



August 29, 2005

## **REVISED COMMERCIAL LIABILITY PROGRAM APPROVED**

### **BACKGROUND**

We have developed an updated Commercial Liability Program. The new 2005 program will replace the current program.

### **PROGRAM CHANGES**

This revision introduces new versions of the four policy forms (MCL 010, 020, 030 and 040) as well as revisions to various endorsements and several manual pages.

Most of the language changes are editorial in nature. Several changes are broadening, while others are restrictions. Overall, these changes are being introduced without any changes in rate level.

The revision highlights include the following:

#### **GENERAL LIABILITY FORM - MCL 010**

##### **Part II A • Main Liability Coverage**

Included language to clearly state that the policy does not cover bodily injury or property damage that an insured or authorized employee had any knowledge of prior to the policy term.

##### **Part II B • Supplemental Coverages**

- Defense Coverage - Increased the payments for lost earnings from \$100 per day to \$250 per day.
- Contractual Coverage - Revised to state that bodily injury or property damage is covered only to the extent that you or those acting on your behalf contributed to the bodily injury or property damage.
- Incidental Automobile Coverage - Revised to include the operation of devices permanently attached to certain mobile equipment subject to motor vehicle insurance laws.
- Incidental Fire Legal Liability Coverage - Added new trigger endorsement (MCL 511) to expand the perils covered under Fire Legal Liability to “all risk.” This trigger replaces endorsement MCL 421 • Expanded Legal Liability which has been withdrawn.

**PROGRAM  
CHANGES - Cont.**

- Incidental Mobile Equipment Coverage - Revised to exclude mobile equipment subject to compulsory or financial responsibility laws or other motor vehicle insurance laws. These vehicles are considered autos. However, the Incidental Automobile Coverage may still pick up the operation of devices permanently attached to such mobile equipment.
- Personal Injury / Advertising Injury Coverages - Revised to exclude intentional injuries as well as certain high tech (e-commerce) type losses.

**Part II C • Liability Not Insured**

- Business Activities / Business Risk Exclusions - Moved exclusions for massaging, ear piercing, body piercing, tattooing, etc. from the state mandatory endorsement to this policy form.
- Employee, Employment, and Related Injury Exclusions - Included references to limited liability companies. Removed the trigger endorsement mechanism (MCL 504) to activate the exclusion for discrimination, harassment, refusal to employ, termination and other similar employment related acts. All policies include this exclusion.
- Endangerment or Harm Exclusion - Replaced the words “willful harm” with “willfully harmful act.”
- Fungi / Mold Exclusion - Excludes losses as a result of fungi / mold.
- Mobile Equipment Exclusion - Mobile equipment is now a defined term.
- Silica Exclusion - Excludes losses as a result of silica.

**Part II D • Special Liability Conditions**

- Duties of Insureds - Included the insurer’s right to require the insured to provide statements under oath and to video record any examination.

Moved the additional conditions for Coverage F from the state mandatory endorsement to this policy form.

- Other Conditions - Included conditions for two or more policies issued by us.

**Part II E • Glossary**

- Revised the following definitions:  
Automobile, Employee, Insured, Temporary Worker, and You/Your/Yourself.
- Added definitions for the following:  
Fungi and Rot and Decaying Organisms.

**PROGRAM  
CHANGES - Cont.**

**Common Conditions - Part II**

- Coverage Territory - The District of Columbia has been included.
- Other Insurance - Revised to indicate that the liability coverage is excess over any other insurance. The full policy limit is not affected by this provision, but coverage is initially directed back to another primary policy applying, if such exists.

**Common Exclusions - Part II**

- Governmental / Legal / War Exclusion - Revised to clarify that acts done to defend against war whether actual or expected are not covered. Also included an exclusion for violation of laws regarding unsolicited telephone calls and faxes.

**OWNERS / CONTRACTORS LIABILITY FORM - MCL 020**

**BASIC GENERAL LIABILITY FORM - MCL 030**

**PRODUCTS/COMPLETED OPERATIONS LIABILITY FORM - MCL  
040**

Changes similar to MCL 010 as applicable.

**ENDORSEMENTS** - The changes to endorsements were mostly formatting and style revisions. Forms that included multiple endorsements on one page have been broken up into individual endorsements.

The following endorsements have been withdrawn from this program as they are now included in the policies:

MCL 183, MCL 184, MCN 184, MCL 190, MCL 194, MCL 195, MCL 421 and MCL 430.

Three new endorsements have been added to the program:

MCL 019 • Declarations Extension. Provides a list of the trigger endorsements and the forms in which they can be found.

MCL 169 • Designated Ongoing Operations Exclusion. Excludes occurrences arising out of the designated ongoing operations.

MCL 179 • Damage To Your Work Performed By Subcontractors Exclusion. Excludes property damage to work performed on your behalf by subcontractors.

**MANUAL PAGES** - Revisions to correct typos and for clarification purposes.

**EFFECTIVE  
DATE**

October 1, 2005

New Jersey, Pennsylvania, Delaware and Maryland

**PROGRAM  
COMPATIBILITY**

Commercial Auto Form MCA 010 (1/97) is in the process of being revised. The updated auto policy will pick up the coverage for mobile equipment subject to compulsory or financial responsibility laws or other motor vehicle insurance laws now excluded in the Commercial Liability program. Companies need to be aware of the potential coverage gaps if combining current versions of a program with earlier versions of another program. An endorsement to amend Commercial Auto Form MCA 010 (1/97) to be compatible with the revised Commercial Liability forms can be developed and filed on a company by company basis.

**DISTRIBUTION**

The new policies, endorsements, manual pages and policyholders' notices will be added to the CD-ROM. Affiliated companies will be able to access these through our website: <http://www.msonet.com>.

**QUESTIONS**

Contact Pepper Treuvey at (800) 935-6900 or e-mail: [ptreuvey@msonet.com](mailto:ptreuvey@msonet.com).