



August 30, 2006

VIRUS CONTAMINATION EXCLUSION ENDORSEMENT APPROVED FOR MD HOMEOWNERS; LIABILITY EXCLUSIONS WITHDRAWN

BACKGROUND MSO® has developed endorsements to introduce a specific exclusion for contamination by viruses or other pathological agents. We have developed an endorsement for Personal Lines Property and Commercial Lines endorsements for Property and Liability.

We previously announced approvals of the endorsements for all lines except Homeowners in Maryland. The Maryland Insurance Administration has now approved endorsement MPL 129 07 06 for Homeowners.

However, following discussion with the MIA, we have withdrawn the endorsements that apply to liability coverage. Endorsements MCL 199 and MCL 757 are no longer applicable in Maryland.

EFFECTIVE DATE September 1, 2006.

DISTRIBUTION The approved endorsement MPL 129 will be added to the CD-ROM. Affiliated companies will be able to access them through our website: <http://www.msonet.com>.

PROGRAM STATUS Virus contamination exclusion endorsements apply in the following states:

MCP 401

DE/MD/PA - Commercial Property, Businessowners, Contractors, Farmowners,
Garage, House of Worship
IN - Businessowners

MCL 199

DE / PA - Commercial Liability, Businessowners, Contractors, Farmowners,
Garage, House of Worship
IN - Businessowners

MCL 757

DE / IN / PA - Commercial Umbrella

**PROGRAM
STATUS (Cont'd.)**

MPL 129

DE / MD / PA - Homeowners, Mobilehomeowners, Dwelling

There are no other filings pending at this time.

The above referenced endorsements are not available in New Jersey at this time as the New Jersey Department of Banking and Insurance's current position is to not allow specific virus exclusions.

QUESTIONS

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