

**PERSONAL LIABILITY SUPPLEMENT TO THE
DWELLING POLICY PROGRAM (2002 EDITION)**

**SAMPLE ADVISORY NOTICE TO POLICYHOLDERS
EXPLANATORY MEMORANDUM**

It has been a general practice for ISO to make available to its participating companies a Sample Advisory Notice to Policyholders ("Notice") for multistate policy form revisions. The "Notice" highlights broadenings and reductions in coverage and changes that do not alter coverage. Statute or regulation in the following states requires you to inform policyholders of changes in coverage under a renewed policy.

• Alaska	• Maryland	• New Mexico	• Utah
• Colorado*	• Massachusetts	• New York	• Vermont
• Illinois	• New Hampshire	• Rhode Island	• Wisconsin

Statute requires that a summary Disclosure Form containing an explanation of major coverages, exclusions and typical factors considered when canceling or non-renewing a policy must be on File with the Insurance Department and available, on request, to policyholders.

The attached "Notice" only highlights the multistate changes. It does not accommodate any state exceptions. State exceptions will be included within the individual state circulars announcing approval of the filing.

We provide this information to assist participating companies with their policy change disclosure practices or to help them comply with disclosure laws or regulations in some jurisdictions. The attached material is intended for use only as a guide.

The assessments we make in the "Notice" do not eliminate all uncertainty concerning whether or how insurance applies to every set of circumstances. Neither ISO's general explanations of policy intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's determination of coverage for a specific claim. ISO does not intercede in coverage disputes arising from insurance policies. If there is any conflict between the policy and this Advisory Notice to Policyholders, the provisions of the policy apply.

We DO NOT FILE the Notice on behalf of participating insurers UNLESS insurers are required to do so by statute or regulation. If a regulator requests that we make such a filing in the absence of any law or regulation, we inform the regulator that we will provide insurers with a Sample Notice accompanied by input from the regulator on the content and use of the Notice.

We listed the information in this Notice in three broad categories: I) BROADENINGS; II) REDUCTIONS; and III) OTHER CHANGES. Within each category, we listed the changes in the order that the provisions appear in the policy forms. We also highlighted optional endorsements to which substantive changes have been made.

It should be noted that Insurance Services Office, Inc. makes available advisory services to U.S. property/casualty insurers. ISO has no adherence requirements. ISO policy forms and explanatory materials are intended solely for the information and use of ISO's participating insurers, their representatives, and state regulators.

IMPORTANT: Each company should consider its present underwriting and claims procedures when deciding what items to classify in its Notice as a broadening or reduction in coverage; or as a change that does not alter coverage.

PERSONAL LIABILITY SUPPLEMENT TO THE DWELLING POLICY PROGRAM (2002 EDITION) *NOTICE TO POLICYHOLDERS*

CAUTION: NO COVERAGE IS PROVIDED BY THIS NOTICE; NOR CAN IT BE CONSTRUED TO REPLACE ANY PROVISION OF YOUR POLICY. YOU SHOULD READ YOUR POLICY AND REVIEW YOUR DECLARATION PAGE FOR COMPLETE INFORMATION ON THE COVERAGES THAT YOU ARE PROVIDED. IF THERE IS A CONFLICT BETWEEN THE POLICY AND THIS SUMMARY, THE POLICY SHALL PREVAIL.

Dear Policyholder,

The form and endorsements made part of the renewal policy you have received differs from those in your former policy. Some changes give you more coverage and some reduce coverage. There are other changes that do not affect the level of coverage provided in your former policy. They were made to help you better understand your policy. This Policyholders Notice summarizes the main changes we made to your policy.

I. BROADENINGS OF COVERAGE

A. Exclusions

1. Coverages L and M - Motor Vehicle and Watercraft Liability,

We substantially broadened coverage for claims involving motorized golf carts you may own. However, before discussing this broadening, we want you to know that your former policy and this policy provide limited coverage for claims made against an insured that involves certain motor vehicles and watercraft. Generally speaking:

- a. If a motor vehicle is registered, or is required to be registered for use on public roads or property, there is **NO** coverage whether the injury or damage to others happens *on or away* from an insured location.
- b. There is also no coverage if a motor vehicle or watercraft is, at the time of an accident: rented to others; being used to carry persons or cargo for a fee or for any other business purpose; or involved in or practicing for a race, speed contest or other competition.

There are a few exceptions, however, and they are listed in the motor vehicle and watercraft liability exclusions in the policy form. ***We urge that you read them and contact (us) (your insurance agent) if you are not sure about the coverage or interested in insuring a vehicle or craft.***

Owned Motorized Golf Carts. We broadened coverage for motorized golf carts (MGC) by adding two exceptions to the motor vehicle exclusion in this policy. If an insured **owns** a MGC that is **NOT** registered, nor required to be registered, for use on public roads or property, we now provide coverage for claims alleging bodily injury or property damage involving the MGC if, at the time of the accident, the MGC is within the boundaries of:

- a. Certain types of private residential communities that contain an insured's residence; or

- b. A golfing facility and it is being used to play golf or for any other leisure activity permitted by the facility.

CAUTION: THERE IS NO COVERAGE FOR ANY ACCIDENT WHILE THE MGC IS OUTSIDE THE BOUNDARIES OF THE PRIVATE RESIDENTIAL COMMUNITY OR GOLF FACILITY. CONTACT (US) (YOUR INSURANCE AGENT) IF YOU HAVE THIS EXPOSURE.

2. Coverages L and M - Expected or Intended Injury or Damage

We added an exception to this exclusion which provides coverage for claims or suits alleging bodily injury to a person caused by an insured while that insured is using reasonable force to protect persons or property. *(See Part II, Reductions In Coverage, Item B.2. for more changes to this exclusion.)*

3. Coverages L and M - Business and Rental Property

We added an exception to this exclusion which provides coverage for insured minors who are involved in the occasional or part-time, self-employed business pursuits of the type normally undertaken by minors. **Here are a few examples:** baby-sitting; lawn & garden maintenance; newspaper delivery; computer instruction; web page design; and house painting.

B. Additional Coverages

1. Claims Expenses – Expenses Incurred and Loss of Earnings

The maximum daily payment for the reasonable expenses incurred by an insured, including loss of earnings, for assisting us in the defense of a claim or suit is increased from \$50 to \$250.

2. Damage to Property of Others

The limit of liability for damage to property of others accidentally caused by an insured is increased from \$500 to \$1,000.

II. REDUCTIONS IN COVERAGE

A. Definitions

1. Business

This definition now states that a business is:

- a. A full time, part time or occasional trade, profession or occupation of an insured; or
- b. Any other activity engaged in by an insured for money or other compensation.

There are, however, some 'other activities' that we **don't** treat as a business. They are listed in the business definition in the policy form.

Contact (us) (your insurance agent) if you are unsure if an activity of any insured would be treated as a business; or if it is treated as a business, whether the insured and business are eligible for optional coverage.

2. *Student Away From Home (Definition of Insured)*

The definition of insured has been expanded to state that a student who lives away from your home is covered as an insured only if he or she attends school on a full time basis and is:

- a. Your relative and 24 years of age or younger; or
- b. Not your relative and 21 years of age or younger if still in the care of an insured.

An older student or a part time student who lives away from home may be added to the policy as an 'Additional Insured' for an additional premium. Contact (us) (your insurance agent) for eligibility.

B. Exclusions

Coverage L – Personal Liability and Coverage M – Medical Payments To Others

1. *Motor Vehicle And Watercraft Liability*

With the introduction of the definitions for motor vehicle liability and watercraft liability, these exclusions apply to claims alleging bodily injury or property damage that arise out of an insured's negligent supervision of or failure to supervise any person involving any vehicle or craft, including trailers.

2. *Expected or Intended Injury or Damage*

Your former policy excludes coverage for **any** injury or damage that is intended or expected by an insured. The exclusion in this policy has been revised to state that there is **NO** coverage for such injury or damage even if it is of a different kind, quality, degree, or is sustained by a different person, entity, real or personal property than initially intended or expected by an insured.

III. OTHER CHANGES

The following changes were made to more explicitly express the level of coverage provided for the policy provisions noted below. However, they could result in a change in coverage depending on the circumstances of a given claim and our prior claims handling practices.

Exclusions

1. *Coverages L and M – Motor Vehicle and Watercraft Liability*

The policy language for these exclusions has been editorially revised:

- To accommodate the new definition for motor vehicle;
- To emphasize that there is **NO** coverage for any vehicle or watercraft **UNLESS** it is specifically excepted in the form or it is covered by endorsement; and
- To emphasize the extent of coverage that is provided for **non-owned** motorized golf carts.

2. *Coverages L and M – Hovercraft Liability*

A specific exclusion for hovercraft liability is added. Hovercraft are also known as 'ground effect vehicles' or 'air-cushioned vehicles' and were excluded in your former policy as motor vehicles or motorized land conveyances.

3. *Coverages L and M - Business and Rental Property*

We combined the business liability exclusion with the formerly separate rental property exclusion to accommodate the new definition of business. (See *Part II Reductions In Coverage, Item A.*) We also revised policy language for the business exclusion to describe and emphasize its broad application. *For example*, if one insured conducts an excluded business on the residence premises, there is no coverage for any insured for a claim alleging injury or damage involving that business.

-----*End of Policy Forms Policyholders Notice*-----

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REVISED ENDORSEMENTS - BROADENINGS AND REDUCTIONS

While most endorsements have been revised, the following endorsements have undergone changes that affect the level of coverage provided in the former editions:

DL 24 82 – Personal Injury

This endorsement is revised to:

- Treat personal injury separately from bodily injury;
- Provide up to \$1,000 of coverage for loss assessments charged against an insured by a property owners association in which that insured is a member;
- Point out that the offenses relating to defamation (‘libel’ and ‘slander’) apply to both oral and written publications; and that the offenses of ‘wrongful eviction, ‘wrongful entry’ and ‘invasion of the right of private occupancy’ apply to improper occupancy of a room, dwelling or premises;
- Newly exclude Personal Injury:
 1. Caused by an insured with the knowledge that the act would violate the rights of another and would inflict personal injury; and
 2. Arising out of pollution, including clean-up costs associated with pollution claims;
- Rewrite the exclusion pertaining to Personal Injury arising out of:
 1. Oral or written publication of material by or at the direction of an insured knowing it is false; and
 2. A 'criminal act' committed by or at the direction of an insured (instead of a violation of a penal law or ordinance); and
- Specifically indicate which provisions, definitions, exclusions, additional coverages and conditions in the form apply to “personal injury”.

.....*End of Endorsements Policyholders Notice*.....