

## 2007 @Home business protection Advisory Notice to Policyholders

This is a summary of the major changes to your policy. No Coverage is provided by this nor can it be construed to replace any policy provisions or endorsements. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. The policy provisions always prevail if there is any conflict between the policy and this summary.

### **Policy language clarifications with no impact on Property Coverage:**

**Electronic Data–Property Not Covered**-In the revised coverage form, electronic data (which is defined) is characterized as Property Not Covered, except as provided under Additional Coverage – Electronic Data.

**Pollutant Clean Up and Removal Additional Coverage**-The Pollutant Clean Up and Removal Additional Coverage has been revised to state that coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of pollutants. But, we will pay for testing which is performed in the course of extracting the pollutants from the land or water. Additionally, this additional coverage has been revised to state that the expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

**Definition of Counterfeit Money**-We've revised the definition of counterfeit to more adequately address counterfeit money. In conjunction with this change, we've revised the Money Orders and Counterfeit Money Additional Coverage to replace references to counterfeit paper currency with counterfeit money.

**Limited Fungi or Bacteria Coverage- BP 05 76 01 06** - We've incorporated a number of provisions of Limited Fungi or Bacteria Coverage Endorsement BP 05 76 into Businessowners Coverage Form BP 00 03.

**Business Liability Coverage – BP 07 07 01 06** – This endorsement has been revised to clarify that only one limit applies to all bodily injury and property damage.

**Washington Only - Amendment of Terrorism Exclusions – BP 05 18 05 04**- Adds the word "terrorism" to clarify this endorsement.

**Newly Acquired or Constructed Property Coverage Extension** - We've revised the Newly Acquired Or Constructed Property Coverage Extension to specify that the limit provided under this coverage extension is applicable to Business Personal Property at each building.

**Valuable Papers and Records Coverage Extension**-The Valuable Papers and Records Coverage Extension has been revised to include the loss payment provisions applicable to Valuable Papers and Records (previously located under the Loss Payment Property Loss Condition). This newly added provision contains language applicable only to valuable papers and records and contains no reference to electronic media and records.

**Power Failure Exclusion**-A statement has been added to the Power Failure Exclusion, explaining that failure of power or other utility service includes lack of sufficient capacity and a reduction in the supply of the service.

**Definition of Electronic Data**-Transmitted to or from computer software (including systems and applications software), on hard or flo-"Electronic Data" has been added as a defined term, replacing the definition of "Electronic Media and Records". "Electronic Data" means information, facts or computer programs stored as or on, created or used on, or ppy disks, CD-ROM, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The new definition also elaborates on the term computer programs.

### **The following changes broaden Property Coverage:**

**Fire Department Service Charge Additional Coverage**- The Fire Department Service Charge Additional Coverage has been increased from \$1,000 to \$2,500.

**Collapse Additional Coverage**-The Collapse Additional Coverage has been revised to specify that we will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy.

**Business Income and Extra Expense Additional Coverages**-The Business Income And Extra Expense Additional Coverages have been revised to convey that, in order for the condition of suspension to be met and Business Income or Extra Expense Coverages to apply, either a partial slowdown or complete cessation of business activities must occur OR a part or all of the described premises must be rendered untenable. Previously, both conditions were required to trigger the coverage.

**Forgery or Alteration Additional Coverage**-The Forgery or Alteration Additional Coverage has been revised to address substitute checks as defined by the federal Check Clearing for the 21st Century (Check 21) Act. This policy now covers loss resulting directly from forgery or alteration of any substitute check.

**Electronic Data Additional Coverage**-Coverage is provided for the cost of replacing or restoring electronic data which has been destroyed or corrupted by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus, subject to described limitations. The Electronic Data Coverage is subject to a \$10,000 annual aggregate limit of insurance, which applies regardless of the number of occurrences, premises, locations or computer systems involved. As revised, the coverage form explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the coverage form in the past. The revised coverage form also makes it explicit that a computer virus is a Covered Cause of Loss in many circumstances. To the extent that such losses would not have been covered in the past, this Additional Coverage represents a broadening of coverage.

**Interruption of Computer Operations Additional Coverage**-Coverage is provided for Business Income and/or Extra Expense arising from a business interruption caused by destruction or corruption of electronic data by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus, subject to described limitations. The Interruption of Computer Operations Coverage is subject to a \$10,000 annual aggregate limit of insurance, which applies regardless of the number of occurrences, premises, locations or computer systems involved. As revised, the coverage form explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the coverage form in the past. The revised coverage form also makes it explicit that a computer virus is a Covered Cause of Loss in many circumstances. To the extent that such losses would not have been covered in the past, this Additional Coverage represents a broadening of coverage.

### **The following changes are reductions of Property Coverage:**

**Business Income From Dependent Properties Additional Coverage**-The Business Income From Dependent Properties Additional Coverage has been revised to state that coverage does not apply when the only damage at the premises of the dependent property is damage to electronic data. If the dependent property suffers damage to electronic data and other property, resulting in a suspension of operations at your premises, coverage under the Additional Coverage will not continue after the other property is repaired or replaced.

**Continuous or Repeated Seepage or Leakage of Water Exclusion**-A new Continuous or Repeated Seepage or Leakage of Water Exclusion has been added, to state that we will not pay for loss or damage caused by continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

**Electronic Media and Records Limitation Property Loss Condition**-Formerly, Business Income Coverage applicable to Electronic Media And Records losses was addressed by means of a Limitation under the Property Loss Conditions. Under this Limitation, business income loss due to damage to Electronic Media and Records was covered for the longer of 60 days or the time needed to restore other property. We've eliminated the provisions outlined above, as a newly added Additional Coverage for Electronic Data sets forth a \$10,000 per policy aggregate amount of insurance, rather than a time limitation of 60 days. The facts of each coverage situation will dictate whether this is a broadening or reduction in coverage.

**Loss Due to Virus or Bacteria Exclusion (01/07) BP 06 01, BP 06 02 Alaska, BP 06 04 New York, BP 06 06 Massachusetts** - This endorsement makes an explicit statement regarding a risk that is not covered under Section I – Property of your Businessowners Insurance Policy. It points out that there is no coverage under such insurance for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease. The exclusion in this endorsement applies to all coverages provided under Section I – Property of you Businessowners Coverage Form, including property damage and business income coverages.

**The following changes broaden Liability Coverage:**

**Pollution Exclusion**-The exception to the Pollution Exclusion which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also apply to water heaters and cooling and dehumidifying equipment.

**Illinois Only- Pollution Exclusion With a Building Heating Equipment Exception and a Hostile Fire Exception- BP 04 93 01 06** – The exception to the Pollution Exclusions which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also include water heaters and cooling and dehumidifying equipment.

**The following changes are reductions of Liability Coverage:**

**Vermont and Iowa- Pollution Exclusion- BP 04 92 07 02-** Exclusion B.1.f. Pollution in Section II- Liability is replaced by this endorsement.

**Revised Auto and Mobile Equipment Coverage**-The definitions of "mobile equipment" and "auto" have been revised. Any land vehicle that had been classified as a piece of mobile equipment under your previous policy, will now be considered an auto if that vehicle is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. With this change, coverage is no longer provided for these types of land vehicles since they are now defined to be autos rather than mobile equipment and subject to the Aircraft, Auto and Watercraft Exclusion in your policy. However, the operation of machinery or equipment that is attached to, or part of, such a vehicle will still be covered by your policy. If you wish to obtain coverage for land vehicles subject to compulsory or financial responsibility laws, or other motor vehicle insurance laws, then consider a Commercial Automobile policy.

**Damage to Property Exclusion**-We have revised the Damage to Property Exclusion by excluding property damage resulting from explosion.

**Distribution of Material in Violation of Statutes Exclusion**- This exclusion applies to bodily injury, property damage and personal and advertising injury arising directly or indirectly out of any action or omission that violates or is alleged to violate The Telephone Consumer Protection Act, The CAN-SPAM Act or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communication or distribution of material or information.

**Athletic Activities exclusion**-The Athletic Activities Exclusion has been revised to more clearly express what types of athletic activities are excluded with respect to Medical Expenses Coverage. Medical expenses are not intended to be provided to a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests. This may be considered a reduction in coverage.

**Liability and Medical Expenses Limits of Insurance–Aggregate Limits**-The Aggregate Limits provision has been revised to state that the limit for Damage To Premises Rented To You is subject to the applicable Aggregate Limit.

**Policy language clarifications with no impact on Liability Coverage:**

**War Liability Exclusion**-We have added a War Liability Exclusion to this policy. The exclusion had previously been added via mandatory War Liability Exclusion Endorsement.

**Electronic Data Exclusion**-To reinforce that the Liability Section of this policy does not provide coverage for loss of electronic data; we've introduced an Electronic Data Exclusion.

**Liability and Medical Expenses Limits of Insurance**-We have revised Paragraph D.3.of Section II – Liability to specify that the limit that applies to temporary locations in the event that more than one Damage To Premises Rented To You Limit is on the policy is the highest Damage To Premises Rented To You Limit shown in the Declarations.

**Fungi or Bacteria Coverage – BP 05 77 01 06** – This endorsement has been revised to replace the term “consumption” with “bodily consumption”. This reinforces that the term does not extend to goods or products and is not intended for bodily consumption.

### **Withdrawn Endorsements:**

**BP 05 14 01 03 (BP 05 63 06 03 Alaska) – War Liability Exclusion**-This form has been withdrawn. Businessowners Coverage Form BP 00 03 incorporates exclusionary wording that replaces the separate form in Section II Liability, B. Exclusion, 1. Applicable To Business Liability Coverage, i. War, and 2. Applicable To Medical Expenses Coverage, g.

**BP 05 76 11 02 – Limited Fungi or Bacteria Coverage**-This form has been withdrawn due to inclusion of coverage in the Businessowners Coverage Form BP 00 03 under Additional Coverage r.

**BOP 400 – Electronic Data Processing (EDP) Systems, Data and Media Endorsement**-This form has been withdrawn. Businessowners Coverage Form BP 0003 includes coverage for hardware in the Business Personal Property limit. The coverage form now includes Electronic Data as an Additional Coverage up to \$10,000.

**BOP 412 – Exclusion – Power Failure, Electrical Apparatus, Other Types of Loss**-This form has been withdrawn. Businessowners Coverage Form BP 00 03 includes appropriate wording to satisfy coverage intent.

**BOP 423 – Exclusion – Unsolicited Communications**- The Businessowners Coverage Form BP 00 03 Section II – LIABILITY, B. Exclusions, S. Distribution of Material in Violation of Statutes replaces this exclusion.

**BP 04 93 01 06 – Iowa- Pollution Exclusion With a Building Heating Equipment Exception and a Hostile Fire Exception**- The exception to the Pollution Exclusions, which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment, has been expanded to also include water heaters and cooling and dehumidifying equipment.

### **New Endorsements:**

**BOP 410 – Personal Property Off Premises Limits Endorsement**-The endorsement has been modified to clarify underwriting intent regarding premises off the described premises. The full Business Personal Property limit of insurance stated on the policy Declarations applies to property temporarily at premises the insured does not own, lease or operate. The form has been modified to restrict such extension to no more than 90 days in any 12-month period. This is a reduction in coverage.

**BOP 426 – Automatic Increase – Business Personal Property**-This is a new coverage form that will apply to all policies. Your Business Personal property limit will automatically increase at an annual rate of 4%. This increase in your limit helps protect against inflation negatively impacting the replacement or repair cost of your property at time of loss.

**BOP 427 – Residential Inspection Services**-This is a new coverage form that provides limited Property Damage Liability for Customer’s Property while in your possession. This form will apply to all Residential Home Inspectors policies.

**BOP 428 – Pet Sitting Services**-This is a new coverage form that provides limited Property Damage Liability for Customer’s property while in your possession, including animals. The form will apply to all Pet Sitter policies.

**BOP 429 – Limitation – Business Personal Property – Jewelry and Watches**-This new optional endorsement modifies the property limitation in the Businessowners Coverage Form BP 00 03 which currently limits coverage per item to \$100 or less. BOP 429 increases the limitation to cover items \$250 or less. A \$20 service fee is charged to add this endorsement.

**BOP 431 – Additional Insured - Dispatcher or Referral Service**-This is a schedule version of the current BOP 424 – Additional Insured – Dispatcher or Referral Service blanket additional insured form. The additional insured may be individually named on the schedule. The new schedule form is available for a \$20 premium each time it is attached to the policy.

**BP 08 01 01 06 – Barbers & Beauticians Professional Liability**-This form will provide Liability arising out of professional services in connection with your barber or beautician business. The form will apply to all Barber and/or Beautician policies

**BP 08 50 03 06 – Illinois Barbers and Beauticians Professional Liability**-This form will provide Liability arising out of professional services in connection with your barber or beautician business. This form will apply to all Barber and/or Beautician policies in Illinois.