

Why be Sustainable?

The Insurance Perspective...

June 2015

Who is Navigators?

- Specialty insurer operating in targeted property/casualty niches worldwide
- IPO in 1986 (NASDAQ: NAVG)
- Offices in 15+ Major U.S. Cities
- Navigators Environmental Practice launched in 2009
- Full product suite of both monoline and integrated (CGL, Pollution) liability products
- Underwriting Team with experience and training in Environmental.



You and Your bottom line!

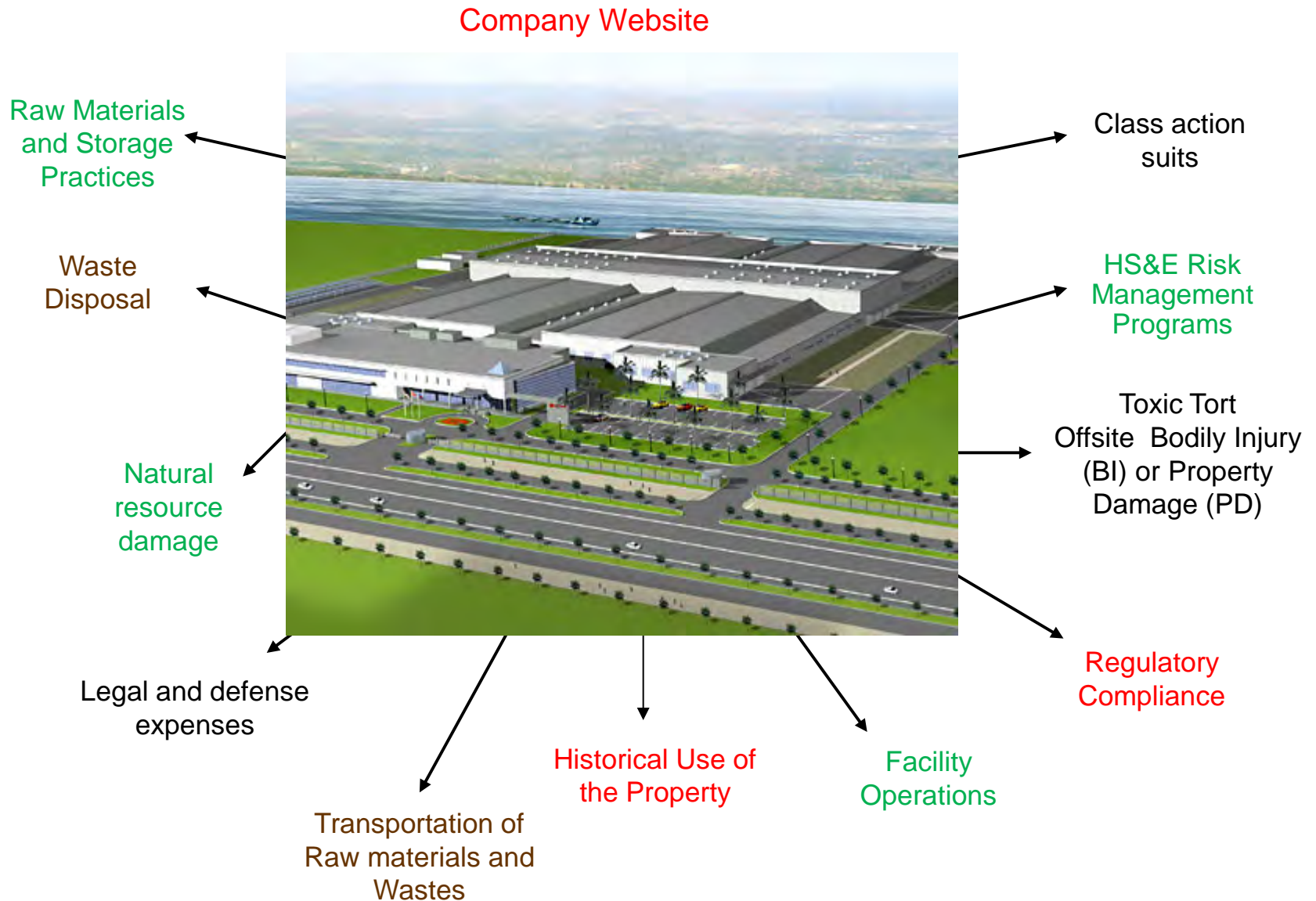
- Bodily Injury
- Property Damage
- Environmental Damage

Caused by:

- Spills/Releases
 - Products
 - Construction Defects
- ... Environmental releases that cause damages.



What goes into the Underwriting?



“AVOID”, “REDUCE”, “REUSE”, “RECYCLE”

Risk Factors	Potential Reduction of:
Raw Material Usage	Costs, Spills, Regulatory Complexity
Hazardous Materials Usage	Costs, Spills, Regulatory Complexity, Permitting, Monitoring/Reporting
Facility Emissions	Costs, Fines/Penalties, Pollution Control Equipment, Regulatory Complexity, Exposure to Surrounding Environment
Regulatory Compliance	Fines/Penalties, Permitting, Monitoring/Reporting
Waste Disposal	Costs, Permitting, CERCLA Liability
Off-site Third Parties	Litigation
HS&E Practices	Spills, Fines/Penalties

Underwriting Comparison

Risk Factors / Insurance Issues	Mfg # 1	Mfg # 2
Materials Used in Mfg Operations	Use Chlorinated Solvents for Parts Washing	Use Aqueous Parts Washers (Non-Hazardous)
Regulatory Compliance	Permit Violations, Fines	No Compliance Issues
Waste Disposal	Hazardous Waste Disposal	Zero Waste Manufacturing
HS&E Practices	Minimal Evidence of Env. Management Systems	ISO 14001 Env Management Certified
Underwriting Judgment:	Elevated Risk	Lower Risk
Insurance Pricing Impacts	Higher Premiums	Lower Premium
Insurance Coverage Impacts	Unfavorable Restrictive Coverable Terms	Favorable Broad Coverage Terms



- USE OF TOXIC LEVELS OF FORMALDEHYDE (CARCINOGENIC) IN LAMINATE PRODUCTS SOURCED FROM CHINA
- UNFAVORABLE MEDIA ATTENTION - 60 MINUTES REPORT ON CBS

BEING UNSUSTAINABLE RESULTS IN:

1. EMBROILED IN LITIGATION (> 100 CLASS-ACTION SUITS)
2. SALES DROP; MISS 1ST QTR EARNINGS REPORT; SHARE PRICE DOWN 60%
3. CEO RESIGNS AND NO LONGER SOURCE PRODUCT FROM MFG IN CHINA USING FORMALDEHYDE

- It's the right thing to do
- It benefits the insured
 - Lower insurance costs - \$\$\$
 - More favorable coverage terms
 - Lower frequency of claims
 - Reduction in environmental liability
- Brand Enhancing / Marketing Potential



How are we doing our part?

- Green Products Coverage
- Premium reduction for sustainable practices (i.e. LEED)
- Sustainability Check-up
- Practice what we preach





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