SENT VIA CERTIFIED MAIL / EMAIL

Date: [Date]

[Insured Name]
[Insured Address]
[City, State, Zip Code]

Re: Notice of Reservation of Rights
Claim Number: [Claim Number]
Policy Number: [Policy Number]
Claimant: [Claimant Name]
Date of Loss: [Date of Loss]

Dear [Insured Name],

This letter acknowledges receipt of the above-referenced claim. [Insurance Company Name] is currently investigating this matter to determine if coverage applies under your policy.

While we are proceeding with an investigation and/or providing a defense at this time, we are doing so under a strict **Reservation of Rights**. Our preliminary review of the facts indicates that the "Business Enterprise Exclusion" (or similar provision) in your policy may apply to this loss.

Relevant Policy Language:

The policy provides as follows:
"This insurance does not apply to 'bodily injury' or 'property damage' arising out of the ownership, maintenance, use, or business operations of any business enterprise, other than the named insured, which is owned by the insured, or in which the insured is a partner or agent, or which is controlled by the insured."

Reason for Reservation:

It appears that the circumstances giving rise to this claim involve [Describe the specific business entity or activity involved]. Because this activity may constitute a "Business Enterprise" excluded under the terms of your policy, there may be no coverage for indemnity or further defense costs regarding this matter.

Reservation:

[Insurance Company Name] hereby reserves all of its rights under the policy, including the right to deny coverage in its entirety should our investigation confirm that the Business Enterprise Exclusion applies. We further reserve the right to withdraw from the defense of this matter and to seek reimbursement for any defense costs incurred should it be determined that no coverage exists.

No act by any representative of [Insurance Company Name] shall be construed as a waiver of any terms, conditions, or exclusions of the policy. We will notify you in writing of our final coverage determination once our investigation is complete.

Sincerely,

[Adjuster Name]
[Title]
[Insurance Company Name]