

June 6, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program – Introduction of Home-sharing and Unmanned Aircraft, Revised Assignment of Benefits and Reasonable Repairs

The Commissioner of Insurance has recently approved revisions to the Homeowners Program which are designed for use in North Carolina by all member companies of the Rate Bureau. These revisions include the introduction of Home-sharing and Unmanned Aircraft Endorsements, along with corresponding manual rules and rates, and revised endorsement HO 32 32 Special Provisions – North Carolina for the Assignment of Benefits and Reasonable Repairs language.

The Explanation of Changes, forms, endorsements and manual rules and rates may be obtained from the links below. Reprinted manual pages will be distributed in the usual manner as soon as possible.

[Homeowners Forms and Endorsements](#)

[Homeowners Manual for Rules and Rates](#)

These changes become effective in accordance with the following Rule of Application:

These changes are applicable with respect to all new and renewal policies becoming effective on or after January 1, 2019.

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This program may be used only by members of the North Carolina Rate Bureau and may be used only in North Carolina.

Also be advised that G. S. 58-36-45 provides as follows:

"Whenever an insurer changes the coverage other than at the request of the insured or changes the premium rate, it shall give the insured written notice of such coverage change or premium rate change at least 15 days in advance of the effective date of such change or changes with a copy of such notice to the agent. This section shall apply to all policies and coverages subject to the provisions of this Article..."

The necessity and manner of notifying policyholders of coverage revisions is an individual company responsibility. It is suggested that you consult with your legal counsel on this matter.

Should you determine that it is necessary or appropriate for your company to give such notice, we have attached a sample notice prepared by ISO - Advisory Notice to Policyholders HO P 066 03 17 Home-sharing Host Activities.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

Sincerely,

Andy Montano

Director, Personal Lines

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Attachments  
P-18-5

## ADVISORY NOTICE TO POLICYHOLDERS (HOME-SHARING HOST ACTIVITIES)

**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 a major change in your Homeowners Policy.

A new home-sharing host activities amendatory endorsement has been made a part of your policy. This new endorsement introduces revised policy language to address select provisions applicable to home-sharing host activities and their treatment under your Homeowners Policy.

Home-sharing host activities enable homeowners or renters seeking to rent out their homes, spare rooms in their homes or apartments for compensation using smart-phone applications and other Internet-based platforms to connect with potential guests looking for rentals. These rentals may be on an **extremely** short-term basis (i.e., as short as **one night**) or as long as several months.

If home-sharing host activities are being conducted on the residence premises shown in the policy Declarations, this revision may, in some cases, result in a reduction of coverage.

You should:

- Review your Homeowners Policy carefully; and
- Contact your insurance agent or broker if you engage in, or contemplate engaging in, home-sharing host activities, to discuss any added protections which may be available.

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### HOMEOWNERS POLICY

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#### I. Definitions

- We have introduced the following new definitions to reinforce that the home-sharing host activities exposure is to be treated separately for coverage purposes under the ISO Homeowners Policy Program:
  - "Home-sharing host activities";
  - "Home-sharing network platform"; and
  - "Home-sharing occupant".
- The definition of "business" has been revised to introduce a specific reference to home-sharing host activities within the definition. As a result of this change, any provisions contained in your policy using the defined term "business" will now specifically extend to "home-sharing host activities" as newly defined.
- A provision has been introduced which states that, as used in the Policy, any references to roomers, boarders, tenants or guests do not include a home-sharing occupant as newly defined.

## **II. Section I – Property Coverages**

The property provisions of your policy have been revised to reinforce that, in general, there is no coverage under your policy for:

- Loss to other structures from which any home-sharing host activities are conducted;
- Loss to personal property of home-sharing occupants;
- Loss to personal property of any other person occupying the residence premises as a result of any home-sharing host activities;
- Loss to personal property in a space while rented or primarily held for rental to a home-sharing occupant;
- Loss to personal property used primarily for home-sharing host activities;
- Loss of fair rental value arising out of or in connection with home-sharing host activities; and
- Loss to any property due to theft, vandalism or malicious mischief resulting from home-sharing host activities.

## **III. Section II – Liability Coverages**

The liability provisions of your policy have been revised to reinforce that, in general, there is no liability coverage for:

- Engaging in the business of renting or holding for rental of an insured location, in whole or in part, for home-sharing host activities; and
- Personal injury arising out of home-sharing host activities.