



October 20-23, 2022 | Westin Boston Seaport District

10/22/2022

**A Year of 'Other' Personal Residential Questions and
Answers**

2:30PM-3:30 PM

Irene Morrill

CEUs:1

Massachusetts Association
of Insurance Agents





Q4U – A year of personal lines questions and answers

**Personal umbrella
Condominium
Dwelling fire**

**Irene Morrill, CPCU, CIC, ARM, CRM, CRIS, MLIS, LIA, CPIW
VP Technical Affairs, MAIA
imorrill@massagent.com**

This program is designed to provide accurate and authoritative information in regard to the subject matter covered. It is provided with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional person should be sought.

With special thanks to the Insurance Services Office, Inc. and the Automobile Insurers Bureau for advance information, continued support, and permission to use their forms and information.

Will the PUP come into play?

We have a debate here in our office regarding when or if a Personal Umbrella would come into play.

Here is the scenario:

We have an umbrella policy for a family of three, mother, father and daughter.

Each has their own vehicles, insured separately and are all under the same household.

The daughter borrows a friend's vehicle (not a part of the household) and gets into an accident with that vehicle and unfortunately causes a fatality.

Will the PUP come into play?

Does the parents PUP of the daughter, who drove the friend's car, come into play after the friends' limits are exhausted?

My feelings is that since she was driving the friend's vehicle, the umbrella will not come into play since that vehicle is not a part of the household and not subject to the parents' umbrella coverage.

Others disagree. Any insights?

Will the PUP come into play?

Difficult to discuss since there is no “one” Personal umbrella. One would have to look at the definitions in the policy

Automobile

Insured

And then the insuring agreement

Will the PUP come into play?

But ... in an ISO language PUP

First ...auto limits of vehicle being driven (friend's vehicle)

Then

Family auto policies discussed above - If mom has a policy in her name, dad has a policy in his name and daughter has a policy in her name ... all three auto policies would come into play BEFORE the PUP

The ISO PUP insuring agreement - and YES there IS a “maintenance of UL coverage” requirement

II. Coverages

A. Insuring Agreement

We will pay damages, in excess of the "retained limit", for:

1. "Bodily injury" or "property damage" for which an "insured" becomes legally liable due to an "occurrence" to which this insurance applies; and
2. "Personal injury" for which an "insured" becomes legally liable due to one or more offenses listed under the definition of "personal injury" to which this insurance applies.

Damages include prejudgment interest awarded against an "insured".

IV. Maintenance Of Underlying Insurance

You must maintain the "underlying insurance" at the full limits stated in the Declarations and with no change to more restrictive conditions during the term of this Policy. If any "underlying insurance" is canceled or not renewed and not replaced, you must notify us at once.

If you fail to maintain "underlying insurance", we will not be liable under this Policy for more than we would have been liable if that "underlying insurance" was in effect.

Will the PUP come into play?

The MAP – Part 4 PD and Part 5 OBI will follow “you” the named insured” and “household members” when driving a non-owned auto (normal exclusions apply)

Part 4. Damage To Someone Else's Property.

Under this Part, we will pay for damage or destruction of the tangible property of others caused by an accident and arising from the ownership, maintenance, or use of an auto, including loading and unloading. The amount we will pay is the amount the owner of the property is legally entitled to collect through a court judgment or settlement for the damaged property. We will pay only if you, a **household member**, or someone else using **your auto** with your consent is legally responsible for the accident. The amount we will pay includes, if any, applicable sales tax and the loss of use of the damaged property. The amount we will pay does not include compensation for physical damage to, or towing or recovery of, **your auto** or other auto used by you or a **household member** with the consent of the owner, or any decreased value or intangible loss claimed to result from the property damage unless otherwise required by law.

We will not pay for property damage which occurs:

Part 5. Optional Bodily Injury To Others.

Under this Part, we will pay damages to people injured or killed in an accident if you or a **household member** is legally responsible for the accident and such accident arises out of the ownership, maintenance, or use of an auto by you or the **household member**. We will also pay damages if someone else using **your auto** with your consent is legally responsible for the accident. The damages we will pay are the amounts the injured person is entitled to collect for bodily injury through a court judgment or settlement. We will not pay punitive or exemplary damages.

unless the it is driven “regularly”

2. For injuries resulting from an accident while a **household member** is using an auto which you or any **household member** owns or uses regularly, unless a premium for this Part is shown for that auto on the Coverage Selections Page.

3. For injuries resulting from an accident while you are using an auto which you own or use regularly unless a premium for this Part is shown for that auto on the Coverage Selections Page.

And

The PUP application generally asks to be told about

Owned vehicles and “regularly furnished/used” vehicles

Will the PUP come into play?

If the non-owned auto is NOT used regularly ...it MUST pay before the family MAP

If someone covered under this Part is using an auto he or she does not own at the time of the accident, the owner's auto insurance must pay its limits before we pay. Then, we will pay for any damages not paid by that insurance, up to the policy limits shown on your Coverage Selections Page. If the claim is covered by us and another auto policy, we will pay only our proportionate share of those damages not paid by the owner's auto insurance.

The ISO PUP has the following “other insurance” condition:

F. Other Insurance

The coverage afforded by this Policy is excess over any other insurance available to an "insured", except insurance written specifically to be excess over this Policy.

Reinforcing auto insurance is primary – be it the client's or someone/thing else's

Insured owns 2 cars and their primary home is in the name of a trust.

Trustees of the Trust are their four children who do not reside with them.

Their primary home is a two-family home, they live in one unit and tenant lives in second unit.

Insured also has a 2-million-dollar Personal Umbrella

This insured also owned a three family home in their personal name that they also changed ownership to a different trust and their four children are trustees

This insured does use the rent money for all of these rental units for their personal expenses.

They also have vacant land in NH that they also changed ownership from their personal name to a third trust and their four children are trustees.

This person's umbrella carrier will allow me to add both trusts to their 2,000,000 Personal umbrella but do I also need to add the three-family rental unit location as a property owned by this insured?

AND

would you suggest that each of the four children add all three locations to their own personal umbrellas and the trust names IF their personal umbrella allows them to add the name of the trusts.

The definition of “insured” in the PUP will give you the answer.

The following is the 2015 PUP (older versions similar) and there is no mention of trusts being insured

J. "Insured" means:

1. You.
2. A "family member".
3. Any person using an "auto", "recreational motor vehicle", or watercraft, which is owned by you and covered under this Policy. Any person using a temporary substitute for such "auto" or "recreational motor vehicle" is also an "insured".
4. Any other person or organization but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto" or "recreational motor vehicle" covered under this Policy. However, the owner or lessor of an "auto" or "recreational motor vehicle" loaned to or hired for use by an "insured" or on an "insured's" behalf, is not an "insured".
5. With respect to animals owned by you or any "family member", any person or organization legally responsible for such animals. However, a person or organization using or having custody of such animals in the course of any "business" or without the consent of the owner is not an "insured".

ISO did create an endorsement to add a trust to the PUP DL 99 09

**In your case ...there are
MULTIPLE trusts ...will
carrier add them all?**

Name trust
Name trustees

12

This is one of two trust endorsements ISO created

Like the 2011 trust endorsement for HO ...this endorsement does NOT make the trust an insured
Only the trustee

The following provisions apply with respect to the Trust or Trustee named in Items 1. and 2. in the Schedule of this endorsement:

Section I – Definitions

A. Paragraph J.4. is replaced by the following:

"Insured" means:

4. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this Policy.

However, with respect to the legal responsibility for any act or omission, the Trustee is an "insured" only:

- If coverage is provided to that Trustee by "underlying insurance" for such act or omission; and
- With respect to his or her duties as a Trustee.

B. The following is added to Paragraph J.:

"Insured" means:

6. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to:

- The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or
- "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:
 - The residence premises shown in the Declarations but only if legal title to such residence premises is held in trust with respect to the Trust named in Item 1. in the Schedule or in the Declarations; or
 - Any part of any other premises owned by or rented to the Trustee or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence".

However, for any "occurrence" or offense, the Trustee is an "insured" only:

- If coverage is provided to that Trustee by "underlying insurance" for such "occurrence" or offense; and
- With respect to his or her duties as a Trustee.

C. The definition of "business" is replaced by the following:

G. "Business" means:

- A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;
- "Home-sharing host activities"; or
- Any other activity engaged in for money or other compensation, except the following:
 - One or more activities, not described in b. through e. below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - Volunteer activities for which no money is received, other than payment for expenses incurred to perform the activity;
 - Providing home day care services for which no compensation is received, other than the mutual exchange of such services;
 - The rendering of home day care services to a relative of an "insured"; or
 - Activities performed as a Trustee in connection with administering the Trust named in Item 1. in the Schedule of this endorsement.

Section II – Coverages

The following is added to Paragraph A. **Insuring Agreement:**

No coverage under this endorsement applies to any resident of the household of the Trustee shown in Item 2. of the Schedule or in the Declarations.

Section III – Exclusions

Exclusion A.14. is replaced by the following:

14. The coverage provided by this endorsement does not apply to "bodily injury" or "personal injury" to:
- You;
 - Any "family member"; or
 - The Trustee shown in Item 2. in the Schedule or in the Declarations.

This exclusion also applies to any claim made or suit brought:

- To repay; or

Must inform company of change in documents

(2) Share damages with;
another person who may be obligated to pay damages because of "bodily injury" or "personal injury" to you, any "family member" or the Trustee shown in Item 2. in the Schedule or in the Declarations.

Section VII – General Provisions

A. The following is added to the **Cancellation By Us** Provision:

If this Policy is canceled, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

B. The following is added to the **Nonrenewal** Provision:

If we elect to nonrenew this Policy, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

The following provisions are added:

Trust Documents

We must be provided, as often as we reasonably request, with copies of the Trust documents for the Trust named in Item 1. in the Schedule or in the Declarations.

Changes And Notification Requirements

We must be notified promptly of any of the following changes related to the Trust named in Item 1. in the Schedule or in the Declarations that occur during the policy period:

1. Changes in:
 - a. The name and address of the Trust;
 - b. The Trustee(s) of the Trust, including the addition or removal of a Trustee; or
 - c. The mailing address of any Trustee of the Trust.
2. Termination of the Trust.
3. Death or disability of a Trustee.
4. The grantor (or settlor) of the Trust discontinues residing at the residence premises shown in the Declarations.

OTHER trust endorsement
DL 99 08

Like the other
List trust and trustees

POLICY NUMBER:

PERSONAL LIABILITY
DL 98 08 03 18

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL UMBRELLA LIABILITY
POLICY TRUST ENDORSEMENT

SCHEDULE

With respect to the coverage provided by this endorsement, the provisions of the Policy apply unless modified by the endorsement.

1. Trust Name		Trust Address	
Insured(s)			
2. Trustee Name(s)	Trustee Address(es)		3. Trust Name

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

DL 98 08 03 18

© Insurance Services Office, Inc., 2017

Page 1 of 3

**OTHER trust endorsement
DL 99 08
This endorsement makes
the trust AND trustees
insureds**



The following provisions apply with respect to the Trust or Trustee named in Items 1. and 2. in the Schedule of this endorsement:

Section I – Definitions

A. Paragraph J.4. is replaced by the following:

"Insured" means:

4. The Trust shown in the Schedule or in the Declarations if recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction and if named in Item 3. in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this Policy.

However, with respect to the legal responsibility for any act or omission, the Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" with respect to the legal responsibility for such act or omission.

5. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this Policy.

However, with respect to the legal responsibility for any act or omission, the Trustee is an "insured" only:

- a. If coverage is provided to that Trustee by "underlying insurance" for such act or omission; and
- b. With respect to his or her duties as a Trustee.

B. The following is added to Paragraph J.:

"Insured" means:

6. The Trust shown in the Schedule or in the Declarations if recognized under applicable state law as a legal entity with the capacity to sue or be sued in a court having jurisdiction and if named in Item 3. in the Schedule or in the Declarations but only with respect to:

- a. The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or

b. "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:

- (1) The residence premises shown in the Declarations but only if legal title to such residence premises is held in trust with respect to the Trust named in Item 1. in the Schedule or in the Declarations; or
- (2) Any part of any other premises owned by or rented to the Trust or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence".

However, for any "occurrence" or offense, the Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" for such "occurrence" or offense.

7. The Trustee(s) named in Item 2. in the Schedule or in the Declarations but only with respect to:

a. The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or

b. "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:

- (1) The residence premises shown in the Declarations but only if legal title to such residence premises is held in trust with respect to the Trust named in Item 1. in the Schedule or in the Declarations; or
- (2) Any part of any other premises owned by or rented to the Trustee or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence".

However, for any "occurrence" or offense, the Trustee is an "insured" only:

- a. If coverage is provided to that Trustee by "underlying insurance" for such "occurrence" or offense; and
- b. With respect to his or her duties as a Trustee.

C. The definition of "business" is replaced by the following:

G. "Business" means:

- 1. A trade, profession or occupation engaged in on a full-time, part-time or occasional basis;

Again ...must notify carrier of trust endorsements

2. "Home-sharing host activities"; or
3. Any other activity engaged in for money or other compensation, except the following:
 - a. One or more activities, not described in b. through e. below, for which no "insured" receives more than \$2,000 in total compensation for the 12 months before the beginning of the policy period;
 - b. Volunteer activities for which no money is received, other than payment for expenses incurred to perform the activity;
 - c. Providing home day care services for which no compensation is received, other than the mutual exchange of such services;
 - d. The rendering of home day care services to a relative of an "insured"; or
 - e. Activities performed as a Trustee in connection with administering the Trust named in Item 1. in the Schedule of this endorsement.

Section II – Coverages

The following is added to Paragraph A. **Insuring Agreement**:

No coverage under this endorsement applies to any resident of the household of the Trustee shown in Item 2. of the Schedule or in the Declarations.

Section III – Exclusions

Exclusion A.14. is replaced by the following:

14. The coverage provided by this endorsement does not apply to "bodily injury" or "personal injury" to:
 - a. You;
 - b. Any "family member"; or
 - c. The Trustee shown in Item 2. in the Schedule or in the Declarations.

This exclusion also applies to any claim made or suit brought:

- (1) To repay; or

- (2) Share damages with;

another person who may be obligated to pay damages because of "bodily injury" or "personal injury" to you, any "family member" or the Trustee shown in Item 2. in the Schedule or in the Declarations.

Section VII – General Provisions

A. The following is added to the **Cancellation By Us** Provision:

If this Policy is canceled, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

B. The following is added to the **Nonrenewal** Provision:

If we elect to nonrenew this Policy, notice will also be mailed to the Trustee(s) shown in Item 2. of the Schedule or in the Declarations.

The following provisions are added:

Trust Documents

We must be provided, as often as we reasonably request, with copies of the Trust documents for the Trust named in Item 1. in the Schedule or in the Declarations.

Changes And Notification Requirements

We must be notified promptly of any of the following changes related to the Trust named in Item 1. in the Schedule or in the Declarations that occur during the policy period:

1. Changes in:

- a. The name and address of the Trust;
- b. The Trustee(s) of the Trust, including the addition or removal of a Trustee; or
- c. The mailing address of any Trustee of the Trust.

2. Termination of the Trust.

3. Death or disability of a Trustee.

4. The grantor (or settlor) of the Trust discontinues residing at the residence premises shown in the Declarations.

RLI has a lengthy “who is covered” section but the last section states (A.1 and A.2 talk about named insured, family members and others for various types of occurrences)

A.3 states ...trusts if covered in Basic underlying policies ...

Which is defined as those listed in RLI PUP Declarations pages – which Must be a personal lines Policy

PART II – WHO IS COVERED

A. For **Occurrences** not involving motorized vehicles or **Watercraft**:

3. A trust that is covered as an insured for liability under your **Basic Policy** is covered for such **Occurrence**.

B. **Basic Policy** or **Basic Policies** means a policy or policies listed in the Declarations (including renewals, temporary replacements for non-owned **Automobiles**, or endorsements) which provides primary liability coverage. **Basic Policy** or **Basic Policies** does not include a commercial or business general liability policy or other non-personal premises liability policy.

If carrier uses ISO PUP ...

the MA version of trust endorsement does NOT make the trust an insured ...

I'm glad I live in NH where the other version of trust endorsement making the trust an insured is used

But these are designed with the underlying HO-2011 in mind ...

The OLDER trust endorsements for the 2006 PUP ...which sat over the HO-2000

ONLY used the DL 99 08 – which always made the trust an insured

I don't have older PUPs that the HO-91 carriers used ... don't know if there is a trust endorsement for older PUP

POLICY NUMBER:

PERSONAL LIABILITY
DL 98 08 10 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL UMBRELLA LIABILITY POLICY TRUST ENDORSEMENT

SCHEDULE

With respect to the coverage provided by this endorsement, the provisions of the policy apply unless modified by the endorsement.

Name Of Trust	Name(s) And Address(es) Of Trustee(s) (If other than the Named Insured shown in the Declarations or any "family member")

Entries may be left blank if shown elsewhere in this policy for this coverage.

The following provisions apply with respect to the Trust or Trustee named in the Schedule or in the Declarations:

SECTION I – DEFINITIONS

The definition of "insured" is amended as follows:

A. Paragraph J.4. is replaced by the following:

"Insured" means:

4. The Trust or Trustee (if other than you or any "family member") shown in the Schedule or in the Declarations but only with respect to the legal responsibility for acts or omissions of you or any "family member" while you or any "family member" is using an "auto", "recreational motor vehicle" or watercraft covered under this policy.

However with respect to the legal responsibility for any act or omission;

- a. The Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" with respect to the legal responsibility for such act or omission; and
- b. The Trustee is an "insured" only:
 - (1) If coverage is provided to that Trustee by "underlying insurance" for such act or omission; and
 - (2) With respect to his or her duties as a Trustee.

B. The following is added to Paragraph J.:

"Insured" means:

6. The Trust or Trustee (if other than you or any "family member") shown in the Schedule or in the Declarations but only with respect to:
 - a. The legal responsibility for acts or omissions of you or any "family member" for "personal injury" to which this insurance applies; or
 - b. "Bodily injury" or "property damage" arising from the ownership, maintenance or use of:
 - (1) The residence premises shown in the Declarations; or
 - (2) Any part of any other premises owned by or rented to the Trust, Trustee or any other "insured" to the extent that personal liability coverage with respect to such premises is provided by "underlying insurance" at the time of the "occurrence";

However, for any "occurrence" or offense:

- a. The Trust is an "insured" only if coverage is provided to that Trust by "underlying insurance" for such "occurrence" or offense; and

Carrier could create its OWN trust endorsement

HOW DOES IT READ

Is the trust an insured or just trustee?

Or

The PUP carrier could just add the trust as another named insured

Trusts in the PUP

**Your client created 3 distinct and different trusts ...
which to me ...are 3 different and distinct entities.**

If one of them is not mentioned as an additional insured, named insured or part of the definition of “insured” in your client’s PUP ...then I don’t see the PUP providing insured status.

Depending on how the definition of “insured” in the PUP reads and/or the additional insured endorsement will determine as to whether the kids as trustees find insured status under the parents PUP.

Regarding the RLI ... each trust must be named on an underlying “basic” policy

Not a bad idea to get my OWN insured status under my own HO/PUP ... and not count on someone else to do something for me.

I wanted to double check that if we are writing a new personal umbrella that if the insured has an something like an ATV, Golf Cart, or Boat that they have chosen not to insure if the insured makes us aware of it we would still have include that on the standard accord umbrella application.

I would think that would be the case as the question generally asks does the insured have these items not do they have them insured.

That was my understanding but I just wanted to double check and make sure.

Recreational vehicles – land or water and the PUP

If the application asks it ...then the carrier wants to know
ACORD PUP app includes:

PRIMARY POLICY INFORMATION					
TYPE OF POLICY	COMPANY NAME / POLICY NUMBER	POLICY PERIOD	LIMITS OF LIABILITY		
AUTO	COMPANY:	EFF:	LIABILITY	\$	EA PER \$ EA ACC or CSL
	POLICY NUMBER:	EXP:	PROPERTY DAMAGE	\$	EA ACC
HOME	COMPANY:	EFF:	UNINSURED MOTORISTS	\$	EA PER \$ EA ACC or CSL
	POLICY NUMBER:	EXP:		\$	PD EA ACC
DWELLING FIRE INCL RENTALS	COMPANY:	EFF:	PERSONAL LIABILITY	\$	EA OCC
	POLICY NUMBER:	EXP:			
WATERCRAFT	COMPANY:	EFF:	PERSONAL LIABILITY	\$	EA OCC
	POLICY NUMBER:	EXP:			
RECREATIONAL VEHICLES	COMPANY:	EFF:	LIABILITY	\$	EA PER \$ EA ACC or CSL
	POLICY NUMBER:	EXP:	PROPERTY DAMAGE	\$	EA ACC
			UNINSURED MOTORISTS	\$	EA PER \$ EA ACC or CSL
				\$	PD EA ACC

Recreational vehicles – land or water and the PUP

**If the application asks it ...then the carrier wants to know
ACORD PUP app includes:**

AUTOMOBILES AND RECREATIONAL VEHICLES

LIST ALL AUTOS OWNED, LEASED OR FURNISHED FOR REGULAR USE AND MOTORCYCLES, SNOWMOBILES, DUNE BUGGIES, MINIBIKES, etc.

#	YEAR	MAKE	MODEL	BODY TYPE

WATERCRAFT

LIST ALL WATERCRAFT OWNED, LEASED, CHARTERED OR FURNISHED FOR REGULAR USE

#	YEAR	MANUFACTURER				MODEL	LENGTH	HORSE POWER	MAX SPEED

#	POWER		INBOARD		INBOARD / OUTDRIVE		SAIL	WATERS NAVIGATED		GREAT LAKES		PACIFIC		GULF OF MEXICO
			OUTBOARD		WATERJET			ATLANTIC		INLAND WATERWAYS		RIVERS		
#	POWER		INBOARD		INBOARD / OUTDRIVE		SAIL	WATERS NAVIGATED		GREAT LAKES		PACIFIC		GULF OF MEXICO
			OUTBOARD		WATERJET			ATLANTIC		INLAND WATERWAYS		RIVERS		
#	POWER		INBOARD		INBOARD / OUTDRIVE		SAIL	WATERS NAVIGATED		GREAT LAKES		PACIFIC		GULF OF MEXICO
			OUTBOARD		WATERJET			ATLANTIC		INLAND WATERWAYS		RIVERS		

If the application asks it ...then the carrier wants to know
ACORD PUP app includes:

GENERAL INFORMATION (continued)		AGENCY CUSTOMER ID: _____
EXPLAIN ALL "YES" RESPONSES		Y / N
7. ANY REAL ESTATE, VEHICLE, WATERCRAFT OR AIRCRAFT THAT IS OWNED, HIRED, LEASED OR REGULARLY USED, THAT IS NOT COVERED BY PRIMARY POLICIES?		

APPLICANT'S STATEMENT: I HAVE READ THE ABOVE APPLICATION AND ANY ATTACHMENTS. I DECLARE THAT THE INFORMATION PROVIDED IN THEM IS TRUE, COMPLETE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. THIS INFORMATION IS BEING OFFERED TO THE COMPANY AS AN INDUCEMENT TO ISSUE THE POLICY FOR WHICH I AM APPLYING.		
PRODUCER'S SIGNATURE	PRODUCER'S NAME (Please Print)	STATE PRODUCER LICENSE NO (Required in Florida)
APPLICANT'S SIGNATURE	DATE	NATIONAL PRODUCER NUMBER

So ... I bet the carriers want to know ...

Because ISO created EXCLUSIONARY endorsements where client can keep PUP but it will NOT be a “drop down” it will be a ...no coverage at all

**So ... I bet the carriers
want to know ...**

**Because ISO created
EXCLUSIONARY
endorsements where
client can keep PUP
but it will NOT be a
“drop down” it will be
a ...no coverage at all**

**PERSONAL LIABILITY
DL 99 50 07 17**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PERSONAL UMBRELLA LIABILITY POLICY EXCLUSION –
RECREATIONAL MOTOR VEHICLE ENDORSEMENT –
MASSACHUSETTS**

The provisions of the Policy apply unless modified by the endorsement.

EXCLUSIONS

Exclusion A.10. is replaced by the following:

10. "Recreational Motor Vehicle Liability"

The coverages provided by this Policy do not apply to "bodily injury" or "property damage" arising out of:

- a. The ownership of any "recreational motor vehicle" by an "insured";
- b. The maintenance, occupancy, operation, use, loading or unloading of any "recreational motor vehicle" by any person;
- c. The entrustment of any "recreational motor vehicle" by an "insured" to any person;
- d. The failure to supervise or negligent supervision of any person involving any "recreational motor vehicle" by an "insured"; or
- e. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving any "recreational motor vehicle".

So ... I bet the carriers
want to know ...

Because ISO created
EXCLUSIONARY
endorsements where
client can keep PUP
but it will NOT be a
“drop down” it will be
a ...no coverage at all

PERSONAL LIABILITY
DL 99 48 07 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PERSONAL UMBRELLA LIABILITY POLICY
EXCLUSION – WATERCRAFT ENDORSEMENT –
MASSACHUSETTS**

The provisions of the Policy apply unless modified by the endorsement.

EXCLUSIONS

Exclusion A.9. is replaced by the following:

9. "Watercraft Liability"

The coverages provided by this Policy do not apply to "bodily injury" or "property damage" arising out of:

- a. The ownership of any watercraft by an "insured";
- b. The maintenance, occupancy, operation, use, loading or unloading of any watercraft by any person;
- c. The entrustment of any watercraft by an "insured" to any person;
- d. The failure to supervise or negligent supervision of any person involving any watercraft by an "insured"; or
- e. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving any watercraft.

**So ... I bet the carriers
want to know ...**

**Because ISO created
EXCLUSIONARY
endorsements where
client can keep PUP
but it will NOT be a
“drop down” it will be
a ...no coverage at all**

PERSONAL LIABILITY
DL 99 47 07 17

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PERSONAL UMBRELLA LIABILITY POLICY EXCLUSION –
MOTORCYCLE AND MOPED ENDORSEMENT –
MASSACHUSETTS**

The provisions of the Policy apply unless modified by the endorsement.

EXCLUSIONS

The following exclusion is added:

The coverages provided by this Policy do not apply to "bodily injury" or "property damage" arising out of:

- A. The ownership of any motorcycle or moped by an "insured";
- B. The maintenance, occupancy, operation, use, loading or unloading of any motorcycle or moped by any person;
- C. The entrustment of any motorcycle or moped by an "insured" to any person;
- D. The failure to supervise or negligent supervision of any person involving any motorcycle or moped by an "insured"; or
- E. Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving any motorcycle or moped.

**So ... I bet the carriers
want to know ...**

**Because ISO created
EXCLUSIONARY
endorsements where
client can keep PUP
but it will NOT be a
“drop down” it will be
a ...no coverage at all**

**PERSONAL LIABILITY
DL 99 58 09 18**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**PERSONAL UMBRELLA LIABILITY
EXCLUSION – UNMANNED AIRCRAFT –
MASSACHUSETTS**

The provisions of the Policy apply unless modified by the endorsement.

Definitions

Paragraph I.D. is replaced by the following:

D. "Hovercraft Liability", "Recreational Motor Vehicle Liability" and "Watercraft Liability", subject to the provisions in 2. below, mean the following:

- 1.** Liability for "bodily injury" or "property damage" arising out of:
 - a.** The ownership of such vehicle or craft by an "insured";
 - b.** The maintenance, occupancy, operation, use, loading or unloading of such vehicle or craft by any person;
 - c.** The entrustment of such vehicle or craft by an "insured" to any person;
 - d.** The failure to supervise or negligent supervision of any person involving such vehicle or craft by an "insured"; or
 - e.** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such vehicle or craft.
- 2.** For the purpose of this definition:
 - a.** Hovercraft means a self-propelled motorized ground-effect vehicle and includes, but is not limited to, flarecraft and air cushion vehicles;
 - b.** Watercraft means a craft principally designed to be propelled on or in water by wind, engine power or electric motor; and
 - c.** Recreational Motor Vehicle means a "recreational motor vehicle" as defined in Paragraph N.

The following is added to **I. Definitions**:

"Aircraft Liability", subject to the provisions in 2. below, means the following:

- 1.** Liability for "bodily injury", "property damage" and "personal injury" arising out of:
 - a.** The ownership of such aircraft by an "insured";
 - b.** The maintenance, occupancy, operation, use, loading or unloading of such aircraft by any person;
 - c.** The entrustment of such aircraft by an "insured" to any person;
 - d.** The failure to supervise or negligent supervision of any person involving such aircraft by an "insured"; or
 - e.** Vicarious liability, whether or not imposed by law, for the actions of a child or minor involving such aircraft.
- 2.** For the purpose of this definition, aircraft means any contrivance used or designed for flight, including but not limited to unmanned aircraft, whether or not model or hobby.

Is there a law requiring associations carry “all in” coverage?

Is it true that now in MA all condo associations by law need to carry all-in coverage, they just don't always include betterments and improvements?

This is what I'm hearing now however I don't feel like that is how everyone's bylaws are reading.

I don't know who you are hearing this from ...but in MA ...MGL 183A addresses condominium association requirements

Is there a law requiring associations carry “all in” coverage?

**The master policy
MUST cover
common areas ...
otherwise it would
be almost
impossible to cover
Commonly owned
property ...but ...
whether the
association
CHOOSES to cover
individually owned
building items of the
unitowners is a
discussion of the
association “bylaws”**

You can google the whole thing ...but the following ... hasn't changed:

Section 10. (a) Each unit owner shall have the same percentage interest in the corporation, trust or unincorporated association provided for in the master deed for the management and regulation of the condominium as his proportionate interest in the common areas and facilities. Such interest shall not be separated from ownership in the unit to which it appertains and shall be deemed conveyed or encumbered with the unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

(b) Such corporation, trust or association shall have, among its other powers, the following rights and powers:—

(1) To lease, manage, and otherwise deal with such community and commercial facilities as may be provided for in the master deed as being common areas and facilities.

(2) To own, convey, encumber, lease and otherwise deal with units conveyed to it or purchased by it as the result of enforcement of the lien for common expenses, any right of first refusal, or otherwise.

(3) To obtain insurance on the common areas and facilities. Such insurance coverage shall be written in its name, and the provisions thereof shall be without prejudice to the right of each unit owner to insure his own unit for his own benefit.

HO-3 or HO-6?

I have an insured buying a condo and the master is an all-in except furniture and any betterments or improvements made in the unit.

Can a HO-3 be issued instead of a HO-6 reasoning as the value of betterments and improvements is \$750,000?

So, it is over the max allowed on a HO-6 for the dwelling coverage?

So, they said issue a ho-3?

But maybe I am reading into it to much?

HO-3 or HO-6?

You would ONLY sell an HO-3 ...if your insured owns a “one family condo unit” and The DEED to their property discusses owning
from the exterior of the roof shingles ...down ...
the exterior of the outside siding/clapboards ...in ...
the bottom of the lowermost foundation/footing up ...

If the deed states they only own the “inside of the unit” and the “outside” is owned in common then an HO-3 cannot be utilized ...it would be a loss settlement nightmare.

All the HO policies have an insurable interest clause

SECTION I – CONDITIONS

A. Insurable Interest And Limit Of Liability

Even if more than one person has an insurable interest in the property covered, we will not be liable in any one loss:

1. To an "insured" for more than the amount of such "insured's" interest at the time of loss; or
2. For more than the applicable limit of liability.

which is not a problem for the HO-6 – but consider an HO-3 and the insured only owns the outside of the building “in common” - the named insured’s policy won’t pay the loss in full

The HO-3 “other insurance” clause could create a problem for losses involving common area ...also

F. Other Insurance And Service Agreement

If a loss covered by this policy is also covered by:

1. Other insurance, we will pay only the proportion of the loss that the limit of liability that applies under this policy bears to the total amount of insurance covering the loss; or

The HO-6 addresses this issue
(below is HO-2000 – HO-91 similar)

HO-2011

- . If, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance will be excess over the amount recoverable under such other insurance or service agreement.

2. Subject to Paragraph G.1., if, at the time of loss, there is other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by this policy, this insurance is:
 - a. Excess over the amount due under such other insurance or service agreement, whether the corporation or association of property owners has collected that amount or not; and
 - b. Primary with respect to any amount of the loss covered by this policy and not due under such other insurance or service agreement because of the application of a deductible.

HO-3 or HO-6?

And ...Coverage D Loss of Use won't work if the unit is part of a larger building where the building is damaged ...but not the insured's unit

HO-2000/2011 (HO-91 similar) HO-3

D. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss covered under Section I makes that part of the "residence premises" where you reside not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

Only covered if “residence premises” damaged

HO-2000/2011 (HO-91 similar) HO-6

C. Coverage D – Loss Of Use

The limit of liability for Coverage D is the total limit for the coverages in 1. Additional Living Expense, 2. Fair Rental Value and 3. Civil Authority Prohibits Use below.

1. Additional Living Expense

If a loss by a Peril Insured Against under this policy to covered property or the building containing the property makes the "residence premises" not fit to live in, we cover any necessary increase in living expenses incurred by you so that your household can maintain its normal standard of living.

Payment will be for the shortest time required to repair or replace the damage or, if you permanently relocate, the shortest time required for your household to settle elsewhere.

Covered if “residence premises or building containing it is damaged

HO-3 or HO-6?

When the exterior of the building is owned in “common” – the HO-6 with HO 17 32 Special Form Coverage A would be necessary if the unitowner doesn’t own the “outside” of the unit

How does the “deed read” ...

My thoughts exactly.. but not sure what the new owners deed reads we go by the bylaws of the condo

And that states the unit owner is only responsible for the furniture and betterments and improvements and

The master policy provides all in coverage.

**So ...I’m confused ... then absolutely an HO-6
Need Coverage A for “various non-covered losses” of master
policy and at least the master policy deductible**

Who insures the garage

I am insuring a 2-family house which has been converted to a 2-unit condo. I am writing the Master Policy.

There is a garage on the property. One of the unit owners exclusive right to use of the garage and had in the past repaired the roof out of her own pocket because it was in very bad shape.

I would have thought that the garage was part of the Condo Association and not actually owned by the unit owner.

There is no separate deed for the garage.

Who insures the garage

The only place I see it mentioned is in Exhibit B of the Master Deed under the heading *exclusive use area*.

I doubt that the unit owner's HO-6 covers the structure of the garage.

What are your thoughts?

Shouldn't the Master Policy cover the garage?

It seems that if there was a claim relating to the garage, the other unit owner might feel the owner who has use of the garage should take care of it. It should be insured somewhere.

Who insures the garage

All editions of the ISO HO-6 define Coverage D - dwelling as:

**Even if it IS “common area” –
The unitowner could cover it here if
They have exclusive use of the
Garage which is real property**



COVERAGE A – Dwelling

We cover:

1. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
2. Items of real property which pertain exclusively to the "residence premises";
3. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
4. Structures owned solely by you, other than the "residence premises," at the location of the "residence premises."

This coverage does not apply to land, including land on which the "residence premises," real property or structures are located.

We do not cover:

1. Structures used in whole or in part for "business" purposes; or
2. Structures rented or held for rental to any person not a tenant of the "residence premises," unless used solely as a private garage.

Who insures the garage

All editions of the ISO HO-6 define Coverage D - dwelling as:

**And certainly, if their deed shows
They own it ... then it can be covered
Under Coverage A Dwelling in the
HO-6**

COVERAGE A – Dwelling

We cover:

1. The alterations, appliances, fixtures and improvements which are part of the building contained within the "residence premises";
2. Items of real property which pertain exclusively to the "residence premises";
3. Property which is your insurance responsibility under a corporation or association of property owners agreement; or
4. Structures owned solely by you, other than the "residence premises," at the location of the "residence premises."

This coverage does not apply to land, including land on which the "residence premises," real property or structures are located.

We do not cover:

1. Structures used in whole or in part for "business" purposes; or
2. Structures rented or held for rental to any person not a tenant of the "residence premises," unless used solely as a private garage.

Who insures the garage

If the condo bylaws tells the association to cover the garage – whether commonly owned or individually owned ...the master policy can do this

Whether the CP 00 17 or the BOP with the BP 17 07

The BP 17 07 changes the BOP

Definition of building to include (6)

The CP 00 17 CP condo master policy

Form has the same definition –

Including the 6th provision which is:

anything the condo

Documents tell the association

to cover

A. Section I – Property is amended as follows:

1. Paragraph A.1.a. **Building** in the Business owners Property Coverage Form is replaced by the following:

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Permanently installed:
 - (a) Fixtures;
 - (b) Machinery; and
 - (c) Equipment;
- (3) Outdoor fixtures;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

(5) If not covered by other insurance:

- (a) Additions under construction, alterations and repairs to the building or structure;
- (b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure; and

(6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

- (a) Fixtures, improvements and alterations that are a part of the building or structure; and
- (b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph A.1.a.(6) above.

Who insures the garage

If both the unitowner and the association covers the value of the garage, then the master policy is primary

9. Unit-owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

And the unitowner policy is excess as previously discussed

Covering the master policy deductible

Hoping you can answer a quick question, just to make sure I'm thinking correctly.

We have 3-unit condo master policy we're trying to write.

If the master policy deductible is \$25,000, and each of the 3-unit owners have loss assessment coverage of \$10,000, would the deductible be covered on their HO6's in the event of a loss?

Loss assessment only works when “commonly owned” property is damaged.

HO-2000/2011

7. Loss Assessment

a. We will pay up to \$1,000 for your share of loss assessment charged during the policy period against you, as owner or tenant of the "residence premises", by a corporation or association of property owners. The assessment must be made as a result of direct loss to property, owned by all members collectively, of the type that would be covered by this policy if owned by you, caused by a Peril Insured Against under Coverage A, other than:

- (1) Earthquake; or
- (2) Land shock waves or tremors before, during or after a volcanic eruption.

The limit of \$1,000 is the most we will pay with respect to any one loss, regardless of the number of assessments. We will only apply one deductible, per unit, to the total amount of any one loss to the property described above, regardless of the number of assessments.

- b. We do not cover assessments charged against you or a corporation or association of property owners by any governmental body.
- c. Paragraph P. Policy Period under Section I – Conditions does not apply to this coverage.

This coverage is additional insurance.

HO-91

7. **Loss Assessment.** We will pay up to \$1000 for your share of loss assessment charged during the policy period against you by a corporation or association of property owners, when the assessment is made as a result of direct loss to the property, owned by all members collectively, caused by a Peril Insured Against under **COVERAGE A – DWELLING**, other than earthquake or land shock waves or tremors before, during or after a volcanic eruption.

This coverage applies only to loss assessments charged against you as owner or tenant of the "residence premises."

We do not cover loss assessments charged against you or a corporation or association of property owners by any governmental body.

The limit of \$1000 is the most we will pay with respect to any one loss, regardless of the number of assessments.

Condition 1. Policy Period, under **SECTIONS I AND II CONDITIONS**, does not apply to this coverage.

Covering the master policy deductible

Loss assessment additional coverage is also found in Section II add'l coverage section.

The HO 04 35 increases both property and liability loss assessment additional coverages.

I recommend the ISO \$50,000 in Loss Assessment Coverage (higher limit if the carrier offers).

Covering the master policy deductible

HOWEVER,

each unitowner would also need at least \$25.000 in Coverage A Dwelling in case the loss is just on their unit.

More loss assessment and coverage A is extra important in today's inflation and supply chain issues increasing the cost and availability of materials

How would you write a 2-family duplex that is a condo association.

Would you write a BOP of a Dwelling Fire?

So ..there is an association?

And ...how does the deed read ... does each owner only own the “inside” of their unit and THEY both own the outside?

Or

Does each own their “half” – from the exterior of the shingles down ...from the exterior of the siding in ...from the bottom of the lowermost floor up ... then to some “middle point”?

I’ve seen it both ways.

And ... are the owners living in the units or are they rented out

The response to the ownership on deed was:

Yes, there is an association, in the name of a trust.

The trust owns the outside and each owner owns their side.

(actually this means the outside is owned in common ...the trust owns nothingand the insides are owned 100% individually per owner)

Bop or DP on 2-unit condo building

Now ...if there is a trust ...there SHOULD BE “bylaws” ... how do the bylaws read?

**DO the bylaws direct the association to insure
just the common areas**

or

also some or all of the individually owned areas in the units?

Either way ...when insuring a trust ...the DP policy was NOT designed to address multiple ownerships ...the loss settlement clause and the definition of “building” combined with the “other insurance clause” would create a problem.

The ISO BOP with the BOP endorsement for condo works best

Bop or DP on 2-unit condo building

The BOP endorsement adds another section to the BOP definition of building ...

Any part of the individual unit if the condo documents requires the association to insure it

POLICY NUMBER:

BUSINESSOWNERS
BP 17 07 07 13

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MASSACHUSETTS CHANGES – CONDOMINIUM
ASSOCIATION COVERAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Insurance Trustee	Condominium

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section I – Property is amended as follows:

1. Paragraph A.1.a. **Building** in the Business owners Property Coverage Form is replaced by the following:

a. Building, meaning the building or structure described in the Declarations, including:

(1) Completed additions;

(2) Permanently installed:

(a) Fixtures;

(b) Machinery; and

(c) Equipment;

(3) Outdoor fixtures;

(4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:

(a) Fire extinguishing equipment;

(b) Outdoor furniture;

(c) Floor coverings; and

(d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering that are not contained within individual units;

(5) If not covered by other insurance:

(a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies, and temporary structures, on or within 100 feet of the described premises, used for maintaining, repairing, alterations or repairs to the building or structure; and

(6) Any of the following types of property contained within a unit, regardless of ownership, if your Condominium Association Agreement requires you to insure it:

(a) Fixtures, improvements and alterations that are a part of the building or structure; and

(b) Appliances, such as those used for refrigerating, ventilating, cooking, dishwashing, laundering, security or housekeeping.

But Building does not include personal property owned by, used by or in the care, custody or control of a unit-owner except for personal property listed in Paragraph A.1.a.(6) above.

Bop or DP on 2-unit condo building

**Endorsement makes
BOP primary for loss w/in
units if bylaws told
association to cover it and
unitowner covered some or
all of it also
And
this endorsement makes
unitowners insureds for
liability for common areas**

**If it wasn't a condo situation I prefer DP to BOP but
NOT in a condo situation**

2. Paragraph **A.1.b. Business Personal Property** is replaced by the following:

b. Business Personal Property located in or on the buildings or structures at the described premises or in the open (or in a vehicle) within 100 feet of the buildings or structures or within 100 feet of the premises described in the Declarations, whichever distance is greater, owned:

(1) By you; or

(2) Indivisibly by all unit-owners.

This includes your interest in the labor, materials or services furnished or arranged by you on personal property of others.

Business Personal Property does not include personal property owned only by a unit-owner, unless it is in your care, custody or control as covered below.

This also includes property of others that is in your care, custody or control except as otherwise provided in Loss Payment Property Loss Condition **E.5.d.(3)(b)**.

(2) Act on all matters dealing with loss or damage to buildings or structures covered under this policy.

c. This appointment, as described in Paragraph **b.**, includes the right to:

(1) Receive loss payment due to the mortgageholder; and

(2) Execute a full release on the mortgageholder's behalf.

4. The following is added to Paragraph **E. Property Loss Conditions:**

9. Unit-owner's Insurance

A unit-owner may have other insurance covering the same property as this insurance. This insurance is intended to be primary and not to contribute with such other insurance.

B. Section II – Liability is amended as follows:

The following is added to Paragraph **C. Who Is An Insured:**

3. Each individual unit-owner of the insured condominium, but only for liability arising out of the ownership, maintenance or repair of that portion of the premises which is not reserved for that unit-owner's exclusive use or occupancy.

C. Section III – Common Policy Conditions is amended as follows:

The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us:**

3. Waiver Of Rights Of Recovery

We waive our rights to recover payment from any unit-owner of the condominium that is shown in the Declarations.

3. The following is added to Paragraph **E.5. Loss Payment** Property Loss Condition:

a. If you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.

b. The mortgageholder appoints an insurance trustee for the owners or co-owners of the condominium as shown in the Schedule or in the Declarations. This insurance trustee will:

(1) Serve as Agent with Power of Attorney as principal as respects Paragraph **A. Cancellation** in Section **III – Common Policy Conditions**; and

Dwelling Fire v. BOP for rental properties - is there a difference?

I was hoping you could help me.

I soliciting a client that is in a corporation that has rental properties for a total of 4 – each under a DP policy.

I thought all corporations needed to be insured commercially on a BOP and not on a personal line DP3.

The properties are in a realty corporation and not individually. Your feed back will be great.

Dwelling Fire v. BOP for rental properties - is there a difference?

According to the terrorism law ...

dwelling policies are “business” and not personal lines ...so terrorism can be excluded

I just looked in the ISO Dwelling manual rules ...and it doesn't talk about ownership as the HO policy eligibility rules do

So ... I think a DP could be better than a BOP in certain situations ...let's look

Dwelling Fire v. BOP for rental properties - is there a difference?

Tough to compare due to various edition dates of coverage

BOP 1987,1999, 2002,2006, 2010, 2013

**DP 1988,2002 (though there is a 2014 just approved
for use in 2017 – which nobody uses yet)**

Focus on issues that apply to all editions of both forms

Major differences of the DP v. the BOP include:

Other structures coverage – Dwelling Fire

Get 10% Coverage A – both DP forms

Find in “other coverage section”

2002 DP

F. Other Coverages

1. Other Structures

You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures described in Coverage B.

This coverage is additional insurance.

1988 DP

OTHER COVERAGES

1. Other Structures. You may use up to 10% of the Coverage A limit of liability for loss by a Peril Insured Against to other structures described in Coverage B.

Use of this coverage does not reduce the Coverage A limit of liability for the same loss.

Just need to buy the additional coverage need on Dec page

Major differences of the DP v. the BOP include:

Other structures - BOP

NO free coverage

The definition of building CAN include other structures but one needs the value included in the building limit on policy dec page

a. Buildings, meaning the buildings and structures at the premises described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (6) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the buildings or structures;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the buildings or structures.

Need premium charge for entire limit of coverage want on that other structure

Major differences of the DP v. the BOP include:

SECTION I – PROPERTY

Property Coverage Limits Of Insurance						
Premises Number	Building Number	Type Of Property (Building Or Business Personal Property)	Actual Cash Value Of Building Option (Yes Or No)	Automatic Increase Building Limit (Percentage)**	Business Personal Property – Seasonal Increase (Percentage)	Limit Of Insurance*
				%	%	\$
				%	%	\$
				%	%	\$

*Includes Automatic Increase Building Limit Percentage

**This percentage can only vary by premises, not by building.

Blanket Insurance

Indicate the type of property to be blanketed and the blanket limit of insurance.

Type Of Property	Limit Of Insurance
	\$

Major differences of the DP v. the BOP include:

Equipment for building and property maintenance – Dwelling Fire

Building definition – either DP form

A. Coverage A – Dwelling

1. We cover:

- a. The dwelling on the Described Location shown in the Declarations, used principally for dwelling purposes, including structures attached to the dwelling;
- b. Materials and supplies located on or next to the Described Location used to construct, alter or repair the dwelling or other structures on the Described Location; and
- c. If not otherwise covered in this policy, building equipment and outdoor equipment used for the service of and located on the Described Location.



Purchase of personal property coverage would not be necessary for these items.

The values can be included in Coverage A.

Unless the apartments are rented furnished only Coverage A would be necessary.

Must consider value in Coverage A for total loss

Major differences of the DP v. the BOP include:

Equipment for building and property maintenance - Dwelling Fire

National underwriter ...FCS bulletins states:

There is one minor difference between the coverage A insuring agreements of the dwelling and homeowners forms. *Dwelling forms contain a provision stating that if building and outdoor equipment used to service the described location is not covered elsewhere in the policy, it is considered part of the coverage A dwelling limit.*

This is similar to the commercial property form ([CP 00 10 10 12](#)) which insures personal property owned by the named insured used to service the building, such as refrigerating, dishwashing, or laundering appliances.

However, the dwelling form does not further define building or outdoor equipment, so the broadest interpretation applies, so long as the equipment is used to service and is located on the described location.

Major differences of the DP v. the BOP include:

Equipment for building and property maintenance - Dwelling Fire

International Risk Management Institute –

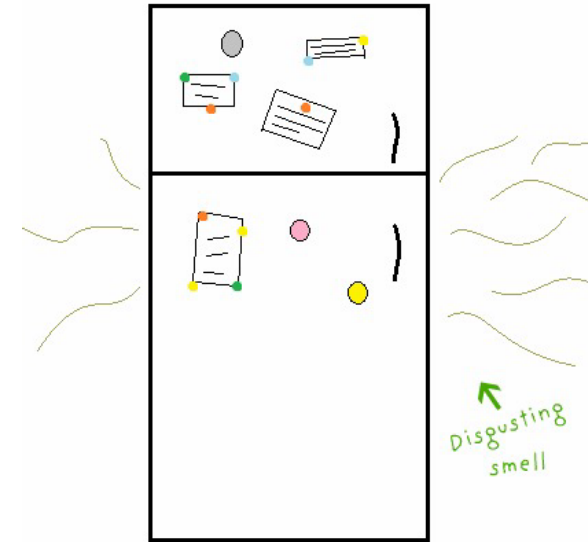
Not as comprehensive discussion of dwelling form as FCS ... short discussion of differences from HO form states:

Unlike the HO 3 form, the dwelling property form also covers building equipment and outdoor equipment used to service this described dwelling, unless otherwise covered in this policy, under Coverage A.

For example, assume the named insured only desires to cover his dwelling and thus purchases only Coverage A. In this case, a riding lawn mower used only to service the dwelling and located at the described location, is insured under Coverage A, since Coverage C was not purchased.

Major differences of the DP v. the BOP include:

Equipment for building and property maintenance - Dwelling Fire



Major differences of the DP v. the BOP include:

Equipment for building and property maintenance -BOP

Per the previous discussion of building ...

- (4) Your personal property in apartments, rooms or common areas furnished by you as landlord;
- (5) Personal property owned by you that is used to maintain or service the buildings or structures or the premises, including:
 - (a) Fire extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;

More specific ...even than the CP language

Major differences of the DP v. the BOP include:

Equipment for building and property maintenance

**Intent whether BOP or DP ...is that unless one rents out “furnished apartments”
One doesn’t need contents/business personal property for these items**

Maintenance equipment is “detached” and moveable but building limit can cover

Appliances generally only attached per “electric cord” but still purpose is building benefit not personal property

Major differences of the DP v. the BOP include:

Loss of Rental income – DP form

The DP forms give a free but specific limit of insurance for loss of rental income in the “other coverage section where found Other structures.

The DP 2002 provides 20% of the Coverage A limit

5. Rental Value And Additional Living Expense

You may use up to 20% of the Coverage A limit of liability for loss of both fair rental value as described in Coverage **D** and additional living expense as described in Coverage **E**.
This coverage is additional insurance.

1988 DP provides 10% Coverage A limit

5. Rental Value and Additional Living Expense. You may use up to 10% of the Coverage A limit of liability for loss of both fair rental value as described in Coverage **D** and additional living expense as described in Coverage **E**.
Use of this coverage does not reduce the Coverage A limit of liability for the same loss.

Major differences of the DP v. the BOP include:

Loss of Rental income – DP form

**The good news with the DP forms is that there is no “time limit” only a \$ limit.
In today’s world the insured needs to consider:**

- 1. how long it will take to rebuild**
- 2. how long it takes to get the building permit**
- 3. add a padding on for the time it takes the building inspector, contractor and insurance company to argue**
- 4. how much more than the “free” limit is necessary**

Major differences of the DP v. the BOP include:

Loss of Rental income – BOP form

The BOP policy – any edition gives an “unlimited amount of coverage” (actual loss sustained) BUT for a limited amount of time.

f. Business Income

(1) Business Income

(a) We will pay for the actual loss of Business Income you sustain due to the necessary suspension of your "operations" during the "period of restoration". The suspension must be caused by direct physical loss of or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (i) The portion of the building which you rent, lease or occupy; and
- (ii) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

(b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within 12 consecutive months after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

Major differences of the DP v. the BOP include:

Loss of Rental income – BOP form

If it takes longer than 12 months to rebuild then loss of rental income coverage just ENDS.

The 2010 and 2013 editions of the BOP offer endorsements to modify this 12-month restriction.

The BP 14 07 Business Income and Extra Expense Revised Period of Indemnity allows the limit to last as long as specified on the endorsement schedule.

HOW LONG DOES ONE NEED????

Major differences of the DP v. the BOP include:

POLICY NUMBER:

BUSINESSOWNERS
BP 14 07 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME AND EXTRA EXPENSE – REVISED PERIOD OF INDEMNITY

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Number Of Consecutive Days
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

With respect to the premises shown in the Schedule:

A. Paragraph A.5.f.(1)(b) of **Section I – Property** is replaced by the following:

(b) We will only pay for loss of Business Income that you sustain during the "period of restoration" and that occurs within the "applicable number of consecutive days" after the date of direct physical loss or damage. We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

B. Paragraph A.5.g.(4) of **Section I – Property** is replaced by the following:

(4) We will only pay for Extra Expense that occurs within the "applicable number of consecutive days" after the date of direct physical loss or damage. This Additional Coverage is not subject to the Limits of Insurance of **Section I – Property**.

C. The following is added to **Section H. – Property Definitions**:

"Applicable number of consecutive days" means the number of consecutive days indicated in the Schedule for the premises.

Major differences of the DP v. the BOP include:

Loss of Rental income – BOP form

Newer BOP editions allow an endorsement that removes the 12 month limitation BUT ...you show a SPECIFIC limit and PAY for it

The BP 14 06 Business Income, Extra Expense and Related Coverages Limit of Insurance removes the 12-month limitation but imposes a specified limit of insurance.

**The insured would have to determine how much coverage they will need
as well as
how long they will need it and show a limit on the endorsement schedule.**

No idea of how much this endorsement will cost.

Major differences of the DP v. the BOP include:

POLICY NUMBER:

BUSINESSOWNERS
BP 14 06 01 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BUSINESS INCOME, EXTRA EXPENSE AND RELATED COVERAGES LIMIT OF INSURANCE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Business Income, Extra Expense And Related Coverages Limit Of Insurance
	\$
	\$
	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the premises shown in the Schedule, the following provisions apply to **Section I – Property** and supersede any provisions to the contrary:

A. The most we will pay under:

- Paragraph **A.5.f.** Business Income Additional Coverage;
- Paragraph **A.5.g.** Extra Expense Additional Coverage;
- Paragraph **A.5.i.** Civil Authority Additional Coverage;
- Paragraph **A.5.m.** Business Income From Dependent Properties Additional Coverage; and
- Paragraph **A.5.q.** Interruption Of Computer Operations Additional Coverage;

for all loss sustained and expense incurred is the applicable Business Income, Extra Expense and Related Coverages Limit of Insurance shown in the Schedule of this endorsement. This Limit of Insurance is the only limit that applies to the Additional Coverages listed above. The Limit of Insurance of **Section I – Property** shown in the Declarations does not apply to these Additional Coverages.

B. Paragraph **A.5.f.(1)(b)** is replaced by the following:

- (b) We will only pay for ordinary payroll expenses for 60 days following the date of direct physical loss or damage, unless a greater number of days is shown in the Declarations.

C. Paragraph **A.5.g.(4)** does not apply.

D. However, Paragraphs A., B. and C. do not apply to coverage provided by any of the following endorsements:

- Water Back-up And Sump Overflow Endorsement **BP 04 53** (if that endorsement is attached to this Businessowners Policy);
- Earthquake Endorsement **BP 10 03** (if that endorsement is attached to this Businessowners Policy);
- Earthquake And Volcanic Eruption (Sub-limit) Endorsement **BP 10 11** (if that endorsement is attached to this Businessowners Policy); or
- Flood Coverage Endorsement **BP 10 79** (if that endorsement is attached to this Businessowners Policy).

Major differences of the DP v. the BOP include:
Ordinance or law coverage – dwelling form

The DP 2002 builds in 10% Coverage A limit for ordinance or law coverage.

12. Ordinance Or Law

a. The Ordinance Or Law limit of liability determined in b. or c. below will apply with respect to the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

.....
This coverage is additional insurance.

Buy more with DP 04 71 Ordinance or Law endorsement om 25% increments

This additional limit of insurance can be used for
1) upgrading damaged property;

2) tearing down undamaged property;
3) the value of this undamaged property itself that must be torn down;

4) upgrading the undamaged property when rebuilding.

Major differences of the DP v. the BOP include:

Ordinance or law coverage – dwelling form

DP 1988 adds by endorsement DP 01 20 10 99

The following Other Coverage is added to all Forms except **DP 00 01**. When you are a tenant of a Described Location covered under this policy, the words 'covered building' used below, refer to property at such a Described Location covered under Other Coverage 3. Improvements, Alterations And Additions.

12. Ordinance Or Law

a. The Ordinance Or Law limit of liability determined in **b.** or **c.** below will apply with respect to the increased costs you incur due to the enforcement of any ordinance or law which requires or regulates:

- (1) The construction, demolition, remodeling, renovation or repair of that part of a covered building or other structure damaged by a Peril Insured Against;
- (2) The demolition and reconstruction of the undamaged part of a covered building or other structure, when that building or other structure must be totally demolished because of damage by a Peril Insured Against to another part of that covered building or other structure; or
- (3) The remodeling, removal or replacement of the portion of the undamaged part of a covered building or other structure necessary to complete the remodeling, repair or replacement of that part of the covered building or other structure damaged by a Peril Insured Against.

This coverage is additional insurance.

Works same was as DP language ...

Same endorsement number to buy more

HOWEVER, if your company doesn't use the DP 01 20 10 99 edition ...you might not have it

Major differences of the DP v. the BOP include: **Ordinance or law coverage – BOP**

Limited coverage in BOP

The BOP only gives \$10,000 ordinance coverage for upgrades to damaged building items only.

I. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings insured on a replacement cost basis.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in Paragraphs (3) through (9) of this Additional Coverage.

.....

.....

- (6) The most we will pay under this Additional Coverage, for each described building insured under Section I – Property, is \$10,000. If a damaged building(s) is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for each damaged building, is \$10,000. The amount payable under this Additional Coverage is additional insurance.

Major differences of the DP v. the BOP include:

Ordinance or law coverage – BOP

There is an ordinance or law endorsement BP 04 46 which allows the purchase of:

- undamaged value that must be torn down;**
- the cost to tear down this undamaged value;**
- the cost to upgrade both damaged and undamaged building values**

The newer BOP editions also allows loss of rental income coverage to continue during the additional time period required for repairing to “code”.

Major differences of the DP v. the BOP include:

Ordinance or law coverage – BOP

Whether the DP or BOP....

more ordinance or law should be suggested

and

hopefully purchased

but the DP form starts out with a greater limit and more comprehensive coverage.

Major differences of the DP v. the BOP include:

Perils/Causes of losses – dwelling and BOP

The Special DP form only has 2 pages of exclusions whereas the BOP special form has more than 5 pages of exclusionary language.

Rain, sleet, snow damage to interior of the building - DP

An important coverage issue to address is rain, sleet or snow damage to the interior of the building.

The DP-3 will pay for interior damage whether an “opening” was created in the building or not.

The DP Special Form will pay the building loss even if the rain enters in an opened window as there is no exclusion.

Major differences of the DP v. the BOP include:

Perils/Causes of losses – dwelling and BOP

The Special DP form only has 2 pages of exclusions whereas the BOP special form has more than 5 pages of exclusionary language.

Rain, sleet, snow damage to interior of the building - BOP

The BOP Special Form is more restrictive.

The BOP requires a covered cause of loss to create the opening:

4. Limitations

a. We will not pay for loss of or damage to:

.....

(5) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

Major differences of the DP v. the BOP include:

Perils/Causes of losses – dwelling and BOP

Artificially generated current – power surge losses to building

BOP forms have a comprehensive exclusion for building or contents damage:

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. **Electrical Apparatus**
Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:
 - (1) Electrical current, including arcing;
 - (2) Electrical charge produced or conducted by a magnetic or electromagnetic field;
 - (3) Pulse of electromagnetic energy; or
 - (4) Electromagnetic waves or microwaves.But if fire results, we will pay for the loss or damage caused by fire.
We will pay for loss or damage to "computer(s)" due to artificially generated electrical, magnetic or electromagnetic energy if such loss or damage is caused by or results from:
 - (1) An occurrence that took place within 100 feet of the described premises; or
 - (2) Interruption of electric power supply, power surge, blackout or brownout if the cause of such occurrence took place within 100 feet of the described premises.

This exclusion combined with mechanical breakdown and utility services exclusions make the purchase of an equipment breakdown policy a necessity.

Major differences of the DP v. the BOP include:
Perils/Causes of losses – dwelling and BOP

Artificially generated current – power surge losses to building

The DP forms **do not have such an “electrical” exclusion** but do have a **mechanical breakdown** and **“off premises” power failure exclusion.**

(8) Any of the following:

- (a) Wear and tear, marring, deterioration;
- (b) Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;

4. Power Failure

Power Failure means the failure of power or other utility service if the failure takes place off the Described Location. But if the failure of power or other utility service results in a loss, from a Peril Insured Against on the Described Location, we will pay for the loss caused by that Peril Insured Against.

Some companies offer a “mechanical breakdown” coverage option but even if not the DP is a better option than BOP as there are fewer peril exclusions.

Major differences of the DP v. the BOP include:

Liability issues – Dwelling and BOP

Personal injury

Dwelling liability

The DL form does NOT include “personal injury” liability which could be important for:

- “invasion of privacy”**
- “wrongful entry”**

**Personal Injury coverage DL 24 82
should be added to dwelling liability
coverage form.**

PERSONAL LIABILITY
DL 24 82 02 03

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PERSONAL INJURY

DEFINITIONS

The following definitions are added:

"Personal injury" means injury arising out of one or more of the following offenses, but only if the offense was committed during the policy period:

1. False arrest, detention or imprisonment;
2. Malicious prosecution;
3. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
4. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
5. Oral or written publication of material that violates a person's right of privacy.

"Fungi" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

However, this does not include any fungi that are on, or contained in, a good or product intended for consumption.

LIABILITY COVERAGES

A. Coverage L – Personal Liability

The following is added to Coverage L – **Personal Liability**:

Personal Injury Coverage

If a claim is made or suit is brought against an "insured" for damages resulting from an offense, defined under "personal injury", to which this coverage applies, we will:

1. Pay up to our limit of liability for the damages for which an "insured" is legally liable. Damages include prejudgement interest awarded against an "insured"; and
2. Provide a defense at our expense by counsel of our choice, even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when our limit of liability for the offense has been exhausted by payment of a judgment or settlement.

EXCLUSIONS

With respect to the coverage provided by this endorsement, the exclusions under Coverage L – **Personal Liability** and Coverage M – **Medical Payments** are deleted and replaced by the following:

This insurance does not apply to:

1. "Personal Injury":
 - a. Caused by or at the direction of an "insured" with the knowledge that the act would violate the rights of another and would inflict "personal injury";
 - b. Arising out of oral or written publication of material, if done by or at the direction of an "insured" with knowledge of its falsity;
 - c. Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period;
 - d. Arising out of a criminal act committed by or at the direction of an "insured";
 - e. Arising out of liability assumed by an "insured" under any contract or agreement except any indemnity obligation assumed by an "insured" under a written contract directly relating to the ownership maintenance or use of the premises;
 - f. Sustained by any person as a result of an offense directly or indirectly related to the employment of this person by an "insured";
 - g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstances, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business";

This exclusion does not apply to:

- (1) The rental or holding for rental of an "insured location";
 - (a) On an occasional basis if used only as a residence;

Major differences of the DP v. the BOP include:

Liability issues – Dwelling and BOP

Pollution issues

pollutants emanating from premises

ISO DL liability covers pollution that emanates from the premises

BOP liability coverage form has an exclusion.

Lead poisoning

DL - If the dwelling is older than 1977 then there will be a lead poisoning exclusion added to dwelling liability unless there is a Letter of Compliance or Letter of Interim Control provided.

BOP liability coverage - excludes in generic BOP exclusion

Major differences of the DP v. the BOP include:

Liability issues – Dwelling and BOP

There are other coverage issues but the above discussions seem to be the most “glaring” coverage differences.

For my money I’d rather have the dwelling form than the BOP.

If there is a premium savings by going to the BOP make sure it is a BIG BIG one and that you have identified the important coverage differences.

It is NOT all about ...price

Is there escaped oil coverage for the DP policy?

Yup

1-4 unit Dwelling insured under DP policy

similar endorsement offering to HO policy

**MA law applies to “residential property” which is a
1-4 unit dwelling used for living or sleeping**

DP-3 exclusion for Coverage A and B similar to HO

PERILS INSURED AGAINST

A. Coverage A – Dwelling And Coverage B – Other Structures

2. We do not insure, however, for loss:

c. Caused by:

(8) Any of the following:

- (e) Discharge, dispersal, seepage, migration release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by a Peril Insured Against named under Coverage C.
Pollutants means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed;

DL liability DL 24 01 - similar to HO Section II

NO liability pollution exclusion

but ...does a carrier

ADD one

Add limited escaped fuel coverage

Limited Escaped Liquid Fuel Liability and Property Remediation for Escaped Liquid Fuel Coverages – Massachusetts

POLICY NUMBER:		PERSONAL LIABILITY DL 34 09 12 15
THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.		
LIMITED ESCAPED LIQUID FUEL LIABILITY AND PROPERTY REMEDIATION FOR ESCAPED LIQUID FUEL COVERAGES – MASSACHUSETTS		
SCHEDULE		
Location	Limited Escaped Liquid Fuel Liability Coverage Limit Of Liability	Property Remediation For Escaped Liquid Fuel Limit Of Liability
	\$	\$
	\$	\$
	\$	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Dwelling policy and escaped fuel

Dwelling endorsement similar to HO endorsement
MA has own different from ISO
National forms

Section I and Section II
“simultaneous offering” – like HO (per law language)

Definitions listed first

Covered real property – similar to HO Dwelling and other structures – no business

POLICY NUMBER:

PERSONAL LIABILITY
DL 34 09 12 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED ESCAPED LIQUID FUEL LIABILITY
AND PROPERTY REMEDIATION FOR ESCAPED LIQUID
FUEL COVERAGES – MASSACHUSETTS

SCHEDULE

Location	Limited Escaped Liquid Fuel Liability Coverage Limit Of Liability	Property Remediation For Escaped Liquid Fuel Limit Of Liability
	\$	\$
	\$	\$
	\$	\$

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Definitions

The definitions applying to Personal Liability Form DL 24 01 apply to this endorsement. In addition, the following definitions are added only with respect to the coverage provided by this endorsement.

1. "Covered real property". The following applies only to the Additional Coverage D. Property Remediation For Escaped Liquid Fuel:

a. When the Policy insures an "insured location" on which a one-, two-, three- or four-family dwelling building, or other structure, owned by an "insured" is located, "covered real property" means:

(1) A dwelling building used principally for dwelling purposes, including structures attached to that dwelling building;

(2) An other structure, at the location of a dwelling building, set apart from that dwelling building by clear space or connected to the dwelling building by only a fence, utility line or similar connection. Other structures do not include structures:

(a) Used in whole or in part for "business". However, we do cover a structure that contains "business" property solely owned by you or a tenant of the dwelling, provided that such property does not include gaseous or liquid fuel, other than fuel in a permanently installed fuel tank of a vehicle or craft parked or stored in the structure;

DL 34 09 12 15

© Insurance Services Office, Inc., 2015

Page 1 of 7

personal property usual to dwelling

- DL 34 09 12 15

Covered Personal property NOT include usual DP excluded contents

Fuel system defined as in the law and HO endorsement

- (1) Bank notes, bills, bullion, coins, currency, gold other than goldware, silver other than silverware, medals, money and platinum other than platinumware, scrip, stored value cards and smart cards;
- (2) Accounts, deeds, evidences of debt, letters of credit, manuscripts, notes other than bank notes, passports, personal records, securities, tickets and stamps;
- (3) Animals, birds and fish;
- (4) Aircraft and parts. Aircraft means any contrivance used or designed for flight, except model or hobby aircraft not used or designed to carry people or cargo;
- (5) Watercraft of all types, other than rowboats and canoes;
- (6) Hovercraft;
- (7) Data, including data stored in:
 - (a) Books of account, drawings or other paper records; or
 - (b) Computers and related equipment;
- (8) Credit cards, electronic fund transfer cards or access devices used solely for deposit, withdrawal or transfer of funds; or
- (9) "Motor vehicles". This includes their equipment and parts while the property is in or upon the "motor vehicle".

- However, this Paragraph (9) does not apply to:
- (a) Portable electronic equipment that:
- (i) Reproduces, receives or transmits audio, visual or data signals; and
 - (ii) Is designed so that it may be operated from a power source other than the electrical system of "motor vehicles".
- (b) "Motor vehicles" not required to be registered for use on public roads or property which are:
- (i) Designed to assist the handicapped; or
 - (ii) Owned by you or members of your family residing with you and used solely to service:
 - i. A building, structure or land insured under this endorsement; or
 - ii. That part of the dwelling building or residential unit in which you reside as a tenant;
- Water or steam; or
- Grave markers, including mausoleums.

3. "Fuel system" means:
 - a. One or more containers, tanks or vessels, which:
 - (1) Are, or were, used to hold liquid fuel that is intended to be used solely for one or more of the following:
 - (a) To heat or cool a dwelling building, other structure or residential unit;
 - (b) To heat water;
 - (c) To cook food; or
 - (d) To power "motor vehicles", or watercraft owned by an "insured" and not used primarily for "business"; and
 - (2) Are, or were, located:
 - (a) On "covered real property";
 - (b) At the location of the dwelling building or residential unit; or
 - (c) On an "insured location";

Discusses Liability coverage for escaped fuel first – (HO endorsement discusses property coverage for Escaped fuel first)

Separate limit from other DL liability limit added to DP form

similar language as HO endorsement

**NO loss assessment coverage discussion as in HO
Endorsement since DL/DP forms do NOT have
Loss assessment w/in policy – only by endorsement**

- ## B. Liability Coverages

Limited Escaped Liquid Fuel Liability Coverage

1. With respect to "bodily injury" or "property damage" described in Paragraph **B.2.** below, the coverages provided by Liability Coverages, Coverage **L** – Personal Liability and Coverage **M** – Medical Payments To Others in **DL 24 01**, and the Limits Of Liability stated on the Declarations page, or elsewhere in this Policy, do not apply.
2. This coverage applies if a claim is made or a suit is brought against an "insured" for damages because of "bodily injury" or "property damage" caused by an "occurrence" involving the escape of fuel from a "fuel system". However, this limited coverage does not apply to an "occurrence" of fire or explosion that results from such escaped fuel. Damages resulting from such an "occurrence" of fire or explosion are subject to the Coverage **L** Limit of Liability of the Policy to which this endorsement is attached.

NO OTHER ESCAPED LIQUID FUEL LIABILITY COVERAGE APPLIES UNDER THIS POLICY EXCEPT AS PROVIDED IN THIS PARAGRAPH **B.2.**

3. If coverage applies as stated in Paragraph **B.2.** above, we will:
 - a. Pay up to the Limit Of Liability stated in the Schedule for damages for which an "insured" is legally liable. Damages include prejudgment interest awarded against an "insured"; and
 - b. Provide a defense at our expense by counsel of our choice even if the suit is groundless, false or fraudulent. We may investigate and settle any claim or suit that we decide is appropriate. Our duty to settle or defend ends when the Limit Of Liability stated in the Schedule for damages resulting from "bodily injury" or "property damage" described in Paragraph **B.2.** above has been exhausted by payment of a judgment or settlement.
4. With respect only to applying the provisions of this coverage as described in Paragraph **B.2.** above, "bodily injury" or "property damage": caused in whole or in part by an "occurrence" described in Paragraph **B.2.** above, shall be deemed to have been caused solely by such an "occurrence" regardless of any other covered cause or event contributing to the "bodily injury" or "property damage".
5. The Additional Coverages in **DL 24 01** apply with respect to this coverage as described in Paragraph **B.** above.
6. The Conditions in **DL 24 01** apply with respect to this coverage as described in **B.** Liability Coverages above except as provided in Paragraph **C.** Liability Conditions below.

C. Liability Conditions

With respect to coverage described in Paragraph
B. Liability Coverages above:

1. Conditions **D. Duties Of An Injured Person – Coverage M – Medical Payments To Others** and **E. Payment Of Claim – Coverage M – Medical Payments To Others** of DL 24 01 are deleted; and
2. Condition **A. Limit Of Liability** with respect to the provisions of this endorsement is replaced by the following:

Limit Of Liability

Our total liability for all damages resulting from an "occurrence" of "bodily injury" or "property damage" during the policy period will not be more than the Limit Of Liability stated in the Schedule. This is the most we will pay regardless of the:

- a. Number of locations insured under the Policy to which this endorsement is attached:

Escaped fuel coverage for Property added next

covers loss to

“covered real property”

“covered personal property”

expenses incurred just as HO

endorsement

clean up

emergency mitigation

emergency repairs

testing

limited Tree, shrubs, plants



- b. Number of persons injured;
- c. Number of persons whose property is damaged;
- d. Number of "insureds"; or
- e. Number of claims made.

D. Additional Coverages

The following Additional Coverage is added:

Property Remediation For Escaped Liquid Fuel

1. With respect to an "occurrence" of an escape, or threat of escape, of liquid fuel from a "fuel system" which an "insured" first discovers or learns of during the policy period, we will pay up to the Limit Of Liability shown in the Schedule for loss or expense described in Paragraph D.3. below.
2. The limit shown in the Schedule for this coverage is the most we will pay for all loss or expense payable per "occurrence" under Paragraph D.3. below regardless of the:
 - a. Number of locations insured under this Policy that contain a dwelling building, residential unit or other structure; or
 - b. Number of claims made.

3. Loss Or Expense Covered

This coverage pays for:

- a. Loss to:
 - (1) "Covered real property"; or
 - (2) "Covered personal property";caused directly or indirectly by the escape of such fuel from a "fuel system";
- b. The expense you incur:
 - (1) For emergency mitigation response action costs for which you are legally liable in the event of an escape, or threat of escape, of liquid fuel from a "fuel system";
 - (2) To take temporary measures to stop the further escape of such fuel from any part of the "fuel system";
 - (3) To retard or stop the spread of escaped liquid fuel;
 - (4) To clean up, remove or treat loss to:
 - (a) "Covered real property"; or
 - (b) "Covered personal property"; or
 - (5) To test, monitor or assess the effects of the escape of liquid fuel in, on or away from "covered real property":
 - (a) As required by law; or

- (b) In response to a request, demand or order by a governmental authority or court of law.

We will pay for such expense only if it results from the same escape that is payable under Paragraph D.3.a. or b.(2), (3) and (4) above;

- c. Loss to trees, shrubs, plants or lawns:

- (1) At the location of the dwelling building, residential unit or other structure shown in the Schedule; or

- (2) If otherwise covered under the Policy;

but only if there is loss or expense caused by the same escape which is payable under Paragraph D.3.a. or b. above. However, we will not pay more than an amount equal to 5% of the Limit Of Liability shown in the Schedule for the total of all loss to trees, shrubs, plants or lawns. No more than \$500 of this amount will be payable for any lawn or any one tree, shrub or plant. We do not cover property grown for "business"; and

- d. Additional Living Expense, but only when DL 24 01 and this endorsement are attached to a property insurance policy that includes the Basic, Broad or Special Coverage Form.

- (1) Additional Living Expense means any necessary increase in living expenses you incur, so that your household can maintain its normal standard of living, if the escape of liquid fuel:

- (a) Results in loss or expense payable under Paragraph D.3.a. or b. above; and

- (b) Makes that part of the dwelling building or residential unit where you reside not fit to live in.

- (2) Payment for Additional Living Expense will be for the shortest time required:

- (a) To make that part of the dwelling building or residential unit where you reside fit to live in; or

- (b) For your household to settle elsewhere, if you permanently relocate.

This period of time applies even if it extends past the expiration date of this Policy.

We do not cover loss or expense due to cancellation of a lease or agreement.

Add'l Living expense (extra 20% if limit not sufficient for this and other covered expenses – like HO endorsement)

Does NOT provide fair rental value loss

- b. Number of persons injured;
- c. Number of persons whose property is damaged;
- d. Number of "insureds"; or
- e. Number of claims made.

D. Additional Coverages

The following Additional Coverage is added:

Property Remediation For Escaped Liquid Fuel

- 1. With respect to an "occurrence" of an escape, or threat of escape, of liquid fuel from a "fuel system" which an "insured" first discovers or learns of during the policy period, we will pay up to the Limit Of Liability shown in the Schedule for loss or expense described in Paragraph D.3. below.
- 2. The limit shown in the Schedule for this coverage is the most we will pay for all loss or expense payable per "occurrence" under Paragraph D.3. below regardless of the:
 - a. Number of locations insured under this Policy that contain a dwelling building, residential unit or other structure; or
 - b. Number of claims made.

3. Loss Or Expense Covered

This coverage pays for:

- a. Loss to:
 - (1) "Covered real property"; or
 - (2) "Covered personal property";
caused directly or indirectly by the escape of such fuel from a "fuel system";
- b. The expense you incur:
 - (1) For emergency mitigation response action costs for which you are legally liable in the event of an escape, or threat of escape, of liquid fuel from a "fuel system";
 - (2) To take temporary measures to stop the further escape of such fuel from any part of the "fuel system";
 - (3) To retard or stop the spread of escaped liquid fuel;
 - (4) To clean up, remove or treat loss to:
 - (a) "Covered real property"; or
 - (b) "Covered personal property"; or
 - (5) To test, monitor or assess the effects of the escape of liquid fuel in, on or away from "covered real property":
 - (a) As required by law; or

- (b) In response to a request, demand or order by a governmental authority or court of law.

We will pay for such expense only if it results from the same escape that is payable under Paragraph D.3.a. or b.(2), (3) and (4) above;

c. Loss to trees, shrubs, plants or lawns:

- (1) At the location of the dwelling building, residential unit or other structure shown in the Schedule; or
- (2) If otherwise covered under the Policy; but only if there is loss or expense caused by the same escape which is payable under Paragraph D.3.a. or b. above. However, we will not pay more than an amount equal to 5% of the Limit Of Liability shown in the Schedule for the total of all loss to trees, shrubs, plants or lawns. No more than \$500 of this amount will be payable for any lawn or any one tree, shrub or plant. We do not cover property grown for "business"; and

d. Additional Living Expense, but only when DL 24 01 and this endorsement are attached to a property insurance policy that includes the Basic, Broad or Special Coverage Form.

- (1) Additional Living Expense means any necessary increase in living expenses you incur, so that your household can maintain its normal standard of living, if the escape of liquid fuel:
 - (a) Results in loss or expense payable under Paragraph D.3.a. or b. above; and
 - (b) Makes that part of the dwelling building or residential unit where you reside not fit to live in.
- (2) Payment for Additional Living Expense will be for the shortest time required:
 - (a) To make that part of the dwelling building or residential unit where you reside fit to live in; or
 - (b) For your household to settle elsewhere, if you permanently relocate.

This period of time applies even if it extends past the expiration date of this Policy.

We do not cover loss or expense due to cancellation of a lease or agreement.

Dwelling policy and escaped fuel

Deductible
lessor of
policy deductible
or
\$1000
(per law)

Expenses not coveredsimilar to HO endorsement

2. Condition H. Other Insurance And Service Agreement (I. in the Basic Form) is replaced by the following:

Other Insurance, Service Agreement And Government Funds

If loss or expense covered in Paragraph D. Additional Coverages above is also covered by:

a. Other property insurance policy, we will pay only the proportion of the loss or expense that the Limit of Liability that applies under this endorsement bears to the total amount of property insurance covering the loss or expense;

b. A service agreement, this Property Remediation For Escaped Liquid Fuel Coverage is excess over any amounts payable under any such agreement. Service agreement means a "fuel system" service plan, property restoration protection plan, or similar service or warranty agreement, even if it is characterized as insurance; or

c. A government fund, we will pay only the proportion of the loss or expense that the Limit of Liability that applies under this endorsement bears to the total amount payable for the loss or expense to the extent permitted by law.

All other provisions of the Policy not specifically modified by this endorsement apply.

(3) The following coverages in the property insurance policy do not apply to the coverage provided under this Paragraph D., Property Remediation For Escaped Liquid Fuel:

(a) Coverage D – Fair Rental Value;

(b) Any Coverage E – Additional Living Expense; and

(c) Other Coverages, Paragraph E.5. Rental Value (Basic Coverage Form) and Paragraph F.5. Rental Value and Additional Living Expense (Broad and Special Coverage Forms).

This Additional Living Expense is included in the Limit of Liability that applies to the property remediation for escaped liquid fuel. If the amount to be paid for the property remediation plus the Additional Living Expense is more than the Limit of Liability for the property remediation for escaped liquid fuel, an additional 20% of that limit is available for such Additional Living Expense.

4. Deductible

a. The deductible amount, not to exceed the lesser of:

(1) The deductible amount under this Policy equal to that which applies to the peril of fire; or

(2) \$1,000;

applies to loss or expense covered under this additional coverage. We will pay only that part of the total of all loss or expense payable under this additional coverage that exceeds that deductible amount.

b. If the peril of fire is not covered under the Policy to which this endorsement is attached, a deductible of \$250 will apply to the total of all loss or expense payable under this coverage, unless a higher deductible amount is shown on the Declarations page.

5. Loss Or Expense Not Covered

We will not pay:

a. For any diminution or reduction in the market value of any:

(1) "Covered real property"; or

(2) "Covered personal property";

whether or not such property is damaged;

b. For any damages resulting from the loss or reduction in value of a pending sale of:

(1) "Covered real property"; or

(2) "Covered personal property";

c. To replace any fuel;

d. For any expense to:

(1) Demolish or remove; or

(2) Repair, replace, rebuild or restore; any part of a "fuel system", other than those expenses provided for in Paragraph D.3.a or D.3.b. above; or

e. For any damages that result from an escape from:

(1) One or more containers, tanks or vessels that are, or were, used to hold liquid fuel and are part of a "motor vehicle" or watercraft; or

(2) Related lines or parts that are, or were, connected to a "motor vehicle" or watercraft.

6. When DL 24 01 and this endorsement are attached to a property insurance policy that includes either the Special Coverage Form or the Basic or Broad Form with or without the Special Coverage Endorsement:

a. The Perils Insured Against Paragraph 2.c.(8)(e) in the Special Coverage Form or the Special Coverage Endorsement does not apply to the extent that coverage is provided by this Property Remediation For Escaped Liquid Fuel Coverage;

b. The General Exclusions and Other Coverages in the property insurance policy apply to this Property Remediation For Escaped Liquid Fuel Coverage; and

c. The Conditions in such property insurance policy apply to this Property Remediation For Escaped Liquid Fuel Coverage except as provided in Paragraph E. Conditions – Property Remediation For Escaped Liquid Fuel below.

7. Conditions – Property Remediation For Escaped Fuel

With respect to loss or expense described in Paragraph D. Additional Coverages above, if this endorsement is attached to a property insurance policy:

1. Condition A. Policy Period is deleted; and

The company is supposed to offer coverage

**It is a “dual-edged” sword
a little property coverage**

Coupled with

Generally a reduction in liability coverage v. other covered scenarios

Thank you for attending...



**Q4U – A year of personal lines
questions and answers**

If you have any questions, please email
imorrill@massagent.com