

## OKLAHOMA BUSINESS INTERRUPTION COVID-19 NOTICE

Dear Policyholder,

PMA Companies (Pennsylvania Manufacturers' Association Insurance Company, Manufacturers Alliance Insurance Company and Pennsylvania Manufacturers Indemnity Company) understands that with the outbreak of the novel Coronavirus ("COVID-19"), our policyholders may have questions about the coverages provided under their commercial property insurance, and specifically business interruption insurance.

At the request of the Oklahoma Insurance Department, we are writing to provide a brief explanation of how the property and business interruption insurance coverage afforded to you may consider a claim related to COVID-19.

First, whether you have purchased commercial property insurance, or one or more specialized property coverages, insurance coverage is always dependent on a "covered cause of loss" or "covered peril" that has caused "direct physical loss" to the property that is covered by the insurance policy. In general, a "covered cause of loss," depending on the type of insurance purchased, is a "risk of direct physical loss" unless excluded or limited. "Direct physical loss" is generally understood to require a distinct, demonstrable, and physical alteration of the property that is insured. Property damage by fire or water, for example, may constitute "direct physical loss." Based on information known to date, it does not appear that COVID-19 has resulted in "direct physical loss."

Second, should policyholders have elected to secure property insurance that covers specifically defined business income losses, this type of coverage also requires direct physical loss or damage to insured property caused by a covered cause of loss. Additionally, if your policy includes Insurance Services Office, Inc. ("ISO") Form CP 00 30 10 12 or CP 00 32 10 12, for example, the "period of restoration" begins 72 hours after (or immediately for extra expense coverage, if purchased) the time of "direct physical loss or damage" to property caused by a "covered cause of loss" and ends on the earlier date of when the damaged property "should be repaired, rebuilt or replaced with reasonable speed and similar quality" or "the date when business is resumed at a new permanent location."

Finally, the property insurance that we have issued excludes loss caused by virus or bacteria, which includes COVID-19, per endorsements "Exclusion of Loss Due to Virus or Bacteria" or "Virus or Bacteria Exclusion." Further, your policy may contain a pollution exclusion or nationwide virus exclusion in its main coverage form. Also, a capital assets insurance policy likely excludes "loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease." These exclusions are likely to exclude from coverage all COVID-19 related losses. Further, certain of the above policies exclude coverage for losses caused by order of any civil authority, or loss of use of property and consequential losses.

Please note that this notice is not a part of your policy, and we are not taking a coverage position on whether your policy covers, in whole, in part, or at all, any loss or claim that you may submit in the future. Each claim is unique and based on its own facts and circumstances. We will review each claim based on the specific terms and conditions of the policy and applicable law, and we reserve the right to rely on additional policy provisions, conditions, and exclusions as these rapidly changing events develop.

We understand that COVID-19 will continue to present evolving challenges unique to you and your businesses. We encourage you to review your policy with your insurance broker/agent.

Should you have any questions visit [www.pmacompanies.com/covid-19-response](http://www.pmacompanies.com/covid-19-response) or contact us at [customer\\_service@pmagroup.com](mailto:customer_service@pmagroup.com) or 888-476-2669.