

July 29, 2013

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners 2011 Policy Program  
Advisory Notice to Policyholders

Attached are sample Advisory Notices to Policyholders prepared by Insurance Services Office (ISO) for the HO 2011 Policy Program.

The sample notices are being provided to assist member companies with their disclosure practices. The Rate Bureau does not file sample notices on behalf of member companies. The sample notices are provided only as a guide. Each company is responsible for its own assessments and notice. ISO's general explanations of policy intent may not necessarily reflect every insurer's view and do not control any company's determination of coverage for a specific claim. The Rate Bureau does not intercede in coverage disputes arising from insurance policies. If there is any conflict between the policy and these sample notices, the provisions of the policy apply.

G.S. § 58-36-45 provides in part that whenever an insurer changes the coverage in a policy, it shall give the policyholder notice of such coverage change at least 15 days in advance of the effective date and provide a copy of such notice to the agent. Further, case law in North Carolina has held that when an insurer renews a policy, the policyholder may assume that the renewal policy will be the same as the earlier policy unless reductions in coverage are clearly, conspicuously and unambiguously called to the policyholder's attention. *North River Insurance v. Young*, 117 N.C. App. 663, 453 S.E. 2d 205 (1995). The necessity and manner of notifying policyholders of coverage revisions is an individual company responsibility. In addition to notifying policyholders of policy changes, companies may want to consider the advisability of notifying the policyholder that the HO 2011 is a new contract rather than a renewal of the prior contract. It is suggested that companies consult with their attorney as to the necessity, method, detail and language of your policyholder notification.

Please make sure that this information is brought to the attention of interested personnel within your Company.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

Attachments

P-13-10

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (ENDORSEMENTS)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes to optional endorsements applicable to your Homeowners Policy.

### OPTIONAL ENDORSEMENTS

If indicated below, the following endorsements applicable to your policy have undergone changes that may affect the level of coverage provided in your policy:

**HO 04 12, Increased Limits On Business Property**

We have revised this endorsement to increase the special limit of liability for business property away from the residence premises.

**HO 04 30, Theft Coverage Increase**

Previously, this endorsement provided that property of an insured who is a student is covered while at the residence the student occupies to attend school as long as the student has been there at any time during the 60 days immediately before the loss. We have increased the 60-day period to 90 days.

**HO 04 35, Supplemental Loss Assessment Coverage**

This endorsement provides additional amounts of loss assessment coverage, but the previous version contained a "special limit" of \$1,000 when the assessment resulted from a deductible in a corporation or association of property owners' insurance policy. We have eliminated the \$1,000 "special limit".

**HO 04 43, Replacement Cost Loss Settlement For Certain Non-building Structures On The Residence Premises**

We have revised the endorsement so that the structures eligible for replacement cost coverage will now include swimming pools, therapeutic baths and hot tubs that are inground, or semi-inground, with walls and floors made of reinforced masonry, cement, metal or fiberglass.

**HO 04 59, Assisted Living Care Coverage**

We have removed provisions from the endorsement addressing the application of the policy deductible in a single loss event.

**HO 04 84, Limited Water Back-up And Sump Discharge Or Overflow Coverage – North Carolina**

1. We have revised the endorsement to reinforce that the coverage provided by the endorsement, in general, is limited to water or waterborne material originating from within the dwelling in which the named insured resides and which backs up through sewers or drains or overflows or is discharged from a sump, sump pump or related equipment.
2. The previous version of this endorsement had a special deductible of \$250. We've removed this deductible and, as a result, your policy's deductible will apply to Limited Water Back-up And Sump Discharge Or Overflow Coverage.

**HO 05 28, Owned Motorized Golf Cart Physical Loss Coverage**

We eliminated the separate application of the deductible to each golf cart.

**HO 24 13, Incidental Low Power Recreational Motor Vehicle Liability Coverage**

We have revised this endorsement so that it will expressly exclude liability coverage for motorized scooters with respect to an occurrence that takes place off an insured location.

**HO 32 34, Unit-owners Coverage A Special Coverage – North Carolina**

The previous version of this endorsement generally provided that we did not insure for loss to your dwelling or other structures caused by birds, vermin, rodents or insects. We have revised the endorsement to remove "vermin" from this list. However, we have added language to the endorsement to generally provide that your policy does not insure for loss to your dwelling or other structures caused by nesting or infestation, or discharge or release of waste products or secretions by **any** animals.

**HO 32 35, Unit-owners Coverage C Special Coverage – North Carolina**

The previous version of this endorsement generally provided that we did not insure for loss to your personal property caused by birds, vermin, rodents or insects. We have revised the endorsement to remove "vermin" from this list. However, we have added language to the endorsement to generally provide that your policy does not insure for loss to your personal property caused by nesting or infestation, or discharge or release of waste products or secretions by **any** animals.

**HO 32 37, Special Computer Coverage – North Carolina**

The previous version of this endorsement generally provided that we did not insure for loss to your computer equipment caused by birds, vermin, rodents or insects. We have revised the endorsement to remove "vermin" from this list. However, we have added language to the endorsement to generally provide that your policy does not insure for loss to your computer equipment caused by nesting or infestation, or discharge or release of waste products or secretions by **any** animals.

**HO 32 38, Loss Assessment Coverage For Earthquake – North Carolina**

For any one assessment, we have increased the minimum deductible from \$250 to \$500.

**HO 32 54, Earthquake – North Carolina**

We have increased the minimum deductible from \$250 to \$500.

**HO 32 82, Personal Injury Coverage – North Carolina**

We have revised the definition of personal injury in this endorsement to reference "oral or written publication, *in any manner*". We added the words "in any manner" to address various types of publication, such as publication over the Internet.

**HO 32 90, Home Business Insurance Coverage – North Carolina**

We have revised the definition of personal and advertising injury in this endorsement to reference "oral or written publication, *in any manner*". We added the words "in any manner" to address various types of publication, such as publication over the Internet.

**HO 32 95, Special Personal Property Coverage – North Carolina**

The previous version of this endorsement generally provided that we did not insure for loss to your personal property caused by birds, vermin, rodents or insects. We have revised the endorsement to remove "vermin" from this list. However, we have added language to the endorsement to generally provide that your policy does not insure for loss to your personal property caused by nesting or infestation, or discharge or release of waste products or secretions by **any** animals.

**Other:**

If indicated below, the following endorsement applicable to your policy is new and replaces the previous Personal Injury Coverage endorsement attached to your policy. This change may affect the level of coverage provided in your policy as explained below.

**HO 32 10, Personal Injury Coverage – Aggregate Limit Of Liability – North Carolina**

We have replaced the Personal Injury Coverage endorsement attached to your policy with this aggregate limit endorsement. This new endorsement provides a single aggregate limit of liability with respect to personal injury coverage for any one policy period regardless of the number of insureds, offenses, claims made or suits brought. In addition, the definition of personal injury in this new endorsement references "oral or written publication, *in any manner*". We added the words "in any manner" to address various types of publication, such as publication over the Internet.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 2 – BROAD FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative.**

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

1. We have limited coverage with respect to personal property located in a self-storage facility to 10% of the limit for Coverage C or \$1,000, whichever is greater.
2. We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

##### *Other Changes*

We have revised Section I – Additional Coverages, in part, to generally reinforce that collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. Also, we have reinforced that this Additional Coverage applies to certain kinds of hidden decay and hidden insect or vermin damage **to a building or any part of a building.**

### III. SECTION I – PERILS INSURED AGAINST

#### *Broadening Of Coverage*

Previously, your policy provided coverage for theft that occurs off the residence premises with respect to property of an insured who is a student while at a residence the student occupies to attend school as long as the student has been there at any time during the **60 days** immediately before the loss. We have increased the 60-day period to **90 days**.

### IV. SECTION I – EXCLUSIONS

#### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, act of man or is otherwise caused.

### V. SECTION I – CONDITIONS

#### *Broadening Of Coverage*

We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.

#### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

### VI. SECTION II – EXCLUSIONS

#### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 3 – SPECIAL FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative.**

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

1. We have limited coverage with respect to personal property located in a self-storage facility to 10% of the limit for Coverage C or \$1,000, whichever is greater.
2. We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

##### *Other Changes*

We have revised Section I – Additional Coverages, in part, to generally reinforce that collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. Also, we have reinforced that this Additional Coverage applies to certain kinds of hidden decay and hidden insect or vermin damage **to a building or any part of a building.**



### III. SECTION I – PERILS INSURED AGAINST

#### *Broadening Of Coverage*

1. Previously, your policy generally provided that we did not insure for loss to your dwelling or other structures caused by birds, vermin, rodents or insects. We have removed "vermin" from this list.
2. Previously, your policy provided coverage for theft that occurs off the residence premises with respect to property of an insured who is a student while at a residence the student occupies to attend school as long as the student has been there at any time during the **60 days** immediately before the loss. We have increased the 60-day period to **90 days**.

#### *Reduction Of Coverage*

We have added language to your policy to generally provide that it does not insure for loss to your dwelling or other structures caused by nesting or infestation or discharge or release of waste products or secretions by **any** animals.

#### *Other Changes*

1. Your previous policy contained the phrase "we insure against **risk of** direct physical loss" to certain property. We have removed the words "risk of" from this phrase to reinforce the related policy language.
2. We have revised different sections of your policy to more explicitly express the scope of coverage with respect to collapse. In general, collapse is not covered except under the Section I Collapse Additional Coverage. In general, Section I Collapse Additional Coverage only applies to an abrupt collapse.

### IV. SECTION I – EXCLUSIONS

#### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, and act of man or is otherwise caused.

### V. SECTION I – CONDITIONS

#### *Broadening Of Coverage*

We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.

#### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

### VI. SECTION II – EXCLUSIONS

#### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 4 – TENANTS FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative**.

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

1. We have limited coverage with respect to personal property located in a self-storage facility to 10% of the limit for Coverage C or \$1,000, whichever is greater.
2. We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

##### *Other Changes*

We have included revisions to more explicitly express the scope of coverage with respect to collapse. In general, Section I – Additional Coverages Collapse applies only to an abrupt collapse.

### III. SECTION I – PERILS INSURED AGAINST

#### *Broadening Of Coverage*

Previously, your policy provided coverage for theft that occurs off the residence premises with respect to property of an insured who is a student while at a residence the student occupies to attend school as long as the student has been there at any time during the **60 days** immediately before the loss. We have increased the 60-day period to **90 days**.

### IV. SECTION I – EXCLUSIONS

#### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, act of man or is otherwise caused.

### V. SECTION I – CONDITIONS

#### *Broadening Of Coverage*

We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.

#### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

### VI. SECTION II – EXCLUSIONS

#### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 5 – COMPREHENSIVE FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative**.

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

1. We have limited coverage with respect to personal property located in a self-storage facility to 10% of the limit for Coverage C or \$1,000, whichever is greater.
2. We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

##### *Other Changes*

We have revised Section I – Additional Coverages, in part, to generally reinforce that collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. Also, we have reinforced that this Additional Coverage applies to certain kinds of hidden decay and hidden insect or vermin damage **to a building or any part of a building**.

### III. SECTION I – PERILS INSURED AGAINST

#### *Broadening Of Coverage*

Previously, your policy generally provided that we did not insure for loss to your dwelling or other structures or personal property caused by birds, vermin, rodents or insects. We have removed "vermin" from this list.

#### *Reductions Of Coverage*

We have added language to your policy to generally provide that it does not insure for loss to your dwelling or other structures or personal property caused by nesting or infestation or discharge or release of waste products or secretions by **any** animals.

#### *Other Changes*

1. Your previous policy contained the phrase "we insure against **risk of** direct physical loss" to certain property. We have removed the words "risk of" from this phrase to reinforce the related policy language.
2. We have revised different sections of your policy to more explicitly express the scope of coverage with respect to collapse. In general, collapse is not covered except under the Section I Collapse Additional Coverage. In general, Section I Collapse Additional Coverage only applies to an abrupt collapse.

### IV. SECTION I – EXCLUSIONS

#### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, act of man or is otherwise caused.

### V. SECTION I – CONDITIONS

#### *Broadening Of Coverage*

We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.

#### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

### VI. SECTION II – EXCLUSIONS

#### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 6 – UNIT-OWNERS FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative.**

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

1. We have limited coverage with respect to personal property located in a self-storage facility to 10% of the limit for Coverage C, or \$1,000, whichever is greater.
2. We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

##### *Other Changes*

We have revised Section I – Additional Coverages, in part, to generally reinforce that collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose. Also, we have reinforced that this Additional Coverage applies to certain kinds of hidden decay and hidden insect or vermin damage **to a building or any part of a building.**

### III. SECTION I – PERILS INSURED AGAINST

#### *Broadening Of Coverage*

Previously, your policy provided coverage for theft that occurs off the residence premises with respect to property of an insured who is a student while at a residence the student occupies to attend school as long as the student has been there at any time during the **60 days** immediately before the loss. We have increased the 60-day period to **90 days**.

### IV. SECTION I – EXCLUSIONS

#### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, act of man or is otherwise caused.

### V. SECTION I – CONDITIONS

#### *Broadening Of Coverage*

1. We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.
2. Some of your property may be covered both by your policy, and your corporation or association of property owners' policy. We have changed the Other Insurance And Service Agreement Condition, in general, to expressly address the deductible of other insurance or a service agreement in the name of a corporation or association of property owners covering the same property covered by your policy.

#### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

### VI. SECTION II – EXCLUSIONS

#### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.

## ADVISORY NOTICE TO POLICYHOLDERS – NORTH CAROLINA (HOMEOWNERS 8 – MODIFIED COVERAGE FORM)

**CAUTION:** No coverage is provided by this summary; nor can it be construed to replace any provision of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the Policy and this summary, **THE PROVISIONS OF YOUR POLICY SHALL PREVAIL.**

This is a summary of the major changes in your Homeowners Policy. The major broadenings, reductions and other changes are highlighted below.

We have followed the policy sequence of provisions in setting out this material.

---

### HOMEOWNERS POLICY

---

#### I. DEFINITIONS

##### *Other Changes*

We have revised the definition of an insured to state that insureds under the Policy, in part, include:

1. Residents of your household under the age of 21; and
2. Students enrolled in school full-time, as defined by the school, who were residents of your household before moving out to attend school, provided the students are under the age of 21;

who are in your care or the care of a **resident of your household who is your relative**.

#### II. SECTION I – PROPERTY COVERAGES

##### *Broadening Of Coverage*

We have increased the special limit for personal property away from the residence premises, and used primarily for business purposes, from \$500 to \$1,500.

##### *Reductions Of Coverage*

We have introduced a \$250 special limit for antennas, tapes, wires, records, disks or other media that are in or upon a motor vehicle and are used with electronic equipment that reproduces, receives or transmits audio, visual or data signals.

#### III. SECTION I – PERILS INSURED AGAINST

##### *Other Changes*

We have included revisions to specify that for purposes of coverage for theft, personal property contained in a self-storage facility will be considered to be on the residence premises.

#### IV. SECTION I – EXCLUSIONS

##### *Other Changes*

We revised the Earth Movement Exclusion to reinforce that, in general, the exclusion applies regardless of the cause, that is, earth movement damage caused by an act of nature, act of man or is otherwise caused.



## **V. SECTION I – CONDITIONS**

### *Broadening Of Coverage*

We have revised the newly relocated Deductible provision, in part, to state that when two or more deductibles under the Policy apply to the loss, only the highest deductible amount will apply.

### *Other Changes*

We have revised the newly relocated Deductible provision, in part, to state that it applies "with respect to any one loss".

## **VI. SECTION II – EXCLUSIONS**

### *Broadening Of Coverage*

1. We have revised the Motor Vehicle Liability Exclusion so that there may be coverage with respect to certain toy vehicles under specified limited circumstances.
2. We have revised the Controlled Substance Exclusion so that the exclusion does not apply to the legitimate use of prescription drugs by a person following "*the lawful orders of a licensed health care professional*", instead of "*the orders of a licensed physician*" as previously provided under the Policy.