

April 25, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Mobile Home MH(F) and MH(C) Programs
Revised MH(F) 300 and MH(C) 300 Special Provisions
Amendatory Endorsements
Assignment of Benefits and Reasonable Repairs

The Commissioner of Insurance has recently approved revisions to the MH(F) 300 and MH(C) 300 Special Provisions Amendatory Endorsements which are designed for use in North Carolina on a mandatory basis with the Mobile Home Policy Program.

The revised endorsements add *Reasonable Repairs* and *Assignment* provisions under both policies.

For your convenience, please find attached a copy of revised endorsements MH(F) 300 and MH(C) 300, Special Provisions.

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 October 1, 2018.

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
Attachments
P-18-2

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS

AMENDATORY ENDORSEMENT

LIABILITY

The Claim Expense coverage is deleted and replaced by the following:

For claim expenses WE pay:

1. Expenses incurred by US and costs taxed against YOU in any suit WE defend;
2. Premiums on bonds required in a suit defended by US, but not for bond amounts greater than the Limit of Liability for Personal Liability Coverage. WE are not obligated to apply for or furnish any bonds;
3. Expenses incurred by YOU at OUR request, including up to \$25 a day actual loss of earnings, for assisting US in the investigation or defense of any claim or suit;
4. Interest on the entire judgment which accrues after entry of the judgment and before WE pay, formally offer, or deposit in Court that part of the judgment which does not exceed the limit of OUR liability on that judgment; and
5. Prejudgment interest awarded against YOU on that part of the judgment WE pay. If WE make an offer to pay the applicable limit of liability, WE will not pay any prejudgment interest based on that period of time after the offer.

The **LIABILITY DOESN'T PROVIDE PAYMENT FOR** Section is deleted and replaced by the following:

PERSONAL LIABILITY COVERAGE AND MEDICAL PAYMENTS TO OTHERS COVERAGE DOESN'T PAY FOR BODILY INJURY OR PROPERTY DAMAGE:

- Arising out of the serving or furnishing of alcoholic beverages to any person;
- Arising out of YOUR business pursuits;
- Arising out of the rental of holding for rental of any premises owned by YOU intended for use as a residence for more than two roomers or boarders;
- Arising out of the rendering of failing to render professional services;
- Arising out of any premises owned or rented to YOU unless it is shown on Page One or a premium charge has been made;
- Arising out of the ownership, maintenance,

use, loading or unloading of;

- Any motor vehicle licensed or not for road use, on or off public roads except golf carts while used for golfing, riding lawn mowers or equipment usual and incidental to the maintenance of YOUR mobile home premises;
- Aircraft;
- Watercraft;
If the watercraft has inboard or inboard-outboard motor(s) exceeding 50 horsepower;
If it is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length; or
If it is powered by one or more outboard motors with more than 25 combined total horsepower owned by YOU;
- Caused directly or indirectly by war, hostile or war-like action in time of peace. or war whether or not declared, riot or civil disorder; or which is expected or intended by YOU;
- Arising out of sexual molestation, corporal punishment or physical or mental abuse.

GENERAL POLICY CONDITIONS

WHAT TO DO WHEN YOU HAVE A LOSS

The fifth paragraph is replaced with the following:

Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Named Peril from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Named Peril

c. Coverage provided under a. and b. does not:

(1) Increase the limits of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in Section I – Conditions and is limited to the greater of:

(3) \$3,000; or

(4) 1% of your limit of liability;

unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize.

If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Named Peril you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

- d.** In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

The following is added to the sixth paragraph:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 90 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

All other provisions of this policy apply.

The following is added under **General Policy Conditions:**

Non-Assignability of Policy or Policy Benefits

1. Assignment of this policy will not be valid unless we give our written consent.
2. The benefits of this policy that may be available to you following a covered loss may not be assigned unless:
 - a. All duties listed in General Policy Conditions are performed by you; and
 - b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS

AMENDATORY ENDORSEMENT

LIABILITY

The Claim Expense coverage is deleted and replaced by the following:

For claim expenses WE pay:

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2. Premiums on bonds required in a suit defended by US, but not for bond amounts greater than the Limit of Liability for Personal Liability Coverage. WE are not obligated to apply for or furnish any bonds;
3. Expenses incurred by YOU at OUR request, including up to \$25 a day actual loss of earnings, for assisting US in the investigation or defense of any claim or suit;
4. Interest on the entire judgment which accrues after entry of the judgment and before WE pay, formally offer, or deposit in Court that part of the judgment which does not exceed the limit of OUR liability on that judgment; and
5. Prejudgment interest awarded against YOU on that part of the judgment WE pay. If WE make an offer to pay the applicable limit of liability, WE will not pay any prejudgment interest based on that period of time after the offer.

The **LIABILITY DOESN'T PROVIDE PAYMENT FOR** Section is deleted and replaced by the following:

PERSONAL LIABILITY COVERAGE AND MEDICAL PAYMENTS TO OTHERS COVERAGE DOESN'T PAY FOR BODILY INJURY OR PROPERTY DAMAGE:

- Arising out of the serving or furnishing of alcoholic beverages to any person;
- Arising out of YOUR business pursuits;
- Arising out of the rental of holding for rental of any premises owned by YOU intended for use as a residence for more than two roomers or boarders;
- Arising out of the rendering of failing to render professional services;
- Arising out of any premises owned or rented to YOU unless it is shown on Page One or a premium charge has been made;
- Arising out of the ownership, maintenance,

use, loading or unloading of;

- Any motor vehicle licensed or not for road use, on or off public roads except golf carts while used for golfing, riding lawn mowers or equipment usual and incidental to the maintenance of YOUR mobile home premises;
- Aircraft;
- Watercraft;
If the watercraft has inboard or inboard-outboard motor(s) exceeding 50 horsepower;
If it is a sailing vessel, with or without auxiliary power, 26 feet or more in overall length; or
If it is powered by one or more outboard motors with more than 25 combined total horsepower owned by YOU;
- Caused directly or indirectly by war, hostile or war-like action in time of peace. or war whether or not declared, riot or civil disorder; or which is expected or intended by YOU;
- Arising out of sexual molestation, corporal punishment or physical or mental abuse.

GENERAL POLICY CONDITIONS

WHAT TO DO WHEN YOU HAVE A LOSS

The fifth paragraph is replaced with the following:

Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Named Peril from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Named Peril
- c. Coverage provided under **a.** and **b.** does not:
 - (1) Increase the limits of liability that applies to the covered property; or
 - (2) Relieve you of your duties, in case of a loss to covered property, described in Section I – Conditions and is limited to the greater of:
 - (3) \$3,000: or

(4) 1% of your limit of liability;

unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize.

If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Named Peril you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

- d.** In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

The following is added to the sixth paragraph:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 90 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

All other provisions of this policy apply.

The following is added under **General Policy Conditions**:

Non-Assignability of Policy or Policy Benefits

- 1.** Assignment of this policy will not be valid unless we give our written consent.
- 2.** The benefits of this policy that may be available to you following a covered loss may not be assigned unless:
 - a.** All duties listed in General Policy Conditions are performed by you; and
 - b.** An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS AMENDATORY ENDORSEMENT

SECTION I – COVERAGES

ADDITIONAL COVERAGES Paragraph 2 is replaced with the following:

Reasonable Repairs

a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.

b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against.

c. Coverage provided under a. and b. does not:

(1) Increase the limit of liability that applies to the covered property; or

(2) Relieve you of your duties, in case of a loss to covered property, described in Section I – Conditions and is limited to the greater of:

(3) \$3,000; or

(4) 1% of your Coverage A limit of liability; unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize.

If we fail to respond to you within 72 hours of your request to us and the damage is caused by a Peril Insured Against you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

d. In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

Section I – Conditions

2. Your Duties After Loss

The following is added to the end of Paragraph e:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

SECTION II - EXCLUSIONS

Under item 1. Coverage E - Personal Liability and Coverage F - Medical Payment to Others, the following exclusion is added to all Forms:

g. arising out of sexual molestation, corporal punishment or physical or mental abuse.

SECTION II - ADDITIONAL COVERAGES

Under item 1. Claim Expenses the following paragraph is added:

e. prejudgment interest awarded against any insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment interest based on that period of time after the offer.

SECTION II – CONDITIONS

3. Duties After Loss

The following is added to the end of Paragraph d.: However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

All other provisions of this policy apply.

SECTION I AND SECTION II – CONDITIONS

7. Assignment is replaced by the following:

7. Non-Assignability of Policy or Policy Benefits

1. Assignment of this policy will not be valid unless we give our written consent.

2. The benefits of this policy that may be available to you following a covered loss may not be assigned unless:

a. All duties listed in Section I Conditions are performed by you; and

b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SPECIAL PROVISIONS

AMENDATORY ENDORSEMENT

Section I – Conditions

ADDITIONAL COVERAGES Paragraph 2. is replaced with the following:

2. Reasonable Repairs

- a. We will pay the reasonable cost incurred by you for the necessary measures taken solely to protect covered property that is damaged by a Peril Insured Against from further damage.
- b. If the measures taken involve repair to other damaged property, we will only pay if that property is covered under this policy and the damage is caused by a Peril Insured Against.
- c. Coverage provided under a. and b. does not:
 - (1) Increase the limit of liability that applies to the covered property; or
 - (2) Relieve you of your duties, in case of a loss to covered property, described in Section I – Conditions and is limited to the greater of:
 - (3) \$3,000; or
 - (4) 1% of your Coverage A limit of liability; unless we grant you approval within 72 hours of your request to exceed the limit. In such circumstance we will pay only up to the additional amount for the measures we authorize.

If we fail to respond to you within 72 hours of your request to us and the damage is caused by a **Peril Insured Against** you may exceed the amount stated above only up to the cost incurred by you for the reasonable repairs necessary to protect the covered property from further damage.

- d. In the event such repairs are undertaken, we have the right to inspect the repairs and the removed property which, to the extent possible, you are required to retain.

2. Your Duties After Loss

The following is added to the end of Paragraph e:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

SECTION II - EXCLUSIONS

Under item 1. Coverage E - Personal Liability and Coverage F - Medical Payment to Others, the following exclusion is added to all Forms:

- g. arising out of sexual molestation, corporal punishment or physical or mental abuse.

SECTION II - ADDITIONAL COVERAGES

Under item 1. Claim Expenses the following paragraph is added:

- e. prejudgment interest awarded against any insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of liability, we will not pay any prejudgment interest based on that period of time after the offer.

SECTION II – CONDITIONS

3. Duties After Loss

The following is added to the end of Paragraph d.:

However, if a state of disaster is proclaimed or declared for the State of North Carolina or for an area within the state in accordance with North Carolina law and the covered property that has sustained loss is located within the geographic area designated in the disaster proclamation or declaration, this 60 day period shall not commence until the expiration of the disaster proclamation or declaration, including all renewals of the proclamation or 45 days, whichever is later.

All other provisions of this policy apply.

SECTION I AND SECTION II – CONDITIONS

7. Assignment is replaced by the following:

7. Non-Assignability of Policy or Policy Benefits

1. Assignment of this policy will not be valid unless we give our written consent.
2. The benefits of this policy that may be available to you following a covered loss may not be assigned unless:
 - a. All duties listed in Section Conditions are performed by you; and
 - b. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our written consent.