



CANADIAN SWANA SAFETY SUMMIT

Insurance Impacts How to Keep Premiums Under Control

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Insurance Impacts How to Keep Premiums Under Control?

Recycling is a restricted class business and therefore has limited options when accessing global insurance markets. Because of adverse loss ratios, insurers who intend to continue underwriting recycling risks do so with significant focus towards protections within the facilities and procedures to be followed by the on-site team. Underwriting data is required for them to receive approvals from their management teams to put forth a quote.

The key issue for insurers is the fire risk associated with recycling. Material is often easy to ignite, and facilities struggle with additional risk factors such as: poor housekeeping, low levels of worker training, and inadequate loss prevention measures.



The hazard (or insurable risk) associated with recycling can be broken down into three areas:

1. Physical hazard

- Balers, crushers, shredders – all using high pressure and requiring maintenance
- Adapted real estate -is the building retro-fitted for recycling operations? Does it have the necessary loss prevention systems?

2. Human hazard

- Training of on-site personnel and their understanding of the hazards on-site
- Insufficient investment in proper equipment, machinery, or staffing
- On-site security

3. Economic hazard

- Large fires could extend beyond the physical company location and into the surrounding area. Decontamination costs can be high in this case
- Business interruption to the business should the facility be unable to operate (and extra expense to fulfill contracts)

Exposures to Watch:

- Explosions arising from undetected hazardous waste such as aerosols or dust
- Self-combustion in stockpiles of organic materials due to chemical/biological processes
- Poor maintenance, particularly of electrical installations
- Arson/fraudulent arson due to open storage and unrestricted areas
- Incidents due to electrical faults, heating faults, plant, and equipment failures
- Use of new technologies, prototype machinery and heavily automated processes not fully tests
- Uncontrolled smoking and use of open flames, including welding and cutting



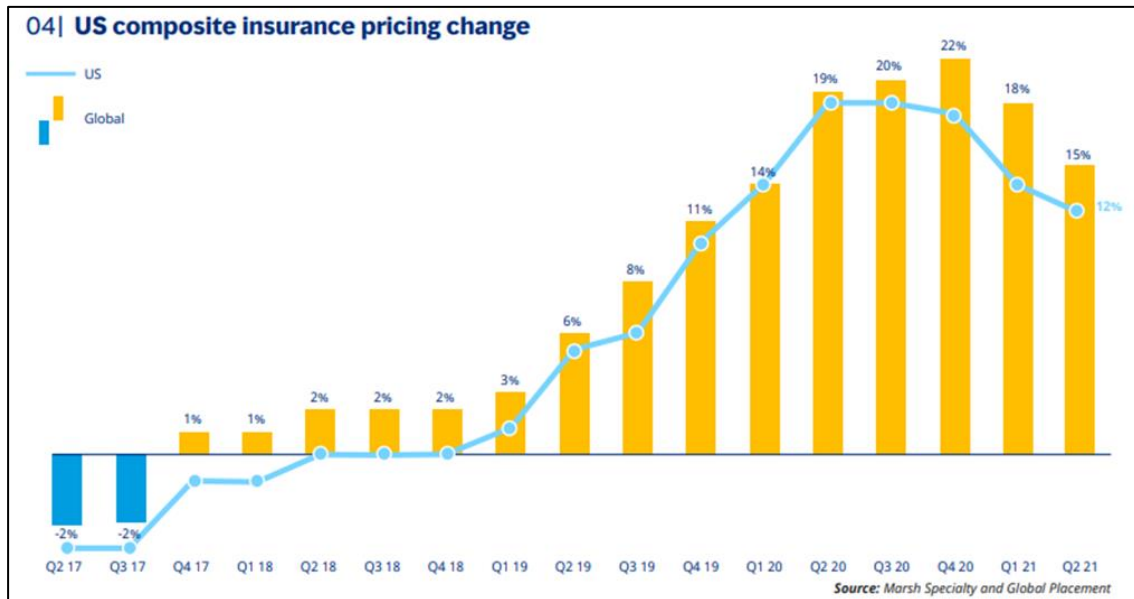
SWANA Property Market Graphs

	Trend	Range
Non-challenged occupancies:	▲	+5% to +15%
Challenged occupancies:	▲	+20% or more

Rate predictions

Property insurance pricing increased by 9%, the fifteenth consecutive quarter of increase.

- Property insurance pricing generally decelerated each month this year; falling from an 18% increase in January to 7% in June.
- Clients with significant losses, poor risk quality, or significant exposure to secondary catastrophe (CAT) perils generally experienced above average increases.



Policies and Underwriting:

1. An off the shelf policy will likely not satisfy the needs of a recycling business.
2. Approaching your broker to manuscript extensions or endorsements into the policy is in the insured's best interest. Items such as:
 - Firefighting expense
 - Debris removal
 - Decontamination costs
 - Penalties (fines and licenses)
 - Public authority clauses
3. Ensure the policies provides coverage for both business interruption and extra expense in the event operations are interrupted.
 - To the extent possible, push the broker to agree to a flat dollar deductible on these coverage as opposed to a Daily factor deductible. The loss adjustment process for the factor deductible is arduous and often surprises insureds on the final agreed amount of self-insurance (usually higher than expected)
4. Ensure total limits provided are on a blanket basis as opposed to a reported values basis.

Underwriting Criteria to Provide (if applicable):

- Full Statement of Values including updates values and COPE information
- Storage of waste in sections not larger than 2,000 square meters
- 20 to 40 meters (depending on combustibility) of free space between sections or nearby buildings
- Installation of water cannons on the roofs of buildings
- Thermographic control of storage areas and installation of gas detection devices
- Regular turning of stored waste to prevent smoldering or self-combustion
- Accessibility of storage areas from at least two sides to help firefighters
- Ready supply of sufficient water and special extinguishing materials, such as foam
 - Is on-site water available via pond or lake
 - Proximity to closest fire hydrant
 - Proximity to closest fire station



Underwriting Criteria to Provide Continued...

- Installation of sprinklers and spray water systems
- Training manuals for employees and outlined training schedule or program to be followed
- Maintenance staffing and schedule for all critical equipment, including electrical systems
- Spare parts for critical equipment on-site
- Monitoring of storage areas via security personnel or camera and use of security alarms
- Collection of extinguishing waters to prevent soil and water contamination
- Regular inspections and site visits by local fire fighters to understand footprint and special hazards of the site
- No smoking policy on the premises and restricted use of welding and similar activities
- Business continuity and disaster recovery plans in plans, including draft public disclosures
- End of day cleaning procedures, both electrical systems and conveyors

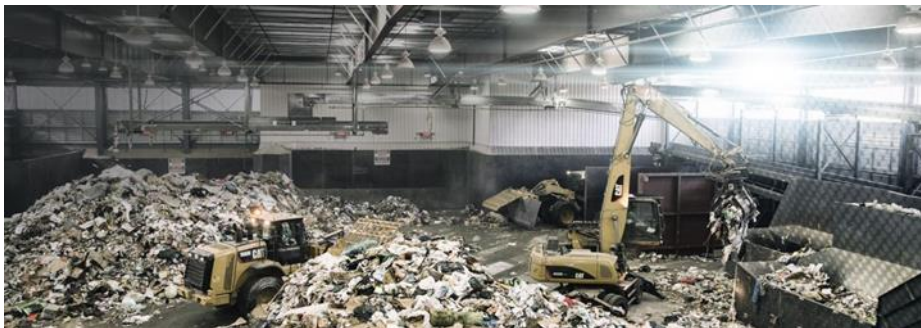
Process and Development for Safety Procedures at the MRF



Environmental Health & Safety

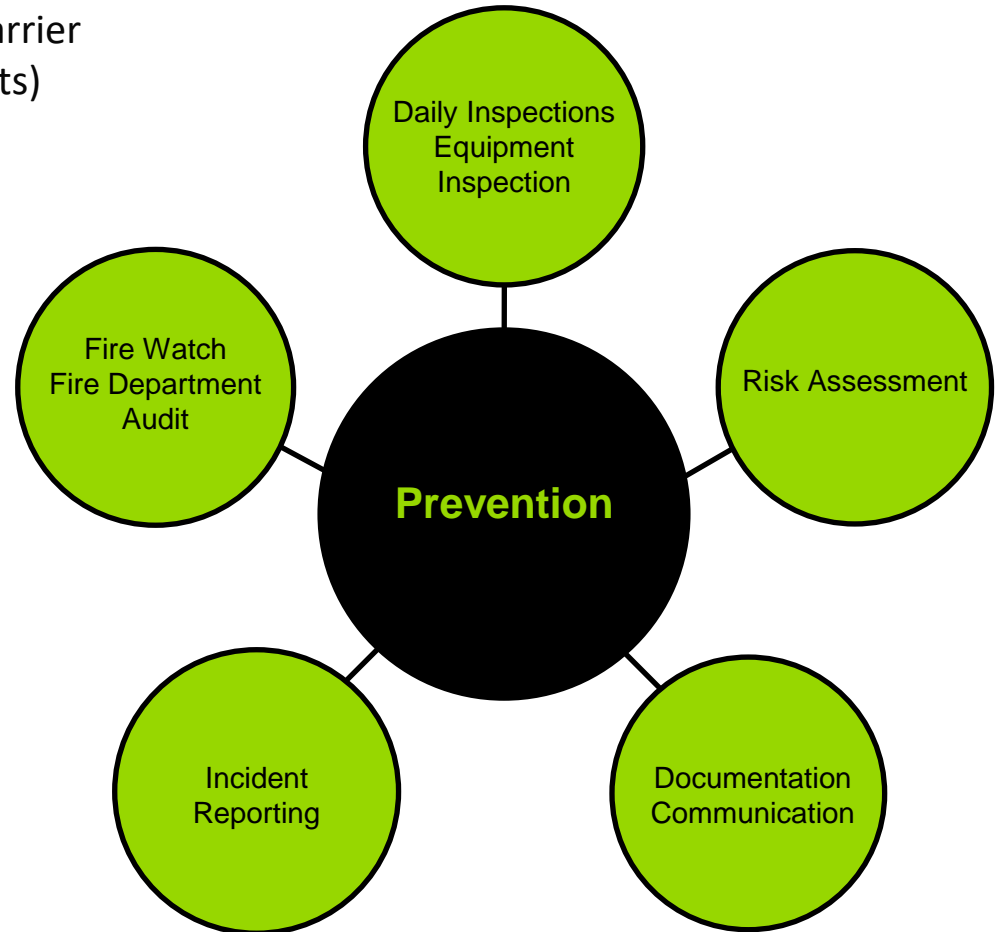
Our goal is to have zero injuries. As such, we recognize that GFL employees are our greatest asset in assessing, correcting and executing safe practices.

Our Internal Responsibility System holds all employees (working for, on behalf of, or with GFL) responsible and accountable for taking the steps necessary to develop and maintain a healthy, safe workplace. It helps reinforce the proactive evaluation of risks and hazards plus the taking of all reasonable precautions to prevent illness and injury. In addition to ongoing review, this responsibility system requires the complete and active participation by everyone — every day and in every role — both on and off company premises.

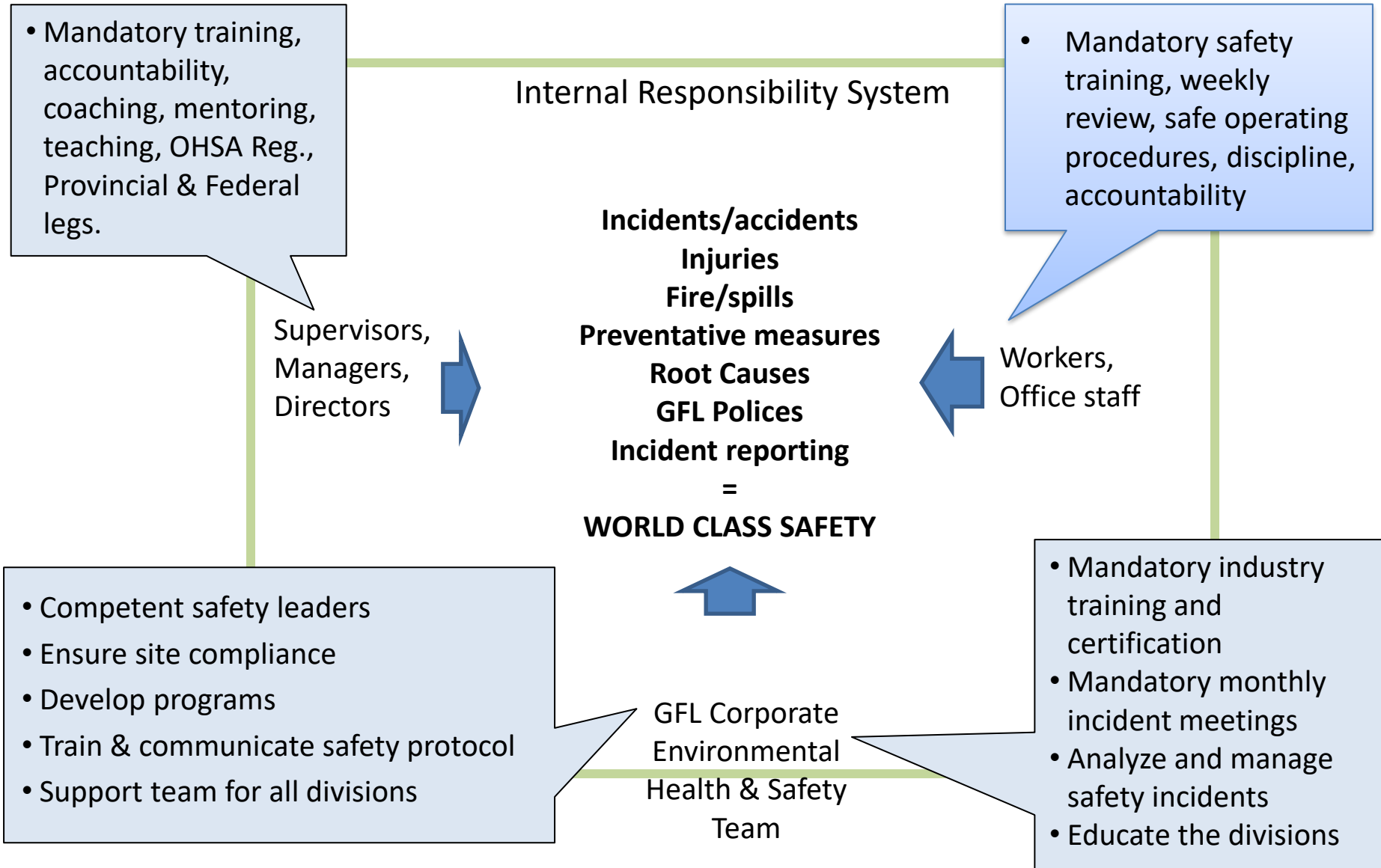


Safety Facility Recommendations

- Internal data base – SEMS
 - All incidents (MVA, property damage, injuries, safety infractions, CVOR, carrier profile, fires, MOL/MTO, MOE reports)
 - Corrective actions
 - Preventative Measures
- Live monitoring
- Monthly meetings (JHSC) review inspections and develop preventative actions



Employee Safety



Questions & Answers



SAFE FOR LIFE





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