

## WHAT HARM CAN A GAS LEASE DO TO MY INSURABILITY?



**[FROM <http://www.nerdwallet.com/blog/insurance/2014/10/07/fracking-homeowners-insurance/>:]**

“Nationwide Insurance made headlines in 2012 when an internal memo stating that its policies did not cover homeowners for fracking damage was leaked. In response to the fallout, Nationwide said that this was business as usual.

“Bob Hartwig of the Insurance Information Institute agrees: ‘All homeowners insurance policies exclude damage from such things as environmental contamination. This is nothing new.’

“Of course, pollution isn’t the only risk from fracking that activists have cited – and some of these risks may be covered. Homeowners with an earthquake endorsement can get coverage for earthquake damage, even if the quake is linked to fracking. ‘If there’s a fire or explosion, as a general rule, that would be covered,’ Hartwig adds.\*

**“This only applies to homeowners who live near fracking sites. For those who’ve leased their land – in effect, making it a business – insurance is more complicated.**

**“The liabilities arising from a business are not covered by a homeowners policy,’** Hartwig said. ‘Any agreements should be reviewed by an attorney to determine that the liability will be assumed by the company engaging in the activity.’”

**[FROM <http://www.nationwide.com/about-us/071312-nw-statement-on-fracking.jsp>:]**

“Nationwide’s personal and commercial lines insurance policies were not designed to provide coverage for any fracking-related risks.

“Insurance works when a carrier can accurately price the coverage to match the risks. When information and claims experience are not available to fully understand the scope of a given risk, carriers aren’t able to price protection that would be fair to both the customer and the company.

“From an underwriting standpoint, we do not have a comfort level with the unique risks associated with the fracking process to provide coverage at a reasonable price. ... **Risks like natural gas and oil drilling are not part of our contracts, and this is common across the industry.**”

**[FROM <http://www.insureme.com/insurance/glossary/earthquake-insurance/>:]**

“Earthquake coverage may be purchased from private insurance companies as an endorsement or a separate policy.\* Because of the claims risk involved, this type of policy usually includes a large deductible.”

**[FROM [http://www.shalereporter.com/industry/article\\_edaa4986-6576-11e2-8af1-001a4bcf6878.html](http://www.shalereporter.com/industry/article_edaa4986-6576-11e2-8af1-001a4bcf6878.html):]**

“If you want to be covered in the event of an earthquake or earth movement, the homeowner has to buy either a (rider) to their existing standard homeowners policy or a freestanding earthquake policy,”\* said Mike Barry, vice president of media relations at the Insurance Information Institute, a national nonprofit institute funded by the insurance industry.”

**\*BUT some companies choose not to accept the financial risks of offering earthquake insurance coverage in seismically active areas, or in areas undergoing gas & oil development.**