



Bankers Insurance Company

First Community Insurance Company

Bankers Specialty Insurance Company



PO Box 15707

St. Petersburg, Florida 33733-5707



800-627-0000

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www.bankersinsurance.com

BP Oil Leak – Response to inquiries

Over the past several days, Bankers Insurance Company (“Bankers”), First Community Insurance Company (“First Community”), and Bankers Specialty Insurance Company (“Bankers Specialty”), have received several requests for clarification on coverage and other issues related to the BP oil leak in the Gulf of Mexico.

While we continue to investigate and evaluate all pertinent claim and coverage issues, we have come up with a preliminary stance on the coverage issues. Please understand, we are continuing our investigation and evaluation and issuing this preliminary opinion under a full **Reservation of Rights**. We are not waiving our rights under the policy and any future discussion of this matter should not be construed as a waiver of any of the policy conditions. **We cannot and will not extend or deny coverage without a full investigation.**

HOMEOWNERS 3 – SPECIAL (FORM ED. HO 00 01 10 00)

- We do consider oil a **Pollutant** as defined on Page 9 of 22.
- The policy does not cover land, including land on which the dwelling is located. (Page 3 of 22)
- The key word is “dispersal” as the “dispersal” must be caused by a **Peril Insured Against named under Coverage C.** (Page 9 of 22) The initial “dispersal” of oil into the Gulf of Mexico did not result from a Peril Insured Against. However, wind-driven rain containing oil, or just wind-driven oil, would constitute a secondary “dispersal” of the oil in this instance, resulting from a Peril Insured Against. With that being said, airborne oil causing damage to the structure or personal property would be covered.
- I would equate this with wind driven beach sand that damages the exterior of a dwelling or building.
- Under **Ordinance Or Law**, the oil would be considered a Pollutant and coverage under **Ordinance Or Law** will not be available. (Page 11 of 22) There is no exception to this language pertaining to Peril Insured Against.
- Bankers, First Community, and Bankers Specialty, do not offer a **Pollution Endorsement** buy-back.
- **Civil Authority** – If a civil authority prohibits you from use of the “residence premises” as a result of direct damage to **neighboring premises** by a **Peril Insured Against**, we cover the loss as provided in Additional Living Expense and Fair Rental value above for no more than two weeks. (Page 5 of 22) Mandatory evacuation without direct damage from a **Peril Insured Against** would not be covered. Pre-storm evacuation would not be covered.



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BUSINESSOWNERS SPECIAL PROPERTY COVERAGE (FORM BP 00 02 06 89)

- We do consider oil a **Pollutant** under the BOP.
- The Pollution exclusion follows the same principals as the Homeowners policy. The “dispersal” of the pollutant must be caused by a “specified cause of loss.” Under the BP 00 02 06 89, windstorm is a “specified cause of loss” (Page 6 of 14). Coverage for wind-driven oil would apply.
- **Land**, including land on which the property is located, does not fit the definition of Covered Property. (Page 1 of 14)
- **Pollutant Clean-Up and Removal** expense is covered up to \$10,000.00, if the “dispersal” of the pollutants is caused by or results from a Covered Cause of Loss (Page 4 of 14).
- **Ordinance Or Law** coverage is not available under the BP 00 02 06 89.
- **Business Income: The suspension must be caused by direct physical loss of or damage to property at the described premise by a “specified cause of loss.”** The coverage does not include “loss of market”. Coverage is not available for loss of sales related to cancellation of reservations, unless the cancellations are caused by, or related to, direct physical damage to the property.
- **Civil Authority** coverage is not included in the BOP.

DWELLING PROPERTY – SPECIAL (FORM DP 00 03 07 88)

- We do consider oil a **Pollutant** under the Dwelling form.
- We do not insure loss caused by Pollutants, or the “dispersal” of Pollutants under the Dwelling form. There is no exception for a covered cause of loss as is the case with the Homeowners policy (Page 4 & 5).
- Under **Ordinance Or Law**, the oil would be considered a Pollutant and coverage under **Ordinance Or Law** will not be available (Page 3 Special Provision Form). There is no exception to this language.
- **Civil Authority** coverage is not included in the **DP 00 03 07 88**.
- **Land**, including land on which the property is located, does not fit the definition of covered property.