

June 24, 2010

TO: PIA Affiliate Execs

FR: PIA National BIC

CC: Pat Borowski, patbo@pianet.org

RE: Quick Response to Your Question

Immediately, a number of PIA Execs asked us to place in context and value the Oil spill information as it relates to the majority of PIA agencies which are not directly affected by the Gulf Events v/v insurance claims. The following is the information piece that we've created to answer that question for you to our PIA members, and for us in response to the many direct member questions. Again, we invite and value your comments, questions and suggestions. Thanks for being PIA!

Whether Directly Affected by The Gulf Oil Spill or NOT: - PIA National Business Issues Committee's overview provides information and practice reminders valuable to every PIA agency operation:

1. PIA members in many unaffected parts of the country have reported an increase in their CL customers' "casual" inquiries about "claims" questions. You can bet that many of your commercial insureds, especially those with locations and/or job sites along any portion of significant US waterways, ocean, rivers, lakes, dams and such are suddenly thinking: "Gosh, I never thought about that. What if it happens to me? Lord, am I covered?"
2. Their questions run the gamut from NFIP insurance to any other form of general CL. A good portion of the guidance being sought for the Gulf event also provides good coverage/claims references for all PIA members to know.
3. PIA National BIC again underscores an absolutely critical, fundamental principal for agency practice guidance: When major events arise, their circumstances many times raise unique claims questions. While PIA members know and use insurance industry standard references, in the end, it is the sole, singular responsibility and reserved right of each insurer to decide for itself on its coverage. So, in addition to knowing the general industry practices and interpretations from "insurance sources," PIA members should be up to date about and make sure that carriers are making clear to them the insurer's underwriting, coverage meaning/practice & claims views. In doing so, PIA members are properly balancing their broad market and industry practice/meaning knowledge with their understanding of each carrier with which they do business.
4. Further, BIC's bulletin for how PIA members should broach their carriers for guidance is a fundamental E&O guideline that PIA has suggested for many years over a number of unique loss events and with the support of E&O carriers.
5. The critical "take-away" point here: If what you're asking the carrier is critical to you, our member, and you intend to depend and act upon the answer received from the carrier – then PIA strongly suggests that you put in writing to the carrier and require they provide their response in writing back to you whether for this or ANY matter of importance.
6. As you review the claims questions that have already arisen, a number are general in nature, but touch on areas of insurance claims that are traditionally complicated and can be rather gray for all in insurance. This is particularly true of issues like independent contractor vs. employee, and the growing area of insurance certificates. While The Gulf event will not "create" new extraordinary challenges in these areas, it brings together and will magnify **every** challenge,

aspect and gray area involved with these issues from an insurance perspective. The protracted legal actions emanating from this event will force many things to come to head and in doing so will also force change in many areas of current insurance practices for all of us!

7. Last, as insurers are the last word for their policies' claim decisions (in writing on their letterhead), so too is the federal government in matters of *their* insurance offerings and/or requirements. What the federal government (or any governmental entity) may mean or not and/or expect in practice or not from the insurance policies that they create and issue (i.e. NFIP or federal crop, etc), as well as what government's meaning is of the insuring requirements that federal agencies impose in their contracting requirements.....RARELY is any of this "exactly" same as we know, understand and practice in the private sector insurance industry. Insureds must avoid leaping to the conclusion that federal insurance and/or government contracting insurance requirements are the same as those in the private sector insurance industry. Even when language "appears" to be similar to ISO language, just as with carriers, the federal government runs the show and meaning. PIA members should reference *government issued* guidance bulletins. If a CL customer is "going" for a government contractor (federal or otherwise) be sure that they provide you with the entire set of the government's insurance requirements for that specific nature of contracted job. Then with the insurer of the policies involved, review the government requirements and existing insurance provisions and seek the insurer's guidance where there are questions.