

July 9, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

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

By Circular Letter to All Member Companies P-18-5 dated June 6, 2018, the Rate Bureau announced revisions to the Homeowners Policy Program. It has been brought to our attention that endorsement HO 32 37 Special Computer Coverage – North Carolina, the Special Conditions section on page 4 of 4 was inadvertently omitted.

For your convenience, attached is a corrected copy of HO 32 37 - Special Computer Coverage – North Carolina.

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

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

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

AM:ko
Attachment
P-18-8

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL COMPUTER COVERAGE – NORTH CAROLINA

DEFINITIONS

With respect to the coverage provided by this endorsement, "computer equipment" means:

1. Computer hardware, software, operating systems or networks; and
2. Other electronic parts, equipment or systems solely designed for use with or connected to equipment in Paragraph 1. above.

SECTION I – PERILS INSURED AGAINST

If the Broadened Home-sharing Host Activities Coverage Endorsement is not made a part of this Policy, with respect to "computer equipment" defined above, the Perils Insured Against which apply to Coverage C – Personal Property are replaced by the following:

1. We cover an "insured's" "computer equipment", as defined in this endorsement, against direct physical loss.
2. We do not insure, however, for loss:
 - a. Excluded under Section I – Exclusions.
 - b. Caused by:
 - (1) Freezing of a plumbing, heating, air conditioning or automatic fire protective sprinkler system or of a household appliance, or by discharge, leakage or overflow from within the system or appliance caused by freezing. This provision does not apply if you have used reasonable care to:
 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water;

However, if the building is protected by an automatic fire protective sprinkler system, you must use reasonable care to continue the water supply and maintain heat in the building for coverage to apply.

For purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

- ~~(2) Theft in or to a dwelling under construction, until the dwelling is finished and occupied;~~
- ~~(2) Theft:~~
 - ~~(a) If such loss arises out of or results from "home-sharing host activities"; or~~
 - ~~(b) In or to a dwelling under construction until the dwelling is finished and occupied;~~
- ~~(3) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if the dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;~~
- ~~(3) Vandalism and malicious mischief, and any ensuing loss caused by any intentional and wrongful act committed in the course of the vandalism or malicious mischief, if:~~
 - ~~(a) The loss arises out of or results from "home-sharing host activities"; or~~
 - ~~(b) The dwelling has been vacant for more than 60 consecutive days immediately before the loss. A dwelling being constructed is not considered vacant;~~
- (4) Dampness of atmosphere or extremes of temperature unless the direct cause of loss is:
 - (a) Rain or snow; or
 - (b) Sleet or hail;
- (5) Refinishing, renovating or repairing property;
- (6) Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft of all types, including their:
 - (a) Trailers;
 - (b) Furnishings;
 - (c) Equipment; and
 - (d) Outboard engines or motors;
- (7) Acts or decisions, including the failure to act or decide, of any:
 - (a) Person or group; or
 - (b) Organization or governmental body.

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However, any ensuing loss not excluded or excepted in this policy is covered; or

(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;
- (c)** Smog, rust or other corrosion;
- (d)** Smoke, from:
 - (i)** Agricultural smudging; or
 - (ii)** Industrial operations;
- (e)** Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more of the Perils Insured Against that would apply under Coverage C of the pPolicy form if this endorsement were not attached to the pPolicy form.
 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;
- (f)** Settling, shrinking, bulging or expansion, including resultant cracking, of:
 - (i)** Pavements or patios;
 - (ii)** Footings or foundations;
 - (iii)** Walls or floors;
 - (iv)** Roofs or ceilings; or
 - (v)** Bulkheads;
- (g)** Birds, rodents or insects;
- (h)** Nesting or infestation, or discharge or release of waste products or secretions, by any animals; or
- (i)** Animals owned or kept by an "insured".

Exception To b.(8)

Unless the loss is otherwise excluded, we cover loss to "computer equipment" resulting from an accidental discharge or overflow of water or steam from within a:

- (i)** Storm drain or water, steam or sewer pipe off the "residence premises"; or

- (ii)** Plumbing, heating, air conditioning or automatic fire protective sprinkler system or household appliance on the "residence premises".

We do not cover loss to the system or appliance from which this water or steam escaped.

For the purposes of this provision, a plumbing system or household appliance does not include a sump, sump pump or related equipment or a roof drain, gutter, downspout or similar fixtures or equipment.

Section I – Water Exclusion, Paragraphs a. and c., that apply to surface water and water below the surface of the ground, do not apply to loss by water covered under b.(8) above.

With respect to the precluded perils in 2.b.(1), 2.b.(2) and 2.b.(8), any ensuing loss not precluded by any other provision in this pPolicy is covered.

If the Broadened Home-sharing Host Activities Coverage Endorsement is made a part of this Policy, with respect to "computer equipment" defined above, the Perils Insured Against which apply to Coverage C – Personal Property are replaced by the following:

1. We cover an "insured's" "computer equipment", as defined in this endorsement, against direct physical loss.
2. We do not insure, however, for loss:
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 - (a) Maintain heat in the building; or
 - (b) Shut off the water supply and drain all systems and appliances of water.

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- (4) Dampness of atmosphere or extremes of temperature unless the direct cause of loss is:
 - (a) Rain or snow; or
 - (b) Sleet or hail;
- (5) Refinishing, renovating or repairing property;
- (6) Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft of all types, including their:
 - (a) Trailers;
 - (b) Furnishings;
 - (c) Equipment; and
 - (d) Outboard engines or motors;
- (7) Acts or decisions, including the failure to act or decide, of any:
 - (a) Person or group; or
 - (b) Organization or governmental body.

However, any ensuing loss not excluded or excepted in this Policy is covered; or
- (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;
 - (c) Smog, rust or other corrosion or dry rot;
 - (d) Smoke, from:
 - (i) Agricultural smudging; or
 - (ii) Industrial operations;
 - (e) Discharge, dispersal, seepage, migration, release or escape of pollutants unless the discharge, dispersal, seepage, migration, release or escape is itself caused by one or more of the Perils Insured Against that would apply under Coverage C of the Policy if this endorsement were not attached to the Policy.

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;

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 - (iii) Walls or floors;
 - (iv) Roofs or ceilings; or
 - (v) Bulkheads;
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SPECIAL CONDITIONS

The coverage provided by this endorsement does not:

- 1. Increase the Coverage C Limit Of Liability;
- 2. Modify the Coverage C Special Limits Of Liability;
or
- 3. Modify any provision that applies to Coverage C Property Not Covered.

All other provisions of this Policy apply.

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