



August 22, 2006

ALTERNATE PERSONAL UMBRELLA LIABILITY COVERAGE ENDORSEMENT MPL 180 INTRODUCED IN NJ

BACKGROUND

MSO[®] developed endorsement MPL 180 as part of the 2005 version of the Personal Lines Program in Delaware, Maryland and Pennsylvania. This endorsement is identical in coverage to the stand alone Personal Umbrella Liability form, MPL 100 applicable in those states.

Companies asked us to file the MPL 180 in New Jersey as an alternate to MPL 80. Endorsement MPL 180 does not replace MPL 80 in New Jersey, but may be used instead of MPL 80.

MSO ACTION

We have filed and received approval of endorsement MPL 180 (Ed.08 06) in New Jersey. To satisfy requirements of the Department of Banking and Insurance, this version differs from the MPL 180 applicable in the other states.

These differences are in the Pollution Exclusion and the Lead Exclusion. The Pollution Exclusion follows MPL 80 in that it applies only to tenant occupied risks and risks with farming exposure. The Lead Exclusion follows the same criteria as applicable to commercial lines.

EFFECTIVE DATE

September 1, 2006.

MANUAL RULE

The Department of Banking and Insurance is concerned that allowing for different Umbrella coverage forms could lead to discrimination among risks within a company. To avoid this, we revised the Scope of Coverage rule in the Excess Umbrella pages to provide that a company must select which umbrella endorsement they will use. A company cannot use the different endorsements interchangeably among risks.

FORM DIFFERENCES

The differences between MPL 80 and MPL 180 in New Jersey are as follows:

Defense Condition

MPL 180 No duty to defend claim or suit that any other insurer has a duty to defend. May elect to join in the defense of such a claim or suit.

MPL 80 If primary insurer does not defend a covered occurrence, insurer has the right to enter a defense - but not obligated to do so.

Prejudgment Interest

MPL 180 Covered.

MPL 80 Not mentioned.

Aircraft; Motor Vehicles; Watercraft Exclusion

MPL 180 Newly acquired not covered unless insurer notified within 30 days of acquisition.

MPL 80 Not mentioned.

Business Activities Exclusion

MPL 80 Use (other than as a taxi or for hire) of a private passenger type auto covered by a primary policy is not subject to this exclusion.

MPL 180 The above provision, while not specifically mentioned, would be inferred from the MPL 180 exclusions.

Endangerment or Harm Exclusion

MPL 180 Also excludes transmission of communicable disease by an insured; and sexual molestation, corporal punishment, physical or mental abuse.

MPL 80 Not mentioned.

Governmental And Legal Action Exclusions

MPL 180 Includes exclusions for war; confiscation or seizure by authorities; knowing violation of law or ordinance; illegal drugs; fines or forfeiture to government; exemplary or punitive damages.

MPL 80 Not mentioned.

**FORM DIFFERENCES
(Cont'd.)**

Nuclear Liability Exclusion

MPL 180 Included.

MPL 80 Not mentioned.

Personal Injury Exclusions

MPL 80 Publication or utterances done with knowledge that such is false excluded under Endangerment or Harm Exclusion.

Separate Prior Acts Exclusion for publication or utterances done before beginning of policy period.

MPL 180 Includes both in separate Personal Injury Exclusion.

Asbestos Exclusion

MPL 180 Included.

MPL 80 Not mentioned.

Lead Exclusion

MPL 180 Included (same criteria as for commercial lines).

MPL 80 Not mentioned.

Appeals Condition

MPL 180 If insured / underlying insurer doesn't appeal judgment that exceeds underlying limit, insurer may do so. Insurer will then pay all costs of appeal.

MPL 80 Not mentioned.

DISTRIBUTION

This new endorsement and manual rule will be added to the CD-ROM. Affiliated companies will be able to access it through our website <http://www.msonet.com>.

**POLICYHOLDER
NOTICES**

As companies are using different editions of MPL 80, if you decide to use MPL 180, we will work with you to develop a policyholder notice appropriate to the MPL 80 edition you are using.

QUESTIONS

Contact Jan Kozlowski at (800) 935-6900 or e-mail to jkozlowski@msonet.com.