



May 21, 2009

NEW BED AND BREAKFAST BOP PROGRAM APPROVED IN NEW JERSEY

BACKGROUND

We have developed a new niche market Bed and Breakfast program. The new policy (BU 04 15 04 09) is a separate BOP form that includes many coverage enhancements designed to meet the needs of the B & B insured. A separate Decs Supplement (BU 04 16 04 09) accompanies the policy form. A two page manual supplement includes the rules and rates. The rules in the BOP Manual apply unless a different rule is in the supplement.

We have filed and received approval of the Bed and Breakfast program in New Jersey. We will be filing this program in all of the MSO® states.

EFFECTIVE DATE

June 1, 2009 - New Jersey

PROGRAM HIGHLIGHTS

The new program includes many coverage enhancements to make it competitive with other specialty programs on the market. The main coverage extensions, with optional increases available, are:

- Accounts Receivable - \$10,000
- Consequent Loss - \$5,000 /Utility Services & \$2,000 Mechanical Breakdown
- Credit Card/Forgery/Counterfeit Money - \$2,500
- Employee Dishonesty - \$10,000
- Food Contamination - \$50,000
- Guests Relocation Expense - \$25,000
- Lock Replacement - \$1,000
- Money & Securities - \$10,000 On & \$2,000 Off
- Outdoor Signs and Satellite Dishes - \$5,000
- Trees, Shrubs and Plants - \$1,000
- Valuable Papers - \$3,000
- Guest Property Coverage - \$1,000 per Guest & \$25,000 per Occurrence

In addition, if the insured lives on the premises, homeowners type coverage is also extended to the insured:

- Household contents - "all risk" coverage at replacement cost
- Additional living expense - 10% of Coverage A limit
- Comprehensive type personal liability

DISTRIBUTION

The new forms and revised rule supplement pages will be added to the CD-ROM. Affiliated companies will be able to access this through our website: <http://www.msonet.com>.

FUTURE MSO ACTION

We will announce the introduction of the program in other states as filings are approved.

COMPANY MODIFICATIONS

MSO is available to assist in modifying the new Bed and Breakfast program to meet individual company needs and to make any needed filings.

QUESTIONS

Contact Trish Riggio at (800) 935-6900.