



February 23, 2005

FUEL OIL EXCLUSION AND COVERAGE BUYBACK PROGRAM FOR PERSONAL LINES INTRODUCED IN DELAWARE AND MARYLAND

BACKGROUND

At the request of our affiliates, we have developed an exclusion for fuel oil related losses applicable to property damage liability. This exclusion is included in the mandatory endorsement - MPL 120 for Maryland and MPL 124 for Delaware. By including in the mandatory endorsement, the exclusion will apply to all policies.

Coincident with the introduction of the exclusion, we also developed a property damage coverage buyback endorsement MPL 127 with a liability limit of \$100,000. Rules are being introduced in the personal lines manual to provide a table of additional premium charges that vary depending on the type of fuel tank.

We included wording in paragraph A of MPL 127 to apply the coverage to “property damage first discovered during the policy period”. This is to restrict coverage to one policy period and, hopefully, prevent multiple policies (and multiple limits) from applying.

We included a Liability Not Insured section in MPL 127 and clearly stated that the other exclusions in the policy apply to the coverage provided by this endorsement.

We also developed sample policyholder notices for endorsements MPL 120 and MPL 124.

MSO[®] ACTION

We have filed and received approval in Delaware and Maryland.

EFFECTIVE DATE

February 20, 2005

DISTRIBUTION

Revised endorsements MPL 120 and MPL 124, new endorsement MPL 127, the policyholder notices and the revised manual pages have been added to the CD-ROM. Affiliated companies will be able to access these through our website: <http://www.msonet.com>.

QUESTIONS

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