



October 4, 2007

REVISIONS TO SPECIAL CONTRACTORS PROGRAM APPROVED

BACKGROUND We have updated the Special Contractors Policy to build in material previously approved in various endorsements as well as other revisions.

PROGRAM CHANGES This revision introduces an updated version of the Special Contractors policy. MSC 010 (10 07) replaces MSC 010 (09 98).

The revision highlights include the following:

GENERAL FORM - MSC 010

Part I A • Main Property Coverages - Coverage B and Coverage C

Included a reference to “tangible” to convey the intent that this does not include intellectual or other intangible property.

Part I B • Supplemental Coverages

Reworded items in this section to state that unless otherwise specified, the limits shown in the Supplemental Declarations are additional amounts of insurance. This tracks with other MSO[®] policies.

Accounts Receivable

Added credit card billings.

Outdoor Signs

Added sign posts and poles.

Building Code / Law Coverage

Included references to fungi/mold in the governmental action portion of the exclusion. The costs and expenses arising out of responding to a governmental directive should not trigger Building Code Coverage. These are items which are not otherwise covered in the policy.

Collapse Coverage

Added Collapse as a Supplemental Coverage. Previously, collapse was listed under covered perils. The Supplemental Coverage provides a clearer description of the coverage intended. Collapse is also now a defined term in the Glossary.

**PROGRAM
CHANGES - Cont.**

Part I E • Property Limitations

Disappearance or Dishonesty Exclusion

Added reference to “shoplifting” for clarification.

Part I F • Losses Not Insured

Computer Hacking and Computer Virus Exclusion

Added exclusions for computer hacking and computer virus and added these as defined terms in the Glossary. These are high tech losses never intended to be covered by a standard property policy.

Flood / Flooding

Included “storm surge” as a clarification.

Freezing of Appliances or Other Equipment Exclusion

Modified the exclusion to not apply as long as the necessary care is maintained by anyone, not just the insured. Included the word “adequate” for clarification.

Water Damage Exclusion

Reworded to track other MSO policies. Also included “sewage.” This addresses adverse decisions that ruled sewage is not water and overflow from a sump is not backup.

Wear, Tear and Other Specified Causes of Loss Exclusions

Added “raccoons” to the list of excluded creatures. Raccoons are not part of the rodent family, so need to be separately listed.

Refined the mold exclusion to also include fungus and mold-like items such as spores, mildew, bacteria and other natural growth. Correspondingly included a definition of fungi in the Glossary.

Included the virus wording currently contained in endorsement MCP 401. MCP 401 will be withdrawn from this program.

Included “rock slides or rock falls” with other types of land movement.

Weather/Related Exclusions

Added an exclusion for drought to specifically identify this as a weather-related, excluded loss.

Part I G • Special Part I Conditions

How Losses Are Settled

Added a reference to indicate that glass is subject special limits. This is added for clarification as this condition is already specified in Supplemental Coverage 3.

**PROGRAM
CHANGES - Cont.**

Appraisal

Revised the Appraisal Condition to use “disinterested” rather than “impartial.” This change brings the condition back to the original intent as authorized by the 165 line fire policy.

Part II • Main Liability Coverages

Coverage E • Liability To Others

Included language from endorsement MCL 195 • Known Injury of Occurrence Provisions to exclude coverage for losses or occurrences known to have occurred prior to the policy period. Endorsement MPL 195 has been withdrawn from this program.

Part II B • Supplemental Coverages

Defense Coverage

Increased payment for time off from work from \$100 to \$250.

Contractual Coverage

Built the limitations described in endorsement MCL 194 • Contractual Coverage Limitations into the policy. BI/PD coverage only to the extent you or those acting on your behalf contributed to the BI/PD. MCL 194 has been withdrawn from this program.

Incidental Automobile Coverage

The Incidental Mobile Equipment Coverage does not include mobile equipment subject to compulsory / financial responsible or other motor vehicle insurance laws. This section has been added to state that the operation of devices permanently attached to such vehicles is covered if it would qualify as mobile equipment except for being subject to compulsory / financial responsible or other motor vehicle insurance laws.

Incidental Fire Legal Liability Coverage

Reformatted to track with other MSO policies.

Incidental Mobile Equipment Coverage

Mobile equipment, while defined, was previously not shown in italics. Mobile Equipment supplemental coverage includes a statement that mobile equipment subject to compulsory or financial responsibility laws or other motor vehicle laws are now considered automobiles and must be insured under an auto policy. The Incidental Auto Coverage will still pick up the operation of certain described devices.

Personal Injury / Advertising Injury Coverages

Revised Personal Injury / Advertising Injury to include exclusions for an intentional injury type as well as new exclusions for high tech (e-commerce) advertising injury losses not intended to be covered.

Added “trade dress” to the definition of advertising injury.

**PROGRAM
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Part II C • Liability Not Insured

Business Activities / Business Risk Exclusions

Revised the “recall” text to include recall by you or any other organization to clarify the intent of the policy. Also moved these exclusions (massaging, ear piercing, body piercing, tattooing, etc.) from the State Mandatory endorsement to the policy form.

Employee, Employment, And Related Injury Exclusions

Removed Paragraph F. as mobile equipment that is registered under a motor vehicle law is considered an auto and therefore not covered under the GL policies. Also corrected “executive employee” to “executive officer.” Added “Limited Liability Company.”

Fungi/Mold Exclusions

Built in the Fungi / Mold exclusion from endorsement MCL 183 • Fungi / Mold Exclusions - Liability. This endorsement has been withdrawn from this program.

Mobile Equipment Exclusions

Removed the note that referred to 10.D as this paragraph has been eliminated.

Pollution / Environmental Damage Exclusion

Revised to include Personal Injury / Advertising Injury.

Added language to clarify that controlled fires would not be excluded as long as the premises is not or was not used for the handling, storing, disposing of, processing or treatment of waste. Also referenced material that is to be reclaimed, reconditioned or recycled. This language mirrors the definition of “pollutants” in the Glossary

Premises / Other Property Additional Exclusions

Removed Paragraph D. as mobile equipment that is registered under a motor vehicle law is considered an auto and therefore not covered.

Professional Activities Exclusion

Added trigger endorsement MCL 505 to waive the exclusion under specific circumstances.

Silica Exclusion

Built in the Silica Exclusion from endorsement MCL 184 • Silica Exclusion - Liability. This endorsement has been withdrawn from this program.

Virus Contamination Exclusion

Built in the Virus Contamination Exclusion from endorsement MCL 199 • Virus Contamination Exclusion - Liability. This endorsement has been withdrawn from this program.

**PROGRAM
CHANGES - Cont.**

Part II D • Special Liability Conditions

Duties of Insureds

Included under the “Duties of Insureds” the insurer’s right to require an examination under oath, signed and sworn statements and the right to video tape any examination.

Other Conditions

Included this provision currently found in MCL 190 • Two Or More Policies Issued By Us Condition. Prevents the stacking of limits if more than one policy applies to the same occurrence. This endorsement has been withdrawn from this program.

Common Glossary

Parts I and II

- Added “computer worm, Trojan Horse, spyware and adware” to the definition of “Computer Hacking.”
- Included definitions for “Fungi” and “Rot and Decay Organisms.”
- Revised the definition of You/Your/Yourself to define Named Insured.

Part I

- Included definitions for “Collapse”, “Computer Hacking ” and “Computer Virus.”
- Updated the definition of “Money/Securities” to include prepaid phone cards and stored value cards.

Part II

- Revised the definition of “Automobile” to be compatible with the revisions to Mobile Equipment.
- Included definitions for “Employee” and “Executive Officer.”
- Included references to Limited Liability Company in the definition of insureds as well as in other provisions of the policy, where appropriate. Endorsement MCL 430 • Limited Liability Company has been withdrawn from this program. Also, “Persons while driving mobile equipment. . .” paragraph is being deleted as mobile equipment driven on public highways is not covered under the HOW policy. This “over-the-road” exposure falls under the automobile policy.
- Included a definition for “Leased Worker.”
- Included a definition for “Temporary Worker.”

• Common Exclusions

Part I

Government / Legal / War

Revised the Government / Legal / War Exclusion to clarify that acts done to defend against war whether actual or expected are not covered.

Part II

Government / Legal / War

Revised the Government / Legal / War Exclusion 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 call and faxes.

**PROGRAM
CHANGES - Cont.**

Common Conditions - Parts I and II

Coverage Territory

Included the District of Columbia in the Coverage Territory condition.

Other Insurance

Part II

Revised the Other Insurance condition 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.

ADDITIONAL CHANGES

Format revised to remove the bullet characters and replace with alpha or numerical characters. Also removed parenthesis around letters or numbers.

The words “above” or “below” used when referencing other text in the policy has been revised to say “in the preceding paragraph” or “in the following paragraph”. This change is being made as companies may reproduce the policies from their systems and due to different spacing, margins etc., the items referred to may not always fall “above” or “below.”

ENDORSEMENTS

Revised Endorsements

MCP 415(06 07), MCP 416(06 07), MSC 011(10 07), and MSC 125(06 07).

The following endorsements were previously revised for the Commercial Liability program and are also available for the Special Contractors Program. MCL 410 (06 07), MCL 411 (06 07) and MCL 412 (06 07).

New Endorsement

MSC 019 (06 07) Declarations Supplement which lists the trigger endorsements found in MSC 010.

MANUAL PAGES

Manual pages have been reformatted to 8 ½ x 11. Therefore, text shifting has occurred.

Many Commercial Property and Commercial Liability options are currently available for use with the Special Contractors Program, however, rules were previously not included in the manual. Rule and endorsement references have been added for the available options.

A rule for Building Code/Law Coverage similar to the Commercial Property program has been added.

**PROGRAM
CHANGES - Cont.**

Debris Removal Additional Coverage. Option to increase the basic limit provided.

References to endorsements now built into the policy have been removed from the manual.

**EFFECTIVE
DATE**

December 1, 2007
New Jersey, Pennsylvania, Delaware and Maryland.

DISTRIBUTION

The revised Commercial Liability policies, 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.