October 1, 2014

RE: Claim No.:

Location of Risk:

Policy No.:

Date of Loss: Oil Spill

Dear Insured:

Please allow this letter to acknowledge that Massachusetts Property Insurance Underwriting Association (“MPIUA”) is in receipt of a claim relating to a possible release of oil on the above listed property. Please be informed that any coverage that may be provided for claims of this nature is subject to strict limitations and can only be provided under certain circumstances. It is therefore necessary that MPIUA gather all available facts and information before any such determination of coverage can be made.

MPIUA is undertaking an investigation of this claim to determine, without limitation, whether or not there has been a covered loss to covered property and/or an “occurrence” at the premises insured under the applicable policy. Further, whether or not any such loss or “occurrence” resulted during the period you were insured by MPIUA and whether or not there are any facts or circumstances that may have an impact upon any duty of MPIUA to accept coverage for this claim. Until such time as the investigation of MPIUA is completed, and any coverage issues surrounding or arising from the claim or from facts discovered in our investigation are resolved, MPIUA will conduct any and all such investigation under and pursuant to a complete reservation of any and all rights, privileges and defenses that the MPIUA may have or may in the future accrue under any applicable policy of insurance and/or any law, ordinance or regulation of the Commonwealth of Massachusetts.

We would take this opportunity to remind you that it is your responsibility to respond to the various rules and regulations relative to the reporting and clean-up of hazardous waste.

Kindly be aware that there may be stringent local, state and federal requirements that regulate the reporting and/or cleanup of a discharge, release or threat of release of oil. For example, state regulations and the Massachusetts Department of Environmental Protection establish strict time limits and requirements for the reporting of the release or threat of release of oil as well as for the required responsive actions. Failure to comply with these time limits and requirements could result in additional filing fees and fines being imposed. These filing fees and fines are not covered by any policy issued by MPIUA. MPIUA, as your property insurer, cannot and does not have any responsibility in assuring that you comply with these various environmental laws and regulations. You may consider seeking independent guidance to make certain that you are complying with all applicable laws, requirements and regulations. MPIUA assumes no responsibility for compliance with any such applicable laws, regulations or requirements. This remains the case whether or not MPIUA accepts any liability for this claim. Any and all such responsibility, if any, for compliance rests with you, as a matter of state and federal law, as a potentially responsible party.

Should it be determined that some or all of this claim is covered by your insurance policy, MPIUA may agree to indemnify you for some or all of the cleanup costs associated with the release or cleanup of oil. Payment of any such costs in connection with the cleanup should not be construed as an exercise of control by MPIUA over any such clean up. You, as the property owner, bear the responsibility to arrange for any such cleanup. MPIUA cannot and will not take any responsibility for arranging or carrying out any such efforts. Any agreement by MPIUA to indemnify you for certain incurred expenses should not be construed as an exercise of control by MPIUA over the property or any clean up or remediation, nor should it be interpreted or construed as any indication of an intent by MPIUA to pay for the entire clean up or for any work remaining to be done.

Any investigation conducted in response to this claim should not be deemed or construed by you as a waiver of any of the rights, privileges or defenses of MPIUA nor should such conduct be deemed or construed by you as a waiver of any of the conditions described by the applicable policy of insurance. No action taken nor statements made nor payments tendered by the MPIUA or any of its agents, servants or employees shall constitute a waiver of any terms or conditions nor shall it constitute any expansion of the coverage provided by the policy or of any duty owed by MPIUA under any applicable policy of insurance.

We call your attention to the following specific bases for our Reservation of Rights under the policy Dwelling Property 1 (edition 12/02).

1. Should our investigation determine that the direct loss to the property described in Coverages A (Dwelling) and B (Other Structures), was not caused by a specific peril named in the policy, no coverage is provided. (See 3 of 8)

2. Should our investigation determine that the direct loss to the property described in Coverage C (Personal Property) was not caused by a specific peril named in the policy, no coverage is provided. (See 3 of 8)

3. Should our investigation determine that the direct loss to the property described in Coverage A and B was caused by an excluded peril, no coverage is provided.

4. Should our investigation determine that the direct loss to the property described in Coverage A and B was caused by wear and tear, marring or deteriorating, no coverage is provided.

5. Should our investigation determine that the direct loss to the property described in Coverages A and B was caused by discharge, dispersal, seeping, migration, release or escape of pollutants, unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against under Coverage C of the policy, no coverage is provided.

6. No coverage is provided for land, including land on which the dwelling is located.

7. No coverage is provided for the expense of removing oil contaminated soil or debris from the property that is otherwise not covered or damaged by an excluded peril.

8. Should our investigation determine that the allegations do not constitute an occurrence as defined in the insurance policy, no coverage is provided.

9. Should our investigation determine that a claim made or a suit brought against you is for damages because of bodily injury or property damage expected or intended by you, based upon, among other things, prior notice to or knowledge by you of the potential damage or danger alleged to be the cause of any injury, no coverage is provided.

10. Any property damage or bodily injury which occurred prior to or subsequent to the dates during which the FAIR PLAN provided insurance coverage are not covered by the policy issued by the FAIR PLAN.

11. No coverage is provided if our investigation reveals that the insured did not provide notice of the claims as soon as practicable and the FAIR PLAN has been prejudiced thereby.

We would like to make note of some areas of the DP 00 01 (12/02) policy form that may be pertinent to the matters at hand.

We would refer you to page 3 of 8 entitled **Perils Insured Against**.

Unless the loss is excluded in the General Exclusions, we insure for direct physical loss to the property covered caused by:

**1A. Fire or Lightning:**

**1B. Internal Explosion**, meaning explosion occurring in the dwelling or other structure covered on the Described Location or in a structure containing personal property covered.

Explosion does not mean:

**a.** electric arcing;

**b.** breakage of water pipes; or

**c.** breakage or operation of pressure relief devices.

This peril does not include loss by explosion of steam boilers, or steam pipes, if owned or leased by you or operated under your control.

**When a Premium for Extended Coverage is shown in the Declarations, Perils 2 through 8 are made part of Perils Insured Against.**

**2. Windstorm or hail.**

This peril does not include loss:

**a.** to the inside of a building or the property contained in a building caused by rain, snow, sleet, sand or dust unless the direct force of wind or hail damages the building causing an opening in a roof or wall and the rain, snow, sleet, sand or dust enters through this opening; or

**b.** to the following property when outside of the building:

**(1)** awnings, signs, radio or television antennas or aerials including lead-in wiring, masts or towers; or

**(2)** canoes and rowboats.

**3. Explosion.**

This peril does not include loss by explosion of steam boilers or steam pipes, if owned or leased by you or operated under your control.

Explosion does not mean:

**a.** electric arcing;

**b.** breakage of water pipes; or

**c.** breakage or operation of pressure relief devices.

This peril replaces Peril 1B.

**4. Riot or civil commotion.**

**5. Aircraft**, including self-propelled missiles and spacecraft.

**6. Vehicles**.

This peril does not include loss:

**a.** caused by a vehicle owned or operated by you or a resident of the Described Location; or

**b.** caused by any vehicle to fences, driveways and walks.

**7. Smoke**, meaning sudden and accidental damage from smoke.

This peril does not include loss caused by smoke from fireplaces or from agricultural smudging or industrial operations.

**8. Volcanic Eruption** other than loss caused by earthquake, land shock waves or tremors.

**When a Premium for Vandalism or Malicious Mischief is shown in the Declarations, the following is made part of Perils Insured Against.**

**9. Vandalism or malicious mischief.**

This peril does not include loss:

**a.** to glass or safety glazing material constituting a part of the building other than glass building blocks;

**b.** by pilferage, theft, burglary or larceny, but we will be liable for damage to the building covered caused by burglars; or

1. to property on the Described Location if the dwelling has been vacant for more than 30 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant.

This advice and any other action undertaken, or to be undertaken by us in the course of this investigation and/or handling of this claim is not, and should not be construed as a waiver of any of the rights of the insurer with respect to any and all terms, conditions, provisions, exclusions and limitations contained in the policy of insurance.

The Massachusetts Property Insurance Underwriting Association fully reserves unto itself all defenses which heretofore accrue, or which may in the future accrue by reason of operation of same, or reason of noncompliance on behalf of yourself with respect to any and all of the foregoing.

Please be advised that the statute of limitations is two (2) years from the date of loss for property claims (Section 1 policy claims).

Respectfully,

Claims Adjuster