



August 22, 2006

REVISED COMMERCIAL FARM LIABILITY PROGRAM APPROVED IN VIRGINIA

BACKGROUND

We have updated the Commercial Farm Liability Program. The new 2006 program will replace the current program.

PROGRAM CHANGES

This revision introduces a new version of policy form MFL 060 as well as revisions to 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:

FARM LIABILITY FORM - MFL 060

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 Motor Vehicle Coverage - Coverage for the use of golf carts is broadened to include more than just while being used to play golf. 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 This trigger replaces endorsement MCL 421 • Expanded Legal Liability which has been withdrawn.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'd.)**

- 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 Motor Vehicle Coverage may still pick up the operation of devices permanently attached to such mobile equipment.
- Incidental Watercraft Coverage - Included references to watercraft “leased” by an insured.
- 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 - Included exclusions for massaging, ear piercing, tanning etc.
- 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. Endorsement MCL 183 • Fungi/Mold Exclusions has been withdrawn.
- Mobile Equipment Exclusion - Mobile equipment is now a defined term.
- Silica Exclusion - Added exclusion for 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.
- Other Conditions - Included conditions for two or more policies issued by us. Endorsement MCL 190 • Two or More Policies Issued By Us has been withdrawn.

Part II E • Glossary

- Revised the following definitions:
Business Pursuits, Insured, Motor Vehicle, and You/Your/Yourself.

**PROGRAM
CHANGES - (Cont'd.)**

- Added definitions for the following:
Employee, Fungi, Leased Worker, Rot and Decaying Organisms, and Temporary Worker.

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.

ENDORSEMENTS

The following endorsements were previously withdrawn from use with the Commercial Liability Program. These endorsements have also been withdrawn from the Farm Liability program as they are now included in policy form MFL 060:

MCL 183, MCL 190, MCL 421 and MCL 430.

MANUAL PAGES - Several corrections were made to Endorsement Listing section of the MSO Commercial Liability Manual under the list of endorsements preprinted in the Farm Coverage Forms. Rules pertaining to the withdrawn endorsements were previously removed in the Commercial Liability program update effective April 1, 2006.

EFFECTIVE DATE

January 1, 2007

**PROGRAM
COMPATIBILITY**

The revised MFL 060 (08 06) excludes coverage for mobile equipment subject to compulsory or financial responsibility laws or other motor vehicle insurance laws. Companies need to be aware of the potential coverage gaps if combining the MSO Farm Liability form with some versions of commercial auto policies.

DISTRIBUTION

The revised MFL 060, manual pages and policyholders' notice 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.