

Notice to New York State Commercial Property Insurance Policyholders

This Important Notice is not your policy and does not modify the terms of your policy. Please read your policy carefully to determine what is and what is not covered. This notice is being sent on behalf of the Chubb Group companies listed below.

PLEASE READ THIS NOTICE CAREFULLY.

On March 10, 2020, The New York Department of Financial Services (“Department”) directed insurers to provide their policyholders with an explanation of how commercial property and business interruption insurance may apply to losses resulting from COVID - 19. Specifically, the Department ordered insurers to:

- Describe the type of commercial property insurance provided.
- Indicate whether the policy provides "business interruption," "civil authority," "contingent business interruption" and "supply chain" coverage.

For each coverage, insurers must:

- identify the “covered perils” under the policy;
- describe any applicable “physical damage or loss” requirement for coverage;
- indicate whether pandemic contamination is “physical damage or loss;” and
- specify any waiting period for such coverage under the policy.

Please remember that the descriptions in this notice are summaries only. Whether a claim is covered can only be determined at the time of loss by applying all of the policy terms to the facts of the claim.

Commercial Property Insurance

Your property insurance is provided in one of several ways. Your insurance may be stand-alone, meaning your policy only provides property insurance. Your insurance may be provided as part of a “multiple peril” or “package” policy (which provides different types of insurance in a single policy); or your insurance may be part of a Business Owners Policy (“BOP”). Most property insurance includes insurance for certain business interruption losses, as summarized below.

Your property insurance applies to physical loss or damage to business property you own, provided the physical loss or damage is caused by a “covered peril” (also known as “covered cause of loss,”), such as a fire or explosion.

Your policy has exclusions for certain causes of loss, including exclusions that may apply to COVID-19.

The amount and scope of insurance depends on the limits of insurance, deductibles, any other features you purchased, the policy language, and the premium you paid. In the event of a covered physical loss or damage, your policy usually will pay you the cost to repair the lost or damaged property or replace it with similar property.

Business Interruption Insurance

Business interruption insurance generally covers losses to your business’ income that result from disruption of your business. The disruption must be caused by physical loss or damage to your property by a “covered peril.” The presence of an infectious agent or communicable disease at a location where there is covered **property generally will not mean that property has suffered “physical loss or damage” under your policy.** Generally, “physical loss or damage” means that the physical structure or physical characteristics of the property have been altered by a “covered peril”. Loss of use, or diminished value of property that has not been physically altered will not be considered “physical loss or damage”, except for theft, and then only if theft is listed as a covered cause of loss or covered peril under your policy. These disruptions must result from physical loss or damage to property by a “covered peril”:

1. at listed locations; or
2. within a certain distance from a listed location, if a civil authority prohibits access to that location due to the physical loss or damage (“civil authority” insurance); or
3. at a location operated by third parties, if your business depends on that location or on those third parties. This could include your customers, direct suppliers, or attractions that bring customers to your business (“contingent business interruption” insurance).

Business interruption insurance may pay your loss of income, necessary expenses such as payroll, and extraordinary expenses you incur to attempt to continue your business, such as hiring temporary workers or paying overtime.

You may also have “supply chain insurance” - insurance for interruption of business activities due to physical loss or damage to property by a “covered peril” at other locations that are part of your supply chain but not included in your “contingent business interruption” insurance, such as suppliers of direct suppliers.

Your business interruption insurance and your limits for this insurance will be indicated in your policy.

Business interruption insurance applies after a “waiting period” which usually consists of a set period of consecutive hours or days immediately after physical loss or damage occurs. Business interruption insurance then continues through a “period of indemnity” which is the time it takes to repair or replace the lost or damaged property and restore business activities to pre-loss levels. Waiting periods and periods of indemnity can vary by location and type of business interruption insurance. All of these time periods will be in your policy.

You may have purchased insurance for the costs to clean up property contaminated by infectious diseases if required to do so by a civil authority. This insurance is offered in limited circumstances and generally will not require physical loss or damage to property, is offered in limited circumstances, will be subject to a separate limit of insurance, and includes insurance for business income losses incurred during the cleanup.

Sent on behalf of the following Chubb Group companies:

ACE American Insurance Company

Great Northern Insurance Company

ACE Fire Underwriters Insurance Company

Indemnity Insurance Company of North America

ACE Property and Casualty Insurance Company

Insurance Company of North America

Agri General Insurance Company

Pacific Employers Insurance Company

Bankers Standard Insurance Company

Pacific Indemnity Company

Chubb Indemnity Insurance Company

Penn Millers Insurance Company

Chubb National Insurance Company

Vigilant Insurance Company

Executive Risk Indemnity Inc.

Westchester Fire Insurance Company

Federal Insurance Company

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