



July 12, 2005

“KNOWN INJURY OR OCCURRENCE PROVISIONS” UMBRELLA ENDORSEMENT APPROVED IN DELAWARE

BACKGROUND

MSO® had previously announced the development of new endorsements entitled “Known Injury or Occurrence Provisions” for use with its Commercial Liability, Commercial Auto, Special Contractors, House of Worship, Businessowners, and Umbrella programs. These endorsements were developed as a result of court decisions (i.e., the Montrose court case) relating to “known loss,” which pertains to the concept that one cannot purchase insurance to cover a loss which has already taken place.

The forms clarify the policy wording by stating that if the insured knew that bodily injury or property damage had occurred prior to the inception of the policy term, then there is no coverage under the policy. The intent is to clarify the original scope of coverage. The forms also clarify the situation in which the bodily injury or property damage was discovered during the policy term, and not known about prior to the policy term, and thus precluded from coverage. That coverage wording includes any change in, continuation of, or resumption of that bodily injury or property damage after the end of the policy. The wording is meant to prevent a loss from continuing through multiple policy periods.

Additional wording defines when bodily injury or property damage was deemed to have been known or have occurred.

MSO ACTION

MSO has now received approval of the umbrella endorsement (MCL 756) in Delaware. It was previously announced that the form was approved in Maryland and available for use in New Jersey and Pennsylvania.

EFFECTIVE DATE

Immediately in Delaware.

DISTRIBUTION

This form will be added to the CD-ROM, and affiliated companies can access it through our website: <http://www.msonet.com>.

QUESTIONS

Contact Dennis Carrigan at (800) 935-6900 or e-mail dcarrigan@msonet.com.