

Paul Geddes
Chief Executive



**Direct Line
Group**

Churchill Court
Westmoreland Road
Bromley
BR1 1DP
UK

Telephone: 01651 832 303

Mr Kevin Hollinrake MP
House of Commons
London SW1A 0AA



28 October 2016

Dear Mr Hollinrake

Thank you for your letter dated 13 October concerning insurance cover in the event of any structural damage or contamination due to fracking.

In terms of our underwriting stance, we do not currently impose any special terms or conditions to anyone living near a fracking site.

As for claims, the key concerns are in relation to subsidence and earthquake caused by the fracking process, both of which are covered under our standard policies. The one area that is not covered, due to a general exclusion, is contamination of water supplies.

Please let me know if we can be of any further help.

Yours sincerely

Paul Geddes

Stephen Hester
Group Chief Executive



RSA Insurance Group plc.

17th Floor,
20 Fenchurch Street,
London EC3M 3AU

Tel +44 (0)20 7111 7163
stephen.hester@gcc.rsagroup.com
www.rsagroup.com

25 October 2016

The Rt. Hon. Kevin Hollinrake MP
House of Commons
London
SW1A 0AA

Dear Kevin

Re: Insurance Cover for Damage from Shale Gas Exploration

Thank you for your letter of 13th October.

While any new innovation is exciting and can bring with it great opportunity, it also delivers a degree of uncertainty. Although RSA and MORE TH>N home policies do not specifically exclude damage from shale gas exploration, whether there will be cover in force will depend on the cause of any damage and for now there is no real precedent.

Home insurance is designed to protect the customer against unexpected events such as storm, flood, fire or even explosions. By extension, if shale gas exploration led to contamination which in turn resulted in a gas explosion, or that exploration triggered ground movement which damaged the customer's property, then this would be insured. Both explosion and subsidence/ground movement are events specifically named as insured "perils" in most home insurance policies.

However, our policies would not afford cover where there is any gradual contamination or pollution over a period of time. This is usually a standard exclusion across home insurance agreements of all types.

In cases where the policy cover does not operate, the householder would also usually be able to claim against the company operating the shale gas exploration.

I hope this clarifies our position but do feel free to come back to me with any further queries.

Yours sincerely

A handwritten signature in black ink, appearing to read "Stephen".

p.s. so good to see you as my family's MP as my parents still live in Crayke! Hope to meet up sometime.



Mr Kevin Hollinrake MP
House of Commons
London
SW1A 0AA

Your reference

Our reference

Date 28 October 2016

Insurance cover for damage from Shale Gas exploration.

Zurich Insurance plc

Dear Mr Hollinrake,

<http://www.zurich.co.uk>

I refer to your letter of 13th October 2016 entitled Insurance Cover for Damage from Shale Gas Exploration addressed to Mr Mario Greco. The letter has been passed to me as responsible person for Personal Lines Underwriting to provide a response.

Communications will be monitored regularly to improve our service and for security and regulatory purposes

In common with most of the UK Personal Lines insurance market, Zurich do not include shale gas extraction (fracking) as a specific insured peril but, importantly, neither do we exclude it and we have no plans to change this stance.

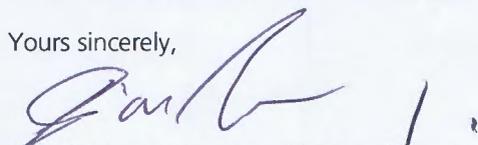
Whilst it is therefore difficult to provide a definitive response to your enquiry as all claim circumstances differ, Zurich would anticipate that cover for damage relating to shale gas extraction (fracking) would be triggered under our standard policy perils of 'Subsidence, ground heave or landslip' or 'Earthquake'.

Zurich does not currently perceive there to be a substantially increased risk to a well maintained property as a result of shale gas extraction processes but if subsequent damage was attributed to the practice and a right of recovery was available, it would be considered and pursued as appropriate, as happens now in the event of coal mining related damage or third party negligence.

In respect of contamination this is more complex and whilst we will consider all claim circumstances, Zurich cannot envisage a scenario involving contamination from shale gas extraction where any insured perils would be triggered for cover to engage under our policy. Pollution and contamination are general exclusions under our policy and claims for alleged contamination of property or land would therefore generally need to be pursued through the exploration company. Additional assistance may be available if the customer has taken optional Legal Expenses (or similar cover) and they wish to pursue a legal claim against the contractors.

I trust this provides the information you require.

Yours sincerely,


Gareth McChesney ACII, Chartered Insurer
Director, Personal Lines Pricing and Underwriting

Zurich Insurance plc
A public limited company incorporated
in Ireland Registration No. 13460
Registered Office: Zurich House,
Ballsbridge Park, Dublin 4, Ireland
UK branch registered in England and
Wales Registration No. BR7985
UK Branch Head Office:
The Zurich Centre, 3000 Parkway,
Whiteley, Fareham, Hampshire
PO15 7JZ

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