



May 28, 2008

REVISED GARAGE PROGRAM APPROVED

BACKGROUND

To keep all the commercial policy forms compatible, we have updated the Garage Program to build in the various changes that were introduced in the commercial property and commercial liability programs.

PROGRAM CHANGES

This revision introduces new versions of the Garage policy and endorsements as follows: MGP 010 (04 08); MGP 011 (04 08); MGP 100 (04 08); MGP 125 (04 08); and the New Jersey mandatory endorsement MGP 820 (04 08).

The revision highlights include the following:

SPECIAL GARAGE POLICY - MGP 010

Part I A • Main Property Coverages - Coverage B

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.

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. Added swimming pools to paragraph A. Also included “sewage” in paragraph B. 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.

Revised 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 to special limits. This is added for clarification as this condition is already specified in Supplemental Coverage 3.A.

**PROGRAM
CHANGES - Cont.**

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

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.

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

Deleted Paragraph F to track with the mobile equipment changes.

**PROGRAM
CHANGES - Cont.**

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 9.D as this paragraph has been eliminated.

Pollution / Environmental Damage Exclusion

Added reference to 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 MGP 508 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.

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 the 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.

**PROGRAM
CHANGES - Cont.**

Part III E • Exclusions - Losses Not Insured

Wear, Tear and Other Specified Causes of Loss Exclusions

Revised 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.

Common Glossary

Parts I, II and III

- 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.
- Included a definition of “Stock.”

Parts II and III

- Revised the definition of “Automobile” to be compatible with the revisions to Mobile Equipment.
- Revised definition of “Employee” to include an independent contractor.
- “Persons while driving mobile equipment. . .” paragraph is deleted as mobile equipment driven on public highways is not covered under the policy. This “over-the-road” exposure falls under the automobile policy.

Common Exclusions

Parts I and III

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 calls and faxes. Limited paragraph B to not apply to the use of customer’s vehicles.

Common Conditions

Coverage Territory

Included the District of Columbia in the Coverage Territory condition.

**PROGRAM
CHANGES - Cont.**

**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.

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.”

MANUAL PAGES

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

**EFFECTIVE
DATE**

June 1, 2008
Delaware, Maryland, New Jersey and Pennsylvania.

DISTRIBUTION

The revised Garage policy, 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 Jan Kozlowski at (800) 935-6900.