



November 1, 2006

VIRUS CONTAMINATION EXCLUSION ENDORSEMENTS APPROVED FOR COMMERCIAL LINES

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 that the New Jersey Department of Banking and Insurance would not approve these exclusions. We recently refiled the endorsements in New Jersey and announced approval of the Personal Lines endorsement. The Commercial Lines endorsements are now approved in New Jersey.

Although the property forms currently include an exclusion for “contamination” under Wear and Tear, the new property endorsement MCP 401 will explicitly apply that exclusion to any virus or other disease causing pathological agent.

While viruses could be argued to be a contaminant or irritant under the definition of pollutant under liability, the new liability endorsement MCL 199 provides a specific statement of the intent to exclude claims for virus / pathological agent contamination. A sample policyholder notice is available for MCL 199.

EFFECTIVE DATE November 1, 2006.

DISTRIBUTION The approved endorsements MCL 199 and MCP 401 and related manual rules will be added to the CD-ROM. Affiliated companies will be able to access them through our website: <http://www.msonet.com>.

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