October 1, 2014

Re: Claim No.:

Policy No.:

# Location Property:

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 clean up 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 clean up should not be construed as an exercise of control by MPIUA over any such cleanup. 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 cleanup 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, without limitation, to the following specific bases for the herein reservation of rights under the policy (copy of HO 03 10 00 enclosed):

# Should the investigation of MPIUA determine that there was no covered loss to property described in Coverage A (Dwelling) and B (Other Structures), no coverage is provided.

1. Should the investigation of MPIUA 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* HO 00 03 10 00, pages 10 and 11 of 22.)
2. Should the investigation of MPIUA determine that the direct loss to the property described in Coverage A and B was caused by an excluded peril, no coverage is provided.
3. For example, should the investigation of MPIUA determine that the direct loss to the property described in Coverage A & B was caused by wear and tear, marring or deterioration, no coverage is provided. (*See* HO 00 03 10 00, page 9 of 22.)
4. Should the investigation of MPIUA determine that the direct loss to the property described in Coverage A and B was caused the by discharge, dispersal, seepage, migration, release or escape of pollutants, no coverage is provided *unless* the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against under Coverage C of the policy. (*See* HO 00 03 10 00, page 9 of 22.)
5. No coverage is provided for land, including land on which the dwelling is located.
6. No coverage is provided for the expense of removing contaminated soil or debris from property that is otherwise not covered or in the event that such property was damaged by an excluded peril.

# 8. Should the investigation of MPIUA determine that the allegations forming the basis of this claim do not constitute an “occurrence” or that there was no “bodily injury” or “property damage” as provided for under Section II – Liability Coverages and as defined in the applicable policy of insurance, no coverage is provided. (*See* HO 00 03 10 00, Definitions, pages 1 and 2 of 22.)

9. Should the investigation of MPIUA determine that a claim made or a suit brought against you arises from claimed “bodily injury” or “property damage” expected or intended by you, based upon, without limitation, 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. No coverage under Section II – Liability Coverages is provided for property

owned by you. (*See* HO 00 03 10 00, page 18 of 22.)

1. No Coverage under Section II – Liability Coverages is provided for “bodily injury” to you as an “insured” or any residents of your household who are your relatives or are under the age of 21 and in your care. (*See* HO 00 03 10 00, page 19 of 22.)

1. No coverage is provided for any “property damage” or “bodily injury” that occurred prior to or subsequent to the period during which MPIUA provided insurance coverage.
2. No coverage provided if notice of the claim is not provided by you as soon as practicable and MPIUA has been prejudiced thereby.

The preceding listing of specific grounds for potential disclaiming of coverage is not intended to limit right of MPIUA to assert any other additional grounds for disclaiming coverage, even if not set forth above.

**If you receive any correspondence from Massachusetts Department of Environmental Protection, or any other state or federal agency, concerning this matter, please forward copies of such correspondence immediately to MPIUA for review.**

In order for MPIUA to investigate this claim, we will need your cooperation. To this end, MPIUA urges you to read your policy and the duties and conditions described therein. Specifically, and without limitation, you are referred to the Section I- and Section II- Conditions. (*See* HO 00 03 10 00, pages 13 through 16 of 22, and pages 20 and 21 of 22, respectively.)

Should you need to contact me, you may do so through my telephone message service at \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Respectfully,

Claims Adjuster