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October 5, 2007

Attention: @Home business protection Administrators/Brokers:

We are pleased to announce RLI is planning several changes in 2008 for our @Home business protection product. The most significant change will be the upgrading of the ISO Businessowners Coverage Form BP 00 03 01 06. Most of the changes listed on the following pages are in correlation with the upgrade of this form.

Highlighted below are some of the significant changes we are making to the @Home business protection product. For additional changes and details listed below, please refer to the Policy Holder Notice attached.

- These changes will be effective in all states except Louisiana and New Hampshire. State filings are in progress with a target date of 1/1/2008 for all states except California, Delaware, Florida, Massachusetts, Mississippi, New York, and Ohio. These seven states have a target date of 3/1/2008.
- The @ Home coverage form is upgrading to ISO's Businessowners Coverage Form BP 00 03 01 06.
- EDP will no longer be available as an optional coverage for all states; except California, Louisiana, and New Hampshire. Electronic Data Processing System and Media Coverage is now included in Businessowners Coverage Form BP 00 03 01 06. Coverage for restoring or replacing Electronic Data is included in the form up to a \$10,000 annual aggregate limit. There is no additional premium charge for this coverage. The physical value of computer hardware and disks should be included in the BPP value when choosing the BPP limit. Your clients currently purchasing EDP coverage will enjoy automatic coverage as outlined above *without* an additional charge.
- Due to the inclusion of the EDP coverage within the Coverage Form BP 00 03 01 06, we are modestly increasing the rates by 6% in all states; except California Louisiana, and New Hampshire. These states will experience neutral rate adjustments.

- Insureds that currently have the optional EDP coverage (above \$10,000) will have a reduction in coverage at their next renewal. Coverage will be reduced to the \$10,000 annual aggregate limit, which is included in the form. Since EDP will no longer be an optional coverage, no additional EDP premium will be charged; which may actually reduce the insureds premium at renewal. An advisory notice will be mailed to these insureds prior to their renewal date.
- Maximum BPP limit is increasing from \$50,000 to \$100,000.
- New Automatic Increase to Business Personal Property. This increases the BPP limit by 4% annually to help ensure adequate limits at time of loss. This endorsement will not exceed the maximum BPP limit of \$100,000.
- Two classes, Paper Goods and Pay Telephone Provider, are being reclassified to different rate groups in all states except Louisiana, New Hampshire, and New York. Paper Goods is moving from Rate Group B to Rate Group A, which is a slight rate increase. Pay Telephone Provider is moving from Rate Group A to Rate Group B, which is a slight rate decrease.
- We are pleased to introduce 9 new eligible classes. Detailed descriptions of each new class are attached.
 - Barbers – including Professional Services Coverage
 - Beauticians – including Professional Services Coverage
 - Dance Instructors
 - Genealogists
 - Residential Inspection Services – a reintroduction of the class includes new coverage for Property Damage Liability for customer’s property in the insured’s possession limited to \$10,000 per customer, per occurrence.
 - Personal Image Consultants
 - Pet Sitters – new Pet Sitting Services form provides Property Damage Liability coverage for customer’s property in the insured’s possession, including animals, subject to a \$2,500 limit per customer, and \$10,000 limit per occurrence. There is also Key and Lock Replacement Coverage up to \$5,000 per occurrence. Boarding kennels, “doggie day-care”, “poop scooping”, pet grooming, and house sitting services are ineligible.
 - Retail Toy Sales
 - Wooden Furniture Crafters
- The attached Policy Holder Notice will be mailed to policy holders prior to their renewal date in all states except Delaware, District of Columbia, Hawaii, Kentucky, Louisiana, Michigan, New Hampshire, and South Dakota. These states either have no changes to their renewal (Louisiana & New Hampshire) or their state does not require a notice be sent.

