



## 2011 MASSACHUSETTS BUSINESSOWNERS FORMS REVISION ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes to your policy. No coverage is provided by this summary nor can it be constructed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

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### BUSINESSOWNERS COVERAGE FORM BP 00 03

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#### SECTION I – PROPERTY

##### BROADENINGS OF COVERAGE

###### **Additional Coverages – Civil Authority**

The basic coverage period for the Civil Authority Additional Coverage is increased from three weeks to four weeks.

###### **Exclusions – Business Income And Extra Expense**

The exception in the Business Income And Extra Expense Coverage Exclusion with respect to coverage for loss caused by or resulting from suspension, lapse or cancellation of any license, lease or contract, has been expanded so that the exception will also apply during the extension of the "period of restoration" in accordance with the terms of the coverage.

##### REDUCTION IN COVERAGE

###### **Property Not Covered – Limitations – Coverage For Animals As Covered Property**

Section I – Property has been revised to state that covered property, in general, does not include all animals. Additionally, a limitation has been added related to coverage that is provided with respect to animals, but the limitation does not apply for loss caused by a "specified cause of loss" or building glass breakage.

###### **Additional Coverages – Civil Authority**

The use of a radius of one mile to circumscribe Civil Authority Coverage is, from a technical (though not historical) perspective, a reduction in coverage – that is, narrowing of the circumstances under which this coverage may apply.

###### **Exclusions – Utility Services**

This exclusion newly applies to utility failure that originates at the described premises, when such failure involves equipment used to provide utility service supplied by an off-premises provider.

###### **Massachusetts – Fungi, Wet Rot or Dry Rot Exclusion And Limitations**

The inclusion of form BP 06 98 is mandatory for all policies and replaces the Limited Coverage for "Fungi", Wet Rot, or Dry Rot Additional Coverage Provision as well as the "Fungi", Wet Rot, or Dry Rot Exclusion Provision in the coverage form. Each of these provisions in form BP 06 98 refer to a *covered cause of loss rather than a specified cause of loss.*

## OTHER CHANGES

### **Additional Coverages – Collapse**

The Collapse Additional Coverage provision has been revised, in part, to reinforce its relationship with the Collapse Exclusion.

### **Exclusions – Virus Or Bacteria**

The Virus Or Bacteria Exclusion has been newly added and incorporates the function of Massachusetts – Exclusion of Loss Due to Virus or Bacteria Endorsement **BP 06 06**.

### **Exclusions – Water**

The Water Exclusion in the policy has been revised and incorporates the language previously applied using the Water Exclusion Endorsement **BP 01 59**. With the change in policy language, the **BP 01 59** has been withdrawn.

### **Exclusions – Artificially Generated Electrical Current**

The Electrical Apparatus Exclusion has been revised to explicitly incorporate various terms that reflect current understandings of technology with regard to power sources and associated systems.

### **Exclusion – Collapse**

The Collapse Exclusion has been revised in conjunction with revisions to reinforce the Collapse Additional Coverage.

### **Exclusions – Product Errors**

Coverage does not apply to loss or damage to any merchandise, goods or other product, caused by error or omission in any stage of the development, production or use of the product. But if the error or omission results in a covered cause of loss, the loss or damage attributable to the covered cause of loss is covered. Coverage intent is reinforced, with an explicit provision, in light of sporadic claims being asserted in contradiction of intent.

### **Business Personal Property Limit – Seasonal Increase**

The Business Personal Property Limit – Seasonal Increase provision has been revised to indicate that the Limit of Insurance for Business Personal Property will increase by 25% or by a different percentage shown in the Declarations.

### **Deductibles**

The Deductibles provision has been revised to eliminate references to a separate glass deductible. Glass losses will now be subject to the otherwise applicable policy deductible.

## **SECTION II – LIABILITY**

### **BROADENINGS OF COVERAGE**

#### **Who Is An Insured**

We will now accept Limited Liability Companies as a valid entity type.

### **REDUCTION IN COVERAGE**

#### **Dance and Fitness Instructors**

The abuse and molestation endorsement **BOP 402** will be applied to all new and renewal policies.

## OTHER CHANGES

### **Business Liability**

We have added an express reference to or any offense within the insuring agreement for Business Liability with respect to an insurers right to investigate any occurrence and settle any claim or suit that may result.

### **Coverage Extension – Supplementary Payments**

The Coverage Extension Supplementary Payments Provision has been revised to reinforce that coverage is provided for court cost taxed against the insured but that this does not include attorney's fees or attorney expenses taxed against the insured. While this change is considered to be a reinforcement of coverage intent, it may result in a decrease in coverage in jurisdictions where courts have ruled that plaintiff's attorneys' fees or attorneys' expenses taxed against the insured can be levied as a supplementary payment.

### **Professional Services Exclusion**

The Professional Services Exclusion has been revised to add language that expressly addresses, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by an insured.

### **Personal And Advertising Injury Exclusion**

The Personal And Advertising Injury Exclusion has been revised, in general, to reinforce that the exclusion does not apply to injuries arising out of other intellectual property rights involving the use of another's advertising idea in the insured's advertisement.

### **Electronic Data Exclusion**

Under the Electronic Data Exclusion the definition of electronic data has been revised for consistency with the definition of electronic data under Section I – Property of the policy.

### **Recording And Distribution Of Material Or Information In Violation Of Law Exclusion**

The Distribution of Material in Violation of Statutes Exclusion has been revised, in part, to expressly address actions or omissions that violate not only the Fair Credit Reporting Act (FCRA), Fair and Accurate Credit Transactions Act (FACTA) and any federal, state or local statutes. The title of the exclusion has been revised to Recording And Distribution Of Material Or Information In Violation Of Law to more accurately reflect the revised provision.

### **Liability And Medical Expense**

The Liability And Medical Expense definition for Mobile Equipment has been editorially revised.

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## **ENDORSEMENTS**

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### **NEW OPTIONAL ENDORSEMENTS**

#### **BP 14 01 01 10 – Identity Fraud Expense Coverage**

This new optional coverage endorsement generally provides a \$25,000 aggregate limit for identity fraud expense coverage and a \$5,000 aggregate limit of coverage for additional advertising expenses incurred by the named insured to generally restore the insured's reputation after an event of identity fraud.

#### **BOP 433 (01/10) – Garagekeepers Endorsement**

This new optional endorsement provides comprehensive and collision coverage for insureds who temporarily take possession of customers' autos in the normal conduct of their business. It provides protection for loss or damage to customers' autos while in the insured's care, custody or control. Coverage is available on a legal liability basis, direct coverage – primary basis, or direct coverage – excess basis. Comprehensive losses are subject to a \$250 per auto and \$1,000 maximum deductible for any one event. Collision losses are subject to a \$250 per auto deductible. Limits options are \$30,000 and \$60,000 with eligibility for limits options determined by the maximum number of vehicles that will be in the insured's care, custody or control at any one time.

#### **BOP 438 (01/10) – Additional Insured – Grantor of License**

This new endorsement will add a scheduled person or organization who grants licenses as an additional insured to the policy of a person or to whom a license was granted.

### **REDUCTION IN COVERAGE**

#### **BP 04 17 01 10 – Employment-related Practices Exclusion**

The Employment-related Practices Exclusion has been revised to reinforce that, when these endorsements are attached to your policy, the exclusion applies to an injury causing event associated with employment, whether it occurs before employment, during employment or after employment of that person. Additionally, the exclusion is revised to reinforce that coverage does not apply for injury caused by the malicious prosecution of a person.

While these changes are each a reinforcement of coverage intent, they may result in a decrease in coverage in jurisdictions where courts have ruled the exclusion to be inapplicable in employment-related malicious prosecution claims and/or post employment claims. For that reason, out of caution, we are listing it as a decrease.

This endorsement will now be applied to all policies.

#### **BP 08 01 01 10 – Barbers And Beauticians Professional Liability**

This endorsement has been revised to introduce a defined term for "barber shop or hair salon services". Additionally, several exclusions were deleted and replaced with a broad exclusion that will apply, in general, to any professional service except for the newly introduced defined term "barber shop or hair salon services." Lastly, the title of the endorsement has been modified accordingly.

#### **BP 14 19 01 10 – Exclusion – Damage To Work Performed By Subcontractors On Your Behalf**

This new endorsement amends Section **II** – Liability of the Businessowners Coverage Form by removing the exception to the exclusion for work performed by a subcontractor at any site or operation. This endorsement will now be applied to all policies.

#### **BOP 434 (01/10) – Exclusion – Coverage Extensions**

Section 6 of the Businessowners Policy provides coverage extensions that are not consistent with a home business operation. This new endorsement deletes coverage for personal effects and outdoor property that would more appropriately be addressed by the homeowners policy. The limit for newly acquired business personal property is also limited to an amount equal to the highest business personal property limit shown for any location on the policy but not more than \$100,000.

#### **BOP 410 (01/10) – Personal Property Off Premises Limits Endorsement**

This endorsement is intended to provide coverage for property temporarily away from the insured premises. We have clarified the scope of coverage by defining the types of property covered and better defining where coverage is provided and how long property may remain off premises and still be covered.

#### **BOP 428 (01/10) – Pet Sitting & Plant Care Services Endorsement**

This endorsement has been re-named to reflect the newly available plant care services class. The endorsement now excludes animals boarded by you from the coverage extension included in this form. Limited coverage for animals owned by others and boarded by you is provided under the business personal property section of the policy.

## OTHER CHANGES

### **BP 05 76 – Changes – Limited Fungi Coverage**

This endorsement has been deleted where it was previously used. As completed, it would not modify the coverage provided in the 2010 policy.

### **BOP 405 (01/10) Amendment to Professional Liability Exclusion**

The Professional Services Exclusion in the policy has been revised to add language that expressly addresses, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by an insured. This required an editorial change to this endorsement.