

From 1985 through 1989 I qualified for the "Exceptional Producer" award, the company's highest sales performance award. Only 1% of the sales force qualified for this award in five consecutive years.

In 1986 I developed the first professional liability insurance policy to specifically insure environmental loss exposures for engineers working on environmental remediations.

In 1986 I pioneered the development of the Contractors Pollution Liability product line working as a consultant to the EPA's Superfund Contractors Indemnification Task Force.

### 1982 to 1983

#### **Frank B Hall, Insurance Broker, Producer**

This was an all lines insurance production position. I specialized in group programs for environmental insurance.

### 1980 to 1982

#### **Risk Treatment Services, Consultant**

RTS performed captive management services for twelve Colorado based captive insurance companies. My responsibilities there included review of state financial filings for insurance company operations and feasibility studies.

As an insurance consultant to Johns Manville in asbestos litigation in 1981 I reconstructed their insurance program from 1932 to 1980 and answered interrogatories for the ensuing insurance coverage litigation. Insurance archiving for historical insurance coverage on toxic tort claims later became a profession onto its self.

### **III. Recent Consulting, Expert and Fact Assignments**

Review the procurements of Fixed Price Remediation's for the US Army Environmental Center. The contract value was \$500,000,000. Washington DC and Omaha.

Develop a business plan to create a specialty wholesale insurance broker on a national scale, projects in Colorado and Illinois.

Insurance Product Development: develop risk evaluation models, design insurance policy forms and underwriting guidelines for environmental insurance covering mold and products liability related damages. New York.

Evaluated cost proposals for fixed price remediation insurance packages, private clients in Texas and California

Expert on insurance coverage issues related to cost cap/stop loss environmental insurance policies, two cases, New Jersey/ California

The availability and pricing of environmental insurance on a property transfer in 1995, Illinois

The availability of environmental insurance from 1987 to 1995 for insurance recovery allocations on uninsured years, Alabama

The availability of environmental insurance from 1987 to 1997 for uninsured years, Washington



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The availability of environmental insurance on a property transfer in 1997 and 1998, risk advisors professional liability claim for \$189,000,000, California

Environmental insurance coverage and cost comparison between bidders for a brownfield development, premiums ranged from \$14,000,000 to \$90,000,000, California

Analyze carrier insolvency and the efficacy of proof of financial responsibility mechanisms. Washington, DC , U.S. Environmental Protection Agency/ U.S. Department Of Justice

Analyze the efficacy of proof of financial responsibility mechanisms. Washington, DC US EPA/US DOJ, California Solid Waste Board

Alleged brokerage negligence in the procurement of closure and long term care insurance. South Carolina

Defend alleged broker negligence in the procurement of environmental insurance. California, Missouri, Florida

Provide insurance coverage litigation support for a disputed cost cap insurance claim. Federal Court, New York, Insurance coverage litigation support on a cost cap policy Illinois, Engineers Professional Liability insurance coverage litigation, New Jersey.

### IV. Expert Witness Cases

McClandless Fuels, Inc.

v.

Progressive Fuels, Inc., et al.

April, 2001

Superior Court, New Jersey Law Division, Gloucester County Docket No. C-107-91

For the defense, on the availability of the environmental insurance.

Steadfast Insurance Company

v.

Santa Clarita, LLC.

May 2001

Superior Court of the State of California, County of Los Angeles

For the defense, as a witness provided by the insurance broker.

South Carolina Department of Health

v.

Commerce and Industry Insurance Company, et al.

December 2002

US District Court for the District of South Carolina, Charleston Division

For the plaintiff, coverage under GL policies for proof of financial responsibility certificates of insurance.

Illinois Department of Transportation

v.

Harris Bank Barrington, NA. et al.

Cook County Illinois, Case no. 99 L 51227

October 2002

For the Plaintiff, Estimate the cost of environmental insurance in prior years.

Frazier Exton Development, LP





## AMERICAN RISK MANAGEMENT RESOURCES NETWORK, LLC

v.

Kemper Environmental, et al.

US District Court, New York, Manhattan

September 2003

For the Defense, The coverage provided in an environmental insurance policy

Safety-Kleen Corporation, et al.

v.

MIMS International, Inc

March 2003

US District Court for the District of South Carolina, Columbia Division

For the plaintiff, Insurance company solvency issues on proof of financial responsibility.

Global Oil Production, LLC.

v.

Evanston Insurance Company et al.

December 2003

Superior Court of Los Angeles, Central District

For the defense, Insurance agent professional liability.

David A. Jungerman

v.

Neal S. Clevenger

v.

Oliver Insurance Agency, Inc. et al.

December 2003

Circuit Court of Jackson County, Missouri, at Independence

For the defense, Insurance agent professional liability.

Safety-Kleen Corp., et al.

v.

MIMS International Inc. (D.S.C.)

Expert for the plaintiff regarding the availability of financial assurance insurance for hazardous waste sites

March 2004

Indian Harbor Insurance Company

v.

The Lampson & Sessions Co.

United States District Court

Southern District of New York

03-CV-9861 (JGK)

For the defense regarding errors in a rewritten policy form being transferred to a new insurance company.

June 2005

Ispat Inland Inc

v.

Kemper Environmental, Ltd.

For the defense regarding the application process for environmental insurance

October 2006



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Southern New Jersey Rail Group  
v.  
Lumbermans  
Civ. No 06-4946

Witness for the defense regarding a denied loss based on the extension of a policy term

Republic Services, Inc.  
v.  
American International Specialty Lines Insurance Company  
United States District Court

Southern District of Florida

Ft. Lauderdale Division

Case Number 07-21991

Expert for the plaintiff in a denied claim involving environmental insurance on a landfill.

February 2009

### V. Publications

The Dark Secrets of Category 3 Water, International Risk Management Institute, September 2013

Contractual Risk Transfer for Contamination Risks, International Risk Management Institute,  
January 2014

Dirt is a Pollutant, Water is too! Environmental Claims Journal March 2011

Mold and Water Intrusion: Successfully Litigating Mold Claims Massachusetts Continuing Legal  
Education, Inc, 2006

IICRC S520 Standard and Reference Guide for Professional Mold Remediation 2<sup>nd</sup> edition  
Institute of Inspection, Cleaning and Restoration Certification, August 2008

IICRC S500 Standard and Reference Guide for Professional Water Damage Restoration 2<sup>nd</sup>  
edition Institute of Inspection, Cleaning and Restoration Certification, 1999

The Risk Report *Environmental Risks, Insurance, and Pitfalls* volume XXXI No.4 International  
Risk Management Institute, Inc. 2008

Practical Risk Management Environmental Insurance, June 2008

Practical Risk Management Underground Storage Tank Insurance, June 2008

John Liner Letter How Lenders Were Left Unsecured For Mold Related Damages  
November 2006



## AMERICAN RISK MANAGEMENT RESOURCES NETWORK, LLC

Surplus Lines Insurance Products, Environmental Insurance, American Institute for Chartered Property and Casualty Underwriters. 2006

Cleaning Specialist, Mold Forces Restoration Contractors to Face a New insurance Reality, March and April 2005 editions

CPCU Agent and Broker Solutions, Mold Exclusions + Broker E and O Exposure, June/ August/September 2003 editions

Environmental Claims Journal, The Risk Advisors Survival Guide to Mold Exclusions, winter 2003

Journal of Property Management, Under Coverage, Mold and Terrorism Exclusion's, May /June 2003

Commercial Liability Risk Management and Insurance, CPCU Textbook, Chapter 11, Environmental Insurance, 1999, 2002, revised in 2005

Associate In Risk Management textbook, I was the contributing author on the Environmental Loss Control chapter, which is part of the course material for the Associate in Risk Management professional designation revised in 2005.

The Effects of Technology on Traditional Roles and Relationships in the Insurance Industry, CPCU Society, 1999, Information Technology Section

John Liner Review, Pollution Exclusions and Environmental Insurance, 1994

Associated General Contractors Environmental Risk Management Handbook, Insurance Issues chapter, 1993

Design Professionals Handbook of Business and Law, Part VI Dealing with Hazardous Waste and Environmental Issues, co author, 1991

Environmental Risk Management – A Desk Reference, Chapter 24, an Integrated Risk Financing Approach to Remedial Action Contracting, 1991

Risk Management Magazine, Action-Reaction, Why the insurance industry will not be able to avoid superfund claims with new pollution exclusions. 1987

I am widely quoted as an authority in environmental insurance and have been quoted in the Wall Street Journal, New York Times, Business Insurance, National Underwriter, Independent Agent, Rough Notes and numerous other trade publications.



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### VI. Educational Back Ground

<b>School Attended</b>	<b>Major</b>	<b>Degree</b>	<b>Year</b>
American Institute For CPCU	Chartered Property And Casualty Underwriter	CPCU*	1985
Insurance Institute Of America	Associate in Risk Management	ARM*	1981
University of Wisconsin Madison **	Risk Management and Finance	MBA	1981
University of Wisconsin Madison	Risk Management	BBA	1978

\* I have since become the contributing author of the text book materials on environmental insurance and risk management for these courses.

\*\* I created the environmental risk management and insurance module for the liability insurance and risk management course in the School of Business at UW-Madison. I have presented this lecture at the UW for thirty two consecutive years.

### Recent Professional Development Courses Attended

Environmental Risk Resources Association, Environmental Insurance Forums, six in total, in 2001, 2002, 2003, 2004, 2005

University of Wisconsin-Madison, College of Engineering, Adjusting water damage claims with an Emphasis on Mold, 2003

Milwaukee School of Engineering,  
Mold-Contamination of Buildings: Causes and Related Insurance and Legal Issues December 2002

University of Wisconsin-Madison, College of Engineering  
Mold Related Problems in Buildings, November 2002, April 2003

University of Wisconsin-Madison, Center for Land Economics Research, Environmental Risk Management and Corporate Strategies. May 2002



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### VII. Teaching Positions and Lectures

University of Wisconsin School of Business, Guest lecturer 1981-2013

Insurance Agent Continuing Education approved provider in multiple states

CPCU, Instructor, Accounting and Finance, 1985, 1986, (Award Winning)

Denver College, Introduction to Accounting, 1982

**Lectures** (not a comprehensive list, I have presented over 300 lectures at conferences and for insurance agent, architects and lawyers continuing education credits)

Sustainability Risk Management, Risk and Insurance Management Society annual meeting 2008

Environmental Risk Management, UW-Madison Fluno Executive Education Center- two day conference 2007.

Wisconsin Associated General Contractors seminars, Mold Related Insurance issues, February, September 2003

Environmental Bankers Association, 1997, 1999, 2001, 2003, 2004 summer meetings, Environmental Insurance topics related to lenders.

University of Wisconsin- Extension, Madison, College of Engineering, four guest lectures on environmental insurance and risk management issues related to water intrusion in buildings.

EPA-National Brownfields Convention, 2002, the Use of Environmental Insurance in Environmental Legacy Solutions

CPCU, National Teleconference- E-Commerce and the Insurance Industry

University of Wisconsin-Madison, Business School, Risk Management and Insurance Department, I have been a guest lecturer for twenty-eight consecutive years on environmental risk management topics.

Vanderbilt University, MBA Course, Environmental Insurance and Risk Management, four presentations

Risk and Insurance Management Society (RIMS) National Conventions, nine presentations. Rims local chapters, five presentations. In 2007 the first presentation to national RIMS on the topic of Sustainability Risk Management.

The Society of CPCU, National Convention two presentations, 1994 Environmental Insurance, 2003 Managing Mold Risks in a Post Exclusion Era

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**VI. Insurance Industry Committees**

Lead environmental insurance resource for the 234,000 member Independent Insurance Agents and Brokers Association

Member of the Board of Directors of the 55,000+ member Institute of Inspection Cleaning and Restoration Certification

Chairman of the National Association of Insurance Brokers, Environmental Sub Committee on Superfund reform.

Participant in the US EPA insurance industry committee on Pollution Prevention

Member of the US EPA technical review panel on contractor indemnification

CPCU, National Public Relations Committee Task Force 2007  
Milwaukee Chapter, Public Relations Director, (Award Winning) 1986



## AMERICAN RISK MANAGEMENT RESOURCES NETWORK, LLC

**Appendix B**

## SEC Filings - Form 10-Q

Enbridge Energy Partners LP filed this form on 5/2/2014

## Page 23 - Legal and Regulatory Proceedings

A majority of the costs incurred for the crude oil release for Line 6B are covered by the insurance policy that expired on April 30, 2011, which had an aggregate limit of \$650.0 million for pollution liability. Including our remediation spending through March 31, 2014, we have exceeded the limits of coverage under this insurance policy. As of March 31, 2014, we have recorded total insurance recoveries of \$547.0 million for the Line 6B crude oil release, out of the \$650.0 million aggregate limit. We expect to record receivables for additional amounts we claim for recovery pursuant to our insurance policies during the period that we deem realization of the claim for recovery to be probable.

In March 2013, we and Enbridge filed a lawsuit against the insurers of our remaining \$145.0 million coverage, as one particular insurer is disputing our recovery eligibility for costs related to our claim on the Line 6B crude oil release and the other remaining insurers assert that their payment is predicated on the outcome of our recovery with that insurer. We received a partial recovery payment of \$42.0 million from the other remaining insurers.

Of the remaining \$103.0 million coverage limit, \$85.0 million is the subject matter of the lawsuit Enbridge filed in March 2013 against one particular insurer who is disputing our recovery eligibility for costs related to our claim on the Line 6B oil release. The recovery of the remaining \$18.0 million is awaiting resolution of this lawsuit. While we believe those costs are eligible for recovery, there can be no assurance that we will prevail in our lawsuit.

We are pursuing recovery of the costs associated with the Line 6A crude oil release from third parties; however, there can be no assurance that any such recovery will be obtained. Additionally, fines and penalties would not be covered under our existing insurance policy.

Enbridge will renew its comprehensive property and liability insurance programs which will be effective May 1, 2014 through April 30, 2015 having a liability aggregate limit of \$700.0 million, including sudden and accidental pollution liability. The deductible applicable to oil pollution events will increase to \$30 million per event, from the current \$10 million. In the unlikely event that multiple insurable incidents occur which exceed coverage limits within the same insurance period, the total insurance coverage will be allocated among the Enbridge entities on an equitable basis based on an

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insurance allocation agreement the Partnership has entered into with Enbridge, Midcoast Energy Partners, and other Enbridge subsidiaries

