



March 10, 2005

REVISED COMMERCIAL PROPERTY PROGRAM APPROVED IN NEW JERSEY, PENNSYLVANIA, MARYLAND AND DELAWARE

BACKGROUND Based on suggestions of the user companies, we have developed an updated Commercial Property Program. The new 2005 program will replace the current program.

PROGRAM CHANGES This revision introduces new versions of the three policy forms (MCP 010, 014 and 016) as well as revisions to various endorsements and several manual pages.

Most of the language changes are editorial in nature. Several changes are broadenings, while others are restrictions. Overall, these changes are being introduced without any changes in rate level.

The revision highlights include the following:

GENERAL PROPERTY FORM - MCP 010

- Reference to “tangible” under Coverage B • Business Personal Property and Coverage C • Personal Property of Others (page 2) to convey the intent that this does not include intellectual or other intangible property.
- **Part I B • Supplemental Coverages**
Section reformatted. Coverage provided is an additional amount of insurance unless otherwise indicated.
 - Accounts Receivable - Included credit card billings.
 - Building Code/Law Coverage - Included references to other pollutant type items and contaminants 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 - 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.
 - Fire Extinguisher Recharge Expense - New coverage.
 - Newly Acquired Property - Simplified the wording describing how the Coverage B limit applies to property being moved from a described premises to a newly described premises.

**PROGRAM
CHANGES
(Continued)**

- **Part I E • Property Loss Limitations**
 - Disappearance of Property - Added reference to “appropriation, shoplifting and pilferage.”
 - Additional exclusions added for computer hacking and computer virus. Included as defined terms in the Glossary.
 - Freezing of Appliances or Other Equipment Exclusion - Included the word “adequate” to heat required to be maintained in the building.
 - Water Damage Exclusion - Included “sewage” and “overflow from a sump.” Also extended the optional coverage as provided by trigger endorsement MCP 507 to provide coverage for sewage and overflow from a sump.
 - Wear and Tear Exclusion - Refined the mold exclusion to also include fungus and mold-like items such as spores, mildew, bacteria and other natural growth. Included a definition of fungi in the Glossary. Added “raccoons” to the list of excluded creatures. Included “rock slides or rock falls” with other types of land movement.
 - Weather Related Exclusion - Added an exclusion for drought.

- **Part I G • Special Part I Conditions**
 - How Losses Are Settled - Added a reference to indicate that glass is subject to special limits. This is added for clarification as this condition is already specified in Supplemental Coverage 3.
 - Revised the Appraisal Condition to use “disinterested” rather than “impartial.”

- **Part I H • Glossary**
 - Included definitions for “collapse”, “computer hacking” , “computer virus”, “fungi” and “rot and decay organisms.”
 - Updated the definition of “money/securities” to include prepaid phone cards and stored value cards.
 - You/your - Revised the definition to define named insured.

- **Part I • Common Conditions**
 - Coverage Territory - Included the District of Columbia.

**CONDOMINIUM ASSOCIATION FORM - MCP 014 and
COMMERCIAL CONDOMINIUM UNIT - OWNERS FORM -
MCP 016 - Changes similar to MCP 010 as applicable.**

ENDORSEMENTS - The changes to endorsements were mostly formatting and style revisions. Forms that included multiple endorsements on one page have been broken up into individual endorsements.

**PROGRAM
CHANGES
(Continued)**

MANUAL PAGES - Revisions to correct typos and for clarification purposes.

We also developed sample policyholder notices for MCP 010, 014 and 016.

**EFFECTIVE
DATE**

March 1, 2005

DISTRIBUTION

The new policies, endorsements and manual pages 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.