

July 30, 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 48 Home-Sharing Host Activities Amendatory Endorsement – North Carolina, contains references to the incorrect base policy form.

For your convenience, attached is a corrected copy of HO 32 48 - Home-Sharing Host Activities Amendatory Endorsement – North Carolina. Note, this is a mandatory endorsement to be attached to the HO 00 05 base policy form.

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-18-9

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HOME-SHARING HOST ACTIVITIES AMENDATORY ENDORSEMENT – NORTH CAROLINA

DEFINITIONS

A. The following definitions are added:

1. "Home-sharing host activities" means:
 - a. The:
 - (1) Rental or holding for rental; or
 - (2) Mutual exchange of services; of the "residence premises", in whole or in part, by an "insured" to a "home-sharing occupant" through the use of a "home-sharing network platform"; and
 - b. Any other related property or services made available by an "insured" for use during such:
 - (1) Rental; or
 - (2) Mutual exchange of services; except those property or services provided by another party.
2. "Home-sharing network platform" means an online-enabled application, web site or digital network that:
 - a. Is used for the purpose of facilitating, for money, mutual exchange of services or other compensation, the rental of a dwelling or other structure, in whole or in part; and
 - b. Allows for the agreement and compensation with respect to such rental to be transacted through such online-enabled application, web site or digital network.
3. "Home-sharing occupant" means a person, other than an "insured", who:
 - a. Has entered into an agreement or arranged compensation with an "insured" through the use of a "home-sharing network platform" for "home-sharing host activities"; or
 - b. Is accompanying or staying with a person described in Paragraph 3.a. of this provision under such "home-sharing host activities".

B. In this Policy, the terms:

1. Roomer;

2. Boarder;

3. Tenant; or

4. Guest;

do not include a "home-sharing occupant".

SECTION I – PROPERTY COVERAGES

C. Coverage C – Personal Property

Paragraphs f. and g. of 4. **Property Not Covered** are replaced by the following:

We do not cover:

f. Property of:

- (1) A "home-sharing occupant";
- (2) Any other person occupying the "residence premises" as a result of any "home-sharing host activities"; and
- (3) Roomers, boarders and other tenants, except property of roomers and boarders related to an "insured";

g. Property in:

- (1) A space while rented or primarily held for rental to a "home-sharing occupant"; or
- (2) Subject to Paragraph C.4.g.(1), property in an apartment regularly rented or held for rental to others by an "insured" except as provided in E.10. Landlord's Furnishings under Section I – Property Coverages;

The following provision is added to 4. **Property Not Covered**:

We do not cover property used primarily for "home-sharing host activities".

D. Coverage D – Loss Of Use

Paragraph D.2. **Fair Rental Value** is replaced by the following:

2. Fair Rental Value

If a loss covered under Section I makes that part of the "residence premises" rented to others or held for rental by you not fit to live in, we cover the fair rental value of such premises less any expenses that do not continue while it is not fit to live in.

However, we do not cover any fair rental value arising out of or in connection with "home-sharing host activities".

Payment will be for the shortest time required to repair or replace such premises.

SECTION I – PERILS INSURED AGAINST

We do not insure, however, for loss:

A. Under Coverages A, B and C:

Paragraph ~~8~~A.2.c. is replaced by the following:

c. Theft:

- (1) If such loss arises out of or results from "home-sharing host activities"; or
- (2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;

8. Vandalism Or Malicious Mischief

~~This peril does not include loss to property on the "residence premises";~~B. Under Coverages A and B:

Paragraph ~~B.1.~~ is replaced by the following:

1. Caused by 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;

Paragraph ~~9~~Section C. is replaced by the following:

9 C. Under Coverage C caused by:

1. Breakage of eyeglasses, glassware, statuary, marble, bric-a-brac, porcelains and similar fragile articles other than jewelry, watches, bronzes, cameras and photographic lenses.

However, there is coverage for breakage of the property by or resulting from:

- a. Fire, lightning, windstorm, hail;
- b. Smoke, other than smoke from agricultural smudging or industrial operations;
- c. Explosion, riot, civil commotion;
- d. Aircraft, vehicles, vandalism and malicious mischief;
- e. Collapse of a building or any part of a building;
- f. Water not otherwise excluded;

g. Theft

~~a. This peril includes or attempted theft and loss of property from a known place when it is likely that the property has been stolen;~~
~~or~~

~~b. This peril does not include loss caused by theft:~~

~~(1) Committed by an "insured";~~

~~(2) In or to a dwelling under construction, or of materials and supplies for use in the construction until the dwelling is finished and occupied;~~

h. Sudden and accidental tearing apart, cracking, burning or bulging of:

(1) A steam or hot water heating system;

(2) An air conditioning or automatic fire protective sprinkler system; or

(3) From that partAn appliance for heating water;

2. Dampness of a "residence premises" rented by an "insured" to someoneatmosphere or extremes of temperature unless the direct cause of loss is rain, snow, sleet or hail;

3. Refinishing, renovating or repairing property other than another "insured";

~~(4) That occurs off the "residence premises" of:~~

~~(a) Trailers, semitrailers and campers;~~

~~(b) Watercraft of all types, watches, jewelry and furs;~~

4. Collision, other than collision with a land vehicle, sinking, swamping or stranding of watercraft, including their trailers, furnishings, equipment and outboard engines or motors; or

~~(c) Property while at any other residence owned by, rented to or occupied by an "insured", except while an "insured" is temporarily living there. 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 90 days immediately before the loss; or~~

~~(5) If such loss arises5. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body. However, any ensuing loss to property described in Coverage C not precluded by any other provision in this Policy is covered; or~~

6. Vandalism or malicious mischief to property arising out of or resultsresulting from "home-sharing host activities".

SECTION II – EXCLUSIONS

Exclusion **E.2.** is replaced by the following:

Coverages **E** and **F** do not apply to the following:

2. "Business"

- a. "Bodily injury" or "property damage" arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured".

This Exclusion **E.2.** applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

- b. With respect to other than "home-sharing host activities", this Exclusion **E.2.** does not apply to:

- (1) The rental or holding for rental of an "insured location":

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

Exclusion **G.4.** is replaced by the following:

Coverage **F** does not apply to "bodily injury":

4. To:

- a. A "home-sharing occupant"; or
- b. Any person, other than a "residence employee" of an "insured", regularly residing on any part of the "insured location".

The following provision is added:

Personal Injury Coverage

If the Personal Injury Coverage endorsement is made a part of this Policy, Exclusion **1.g.** is replaced by the following:

This insurance does not apply to:

1. "Personal injury":

- g. Arising out of or in connection with a "business" conducted from an "insured location" or engaged in by an "insured", whether or not the "business" is owned or operated by an "insured" or employs an "insured". This exclusion applies but is not limited to an act or omission, regardless of its nature or circumstance, involving a service or duty rendered, promised, owed, or implied to be provided because of the nature of the "business".

With respect to other than "home-sharing host activities", this exclusion does not apply to:

- (1) The rental or holding for rental of an "insured location":

(a) On an occasional basis if used only as a residence;

(b) In part for use only as a residence, unless a single-family unit is intended for use by the occupying family to lodge more than two roomers or boarders; or

(c) In part, as an office, school, studio or private garage; and

- (2) An "insured" under the age of 21 years involved in a part-time or occasional, self-employed "business" with no employees;

All other provisions of this Policy apply.