

MASSACHUSETTS BUSINESSOWNERS ADVISORY NOTICE TO POLICYHOLDERS

This is a summary of the major changes to your policy. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations Page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL**.

The areas within the policy that broaden or reduce coverage, and other changes, are highlighted below. This notice does not reference every editorial change made in your policy.

BUSINESSOWNERS COVERAGE FORM BP 00 03

SECTION I – PROPERTY

BROADENINGS OF COVERAGE

Fire Department Service Charge Additional Coverage

The Fire Department Service Charge Additional Coverage limit of insurance has been increased from \$1,000 to \$2,500. Additionally, a new option for higher limits, to be designated in the Declarations, is also available.

Collapse Additional Coverage

The Collapse Additional Coverage has been revised to specify that we will pay for direct physical loss or damage to Covered Property, caused by collapse of a building or any part of a building that is insured under this policy or that contains Covered Property insured under this policy.

Business Income and Extra Expense Additional Coverages

The Business Income And Extra Expense Additional Coverages have been revised to convey that, in order for the condition of suspension to be met and Business Income or Extra Expense Coverages to apply, either a partial slowdown or complete cessation of business activities must occur **OR** a part or all of the described premises must be rendered untenantable. Previously, both conditions were required to be met in order to trigger the coverage.

Civil Authority Additional Coverage

The basic coverage period for the Civil Authority Additional Coverage is increased from three weeks to four weeks.

Forgery or Alteration Additional Coverage

The Forgery Or Alteration Additional Coverage has been revised to address substitute checks as defined by the federal Check Clearing for the 21st Century (Check 21) Act. This policy now covers loss resulting directly from forgery or alteration of any substitute check.

Electronic Data Additional Coverage

Coverage is provided for the cost of replacing or restoring electronic data which has been destroyed or corrupted by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus, subject to described limitations. The Electronic Data Coverage is subject to a \$10,000 annual aggregate limit of insurance (with the option to increase the limit via Declarations entry), which applies regardless of the number of occurrences, premises, locations or computer systems involved.

As revised, the coverage form explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the coverage form in the past. The revised coverage form also makes it explicit that a computer virus is a Covered Cause of Loss in many circumstances. To the extent that such losses would not have been covered in the past, this Additional Coverage represents a broadening of coverage.

Interruption of Computer Operations Additional Coverage

Coverage is provided for Business Income and/or Extra Expense arising from a business interruption caused by destruction or corruption of electronic data by a Covered Cause of Loss. The Covered Causes of Loss in this situation are certain named perils, including computer virus, subject to described limitations. The Interruption Of Computer Operations Coverage is subject to a \$10,000 annual aggregate limit of insurance (with the option to increase the limit via Declarations entry), which applies regardless of the number of occurrences, premises, locations or computer systems involved.

As revised, the coverage form explicitly provides coverage under certain circumstances for corruption of electronic data, a type of loss which was not explicitly addressed in the coverage form in the past. The revised coverage form also makes it explicit that a computer virus is a Covered Cause of Loss in many circumstances. To the extent that such losses would not have been covered in the past, this Additional Coverage represents a broadening of coverage.

Personal Property Off Premises Coverage Extension

The Personal Property Off Premises Coverage Extension has been revised to apply to all Covered Property. Previously this coverage extension applied only to covered Business Personal Property. The limit included in the policy has also been increased from \$5,000 to \$10,000.

Outdoor Property Coverage Extension

The Outdoor Property Coverage Extension has been revised to provide for an option to increase the applicable limit. Additionally, the sub-limit for any one tree, shrub or plant is increased to \$1,000.

Business Income And Extra Expense Exclusion

The exception in the Business Income And Extra Expense Coverage Exclusion with respect to coverage for loss caused by or resulting from suspension, lapse or cancellation of any license, lease or contract, has been expanded so that the exception will also apply during the extension of the "period of restoration" in accordance with the terms of the coverage.

Property Loss Conditions – Loss Payment – Party Walls

A provision has been introduced within the Loss Payment – Property Loss Condition that generally addresses exposures associated with party walls and the insured's interest in that wall.

Employee Dishonesty Optional Coverage

A definition of employee has been added within the context of Employee Dishonesty Coverage. Since the definition goes beyond what a dictionary definition might provide, such as its applicability to former employees, leased workers and consultants, it represents a broadening of coverage.

REDUCTION IN COVERAGE

Property Not Covered – Limitations – Coverage For Animals As Covered Property

Section I – Property has been revised to state that covered property, in general, does not include all animals. Additionally, a limitation has been added related to coverage that is provided with respect to animals, but the limitation does not apply for loss caused by a "specified cause of loss" or building glass breakage.

Civil Authority Additional Coverage

The use of a radius of one mile to circumscribe Civil Authority Coverage is, from a technical (though not historical) perspective, a reduction in coverage; that is, narrowing of the circumstances under which this coverage may apply.

Business Income From Dependent Properties Additional Coverage

The Business Income From Dependent Properties Additional Coverage has been revised to state that coverage does not apply when the only damage at the premises of the dependent property is damage to electronic data. If the dependent property suffers damage to electronic data and other property, resulting in a suspension of operations at your premises, coverage under the Additional Coverage will not continue after the other property is repaired or replaced.

Utility Services Exclusion

This exclusion newly applies to utility failure that originates at the described premises when such failure involves equipment used to provide utility service supplied by an off-premises provider.

Continuous Or Repeated Seepage Or Leakage Of Water Exclusion

A new Continuous Or Repeated Seepage Or Leakage of Water Exclusion has been added, to state that we will not pay for loss or damage caused by continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

Electronic Media And Records Limitation Property Loss Condition

Formerly, Business Income Coverage applicable to Electronic Media And Records losses was addressed by means of a Limitation under the Property Loss Conditions. Under this Limitation, business income loss due to damage to Electronic Media And Records was covered for the longer of 60 days or the time needed to restore other property.

We have eliminated the provisions outlined above, as a newly added Additional Coverage for Electronic Data sets forth a \$10,000 per policy aggregate amount of insurance, rather than a time limitation of 60 days.

OTHER CHANGES

Property Not Covered- Electronic Data

In the revised coverage form, electronic data (which is defined) is characterized as Property Not Covered, except as provided under Additional Coverage- Electronic Data.

Collapse Additional Coverage

The Collapse Additional Coverage Provision has been revised, in part, to reinforce its relationship with the Collapse Exclusion.

Pollutant Clean Up And Removal Additional Coverage

The Pollutant Clean Up And Removal Additional Coverage has been revised to state that coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of pollutants. But we will pay for testing which is performed in the course of extracting the pollutants from the land or water. Additionally, this

additional coverage has been revised to state that the expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

Limited Fungi or Bacteria Coverage

A number of provisions of Limited Fungi Or Bacteria Coverage Endorsement **BP 05 76** have been incorporated into Businessowners Coverage Form **BP 00 03**.

Newly Acquired Or Constructed Property Coverage Extension

The Newly Acquired Or Constructed Property Coverage Extension has been amended to specify that the limit provided under this coverage extension is applicable to Business Personal Property at each building.

Valuable Papers And Records Coverage Extension

The Valuable Papers And Records Coverage Extension has been revised to include the loss payment provisions applicable to Valuable Papers And Records (previously located under the Loss Payment Property Loss Condition). This newly added provision contains language applicable only to valuable papers and records and contains no reference to electronic media and records.

Utility Services Exclusion

A statement has been added to the Power Failure Exclusion, explaining that failure of power or other utility service includes lack of sufficient capacity and a reduction in the supply of the service.

Virus Or Bacteria Exclusion

The Virus Or Bacteria Exclusion has been newly added.

Artificially Generated Electrical Current Exclusion

The Electrical Apparatus Exclusion has been modified to explicitly incorporate various terms that reflect current understandings of technology with regard to power sources and associated systems.

Collapse Exclusion

The Collapse Exclusion has been revised in conjunction with revisions to reinforce the Collapse Additional Coverage.

Product Errors Exclusion

Coverage does not apply to loss or damage to any merchandise, goods or other product, caused by error or omission in any stage of the development, production or use of the product. But if the error or omission results in a covered cause of loss, the loss or damage attributable to the covered cause of loss is covered. Coverage intent is reinforced with an explicit provision in light of sporadic claims being asserted in contradiction of intent.

Limits Of Insurance

The Limits Of Insurance Provision has been revised to expressly provide that the amounts of insurance for the Increased Cost Of Construction, Business Income From Dependent Properties, Electronic Data and Interruption Of Computer Operations Additional Coverages apply in addition to the Section I – Property Limits.

Business Personal Property Limit – Seasonal Increase

The Business Personal Property Limit – Seasonal Increase Provision has been modified to indicate that the Limit of Insurance for Business Personal Property will increase by 25% or by a different percentage shown in the Declarations.

Deductibles

The Deductibles Provision has been revised to eliminate references to a separate glass deductible. Glass losses will now be subject to the otherwise applicable policy deductible.

Money And Securities Optional Coverage

Money and Securities in the amount of \$10,000/\$5,000 is not included as part of the Base Policy. This limit (\$10,000/\$5,000) will need to be added (charge associated) as part of the new product.

Employee Dishonesty Optional Coverage

Employee Dishonesty Coverage in the amount of \$10,000 is not included as part of the Base Policy. This limit (\$10,000) will need to be added (charge associated) as part of the new product.

Definition of Counterfeit Money

The definition of counterfeit has been updated to more adequately address counterfeit money. In conjunction with this change, the Money Orders And Counterfeit Money Additional Coverage has been revised to replace references to counterfeit paper currency with counterfeit money.

Definition of Electronic Data

"Electronic Data" has been added as a defined term, replacing the definition of "Electronic Media And Records". "Electronic Data" means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROM, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The new definition also elaborates on the term computer programs.

SECTION II – LIABILITY

BROADENINGS OF COVERAGE

Pollution Exclusion

The exception to the Pollution Exclusion which provides coverage for bodily injury arising out of smoke, fumes, vapors or soot from building heating equipment has been expanded to also apply to water heaters and cooling and dehumidifying equipment.

Who Is An Insured

The Who Is An Insured Provision has been revised to include trusts as insureds.

REDUCTION IN COVERAGE

Damage to Property Exclusion

The Damage To Property Exclusion has been revised by excluding property damage resulting from explosion.

Recording And Distribution Of Material Or Information In Violation Of Law Exclusion

An exclusion has been introduced to apply to bodily injury, property damage and personal and advertising injury arising directly or indirectly out of any action or omission that violates or is alleged to violate The Telephone Consumer Protection Act, The Fair Credit Reporting Act (FCRA) and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA), The CAN-SPAM Act or any other statute, ordinance or regulation that prohibits or limits the sending, transmitting, communication or distribution of material or information.

Athletic Activities Exclusion

The Athletic Activities Exclusion has been modified to more clearly express what types of athletic activities are excluded with respect to Medical Expenses Coverage. Medical expenses are not intended to be provided to a person injured while practicing, instructing or participating in any physical exercises or games, sports or athletic contests.

Liability And Medical Expenses Limits Of Insurance

The Aggregate Limits provision has been revised to state that the limit for Damage To Premises Rented To You is subject to the applicable Aggregate Limit.

OTHER CHANGES

Business Liability

An express reference is added to *or any offense* within the insuring agreement for Business Liability with respect to an insurer's right to investigate any occurrence and settle any claim or suit that may result.

Coverage Extension – Supplementary Payments

The Coverage Extension Supplementary Payments Provision has been revised to reinforce that coverage is provided for court costs taxed against the insured but that this does not include attorneys' fees or attorneys' expenses taxed against the insured. While this change is considered to be a reinforcement of coverage intent, it may result in a decrease in coverage in jurisdictions where courts have ruled that plaintiff's attorneys' fees or attorneys' expenses taxed against the insured can be levied as a supplementary payment.

War Liability Exclusion

A War Liability Exclusion is added to this policy. The exclusion had previously been added via mandatory War Liability Exclusion Endorsement.

Professional Services Exclusion

The Professional Services Exclusion has been revised to add language that expressly addresses, in part, claims alleging negligence or other wrongdoing in the hiring, employment, training, supervision or monitoring of others by an insured.

Personal And Advertising Injury Exclusion

The Personal And Advertising Injury Exclusion has been revised, in general, to reinforce that the exclusion does not apply to injuries arising out of other intellectual property rights involving the use of another's advertising idea in the insured's advertisement.

Electronic Data Exclusion

To reinforce that the Liability Section of this policy does not provide coverage for loss of electronic data, an Electronic Data Exclusion has been introduced.

Liability And Medical Expenses Limits Of Insurance

Paragraph D.3. of Section II . **Liability** has been revised to specify that the limit that applies to temporary locations in the event that more than one Damage To Premises Rented To You Limit is on the policy is the highest Damage To Premises Rented To You Limit shown in the Declarations.

Definition- Liability And Medical Expense- Mobile Equipment

The Liability And Medical Expense definition for Mobile Equipment has been editorially revised.

ENDORSEMENTS

BROADENINGS OF COVERAGE

PROFESSIONAL LIABILITY ENDORSEMENTS

- **BP 08 02 01 06** - Funeral Directors Professional Liability
- **BP 08 03 01 06** - Optical And Hearing Aid Establishments

These endorsements have been revised to amplify that the Damage To Property and Damage To Your Work exclusions do not apply with respect to the coverage provided by these endorsements.

BP 12 03 01 10 – Loss Payable Provision

The Loss Payable Provision has been revised to add an option, Building Owner Loss Payable Clause, to identify the building owner and recognize that entity as a loss payee.

BP 17 24 01 10 – Condominiums, Co-ops, Associations – Directors And Officers Liability

This **new** endorsement generally provides directors and officers (D&O) liability-type coverage with respect to eligible condominiums, co-ops and community associations. The BP 17 24 replaces CIC 747 that was previously in use.

REDUCTION IN COVERAGE

BP 04 17 01 10 – Employment-related Practices Exclusion

The Employment-related Practices Exclusion has been revised to reinforce that, when this endorsement is attached to your policy, the exclusion applies to an injury-causing event associated with employment, whether it occurs before employment, during employment or after employment of that person. Additionally, the exclusion is revised to reinforce that coverage does not apply for injury caused by the malicious prosecution of a person.

While these changes are each a reinforcement of coverage intent, they may result in a decrease in coverage in jurisdictions where courts have ruled the exclusion to be inapplicable in employment-related malicious prosecution claims and/or post-employment claims. For that reason, out of caution, we are listing it as a decrease.

BP 04 56 01 06 - Utility Services - Direct Damage

Loss or damage to electronic data, caused by an interruption in utility service, is not covered.

BP 04 57 01 06 - Utility Services - Time Element

Coverage under this endorsement does not apply to business income loss or extra expense related to an interruption in utility service which causes loss or damage to electronic data.

BP 07 01 01 10 – Contractors' Installation, Tools And Equipment Coverage

This endorsement introduces a \$500 sub-limit option for any one tool or piece of equipment under the Coverage 2 blanket limit options, which, if chosen by an insured, represents a reduction in coverage. Additionally, the explicit noting of the Coverage 4 – Employees' Tools Coverage sub-limits in the endorsement and Schedule represents a reduction in coverage within the endorsement.

PROFESSIONAL LIABILITY ENDORSEMENTS

- **BP 08 02 01 06** - Funeral Directors Professional Liability

This endorsement has been revised to indicate that the exclusions that currently apply to bodily injury, property damage or personal and advertising injury also apply to the undefined term **other injury**.

BP 14 22 01 10 – Exclusion – Products-completed Operations Hazard

This endorsement provides an exclusion for bodily injury or property damage included within the products-completed operations hazard. The BP 14 22 replaces CIC-979 that was in use in the old product.

ADDITIONAL INSURED ENDORSEMENTS

- **BP 04 13 01 06** - Additional Insured - Engineers, Architects, Or Surveyors
- **BP 04 16 01 06** - Additional Insured - Lessor Of Leased Equipment
- **BP 04 48 01 06** - Additional Insured - Designated Person Or Organization
- **BP 04 50 01 06** - Additional Insured - Owners Lessees Or Contractors - Scheduled Person Or Organization
- **BP 04 51 01 06** - Additional Insured - Owners Lessees Or Contractors - With Additional Insured Requirement In Construction Contract

When any of the above referenced endorsements are attached to your policy, there is coverage for a person or organization that you name as an additional insured on your policy **ONLY** if the bodily injury, property damage or personal and advertising injury is caused in whole or in part by your acts or omissions or the acts or omissions of those working on your behalf.

There is **NO** coverage for the additional insured for bodily injury, property damage or personal and advertising injury caused entirely by any negligence that is not attributable to you or those acting on your behalf.

MA 952 08 15 – Enhancer Endorsement

Identity Theft Expense Coverage in the amount of \$1,000 has been removed from this endorsement. Identity Recovery Coverage with a limit of \$15,000 is automatically included when Data Compromise Coverage is purchased.

OTHER CHANGES

BP 04 15 01 06 - Spoilage Coverage

This endorsement has been revised to state that the insurance it provides is restored upon the reinstatement of the applicable refrigeration maintenance or service agreement **OR** procurement of a replacement refrigeration maintenance or service agreement.

BP 04 46 01 06 - Ordinance Or Law Coverage

This ISO endorsement includes the ability to denote a Combined Limit of Insurance for Coverages 2 and 3 as well as provides Loss Payment for this option. The ability to select Business Income and Expense Optional Coverage is included in the BP 04 46. The period of restoration definition has been updated to reflect the underlying Extra Expense Coverage provided in Businessowners Coverage Form **BP 00 03**. The BP 04 46 replaces CIC 953 that was in use in the old product.

Utility Services Coverage Endorsements

BP 04 56 01 10 – Utility Services – Direct Damage

BP 04 57 01 10 – Utility Services – Time Element

These endorsements have been revised to remove the qualification that the utility service property be located outside a covered building.

BP 05 76 01 06 – Changes - Limited Fungi Or Bacteria Coverage

Since the Limited Fungi Or Bacteria Coverage has been incorporated into Businessowners Coverage Form **BP 00 03**, this endorsement provides the ability to increase the basic dollar limit, modification of the application of the dollar limit and increase in the number of days for time element coverage. The word **Changes** has been included at the beginning of the title to indicate that this endorsement is now used to modify the limited fungi or bacteria coverage contained in the coverage form. The BP 05 76 replaces the need for the C 080 that was utilized in the old product.

BP 05 78 01 06 - Fungi Or Bacteria Coverage (Liability)

This endorsement has been revised to replace the term "consumption" with "bodily consumption". This was done to reinforce that the term does not extend to goods or products not intended for bodily consumption. This endorsement has also been revised to further stress that the other specified limits of insurance in the policy continue to apply to losses arising out of fungi or bacteria incidents, but only when the Fungi And Bacteria Liability Aggregate Limit has not been exhausted.

BP 07 01 01 06 - Contractors' Installation, Tools And Equipment Coverage

This endorsement has been revised to reintroduce a \$3,000 limit of insurance for Contractors' Installation Coverage and a \$3,000 limit of insurance for Contractors' Tools And Equipment Coverage. Previously these coverages were only applicable if activated by an entry in the Schedule of the endorsement.

BP 10 03 01 06 - Earthquake

This endorsement has been updated to preclude coverage for tidal wave or tsunami.

BP 17 03 01 10 – Condominium Commercial Unit-owners Optional Coverage

This endorsement has been revised to add a paragraph that addresses the limits applicable to the Miscellaneous Real Property Coverage option provided in the endorsement.

MA 009 03 16 - Business Income Exclusion

This is now an optional endorsement for all Nature of Business Classifications (previously mandatory on Condos/Contractors). Credits are now associated by Nature of Business.

MA 011 08 15 - Asbestos Exclusion

This endorsement clarifies that coverage for asbestos related exposure is not provided under the Businessowners Policy.

MA 016 03 16 - Snow Plow Products – Completed Operations Hazard Limited Coverage

This new endorsement provides, in general, products-completed operations coverage arising out of the use of an auto for snow or ice removal operations and replaces Exclusion- Snow and Ice Removal from Parking Lot, C 034. This form broadens coverage previously provided by expanding coverage availability to twenty (20) lined spaces of a single parking lot.

MA 164 08 15 – Contractors Enhancer Endorsement

Computer and Media coverage has been removed as Electronic Data is now included in the updated BP 00 03 Coverage Form. Laptop Coverage in the amount of \$5,000 has been added.

MA 861 03 16 - Florist Extension

This endorsement has been updated to be more reflective of an "Errors and Omissions" form.

MA 977 03 16 - Agents Covered As Employees For Employee Dishonesty Coverage

The verbiage of this form has been updated and the schedule removed. There is no longer a premium charge for this coverage (dishonest acts of the association's manager or managing agent) but Employee Dishonesty Coverage still must be purchased for coverage to apply.

MA 20 22 11 13 - Equipment Breakdown Coverage

This form has been updated to a new edition date. The previous sub-limit of \$25,000 for Computer Equipment Coverage has been removed and the updated form provides this coverage up to the policy limit.

MA 20 22a 06 16 – Massachusetts Changes

This endorsement modifies coverage provided under the Equipment Breakdown Coverage specific to Massachusetts.

SUNSET FORMS

C 007 (11 02) - Blanket Coverage

The ability to denote blanket coverage through ISO is now available on the declaration. A separate endorsement is no longer needed.

C 008 (12 03) - Travel Agency Errors and Omissions

C 013 (12 03)- Hired Auto and Non-Owned Auto Liability

Hired and Non-owned Auto Liability will not be available with the initial launch product. Once this coverage is available as part of the new product, the C 013 endorsement will be replaced with ISO endorsement, BP 04 04.

C 034 (12 04) - Exclusion- Snow and Ice Removal From Parking Lot

Replaced by new MAPFRE Specific, MA 016 endorsement.

C 035 (12 04) - Exclusion- Snow Removal Operations.

Endorsement is no longer needed as total snow removal operation verbiage is included in the base coverage form, BP 00 03.

C 080 (09 06) - Limited Fungi or Bacteria Coverage

Base Coverage is provided through the updated BP 00 03 Coverage Form edition used in the new program and availability of higher limits through BP 05 76.

C 093 (07 08) - Mobile Equipment Subject to Motor Vehicle Insurance Laws

Verbiage is included in the updated ISO BP 00 03 Coverage Form edition as part of the new program. A separate endorsement is no longer needed.

C 113 (12 08) - Identity Theft Services: Data Breach and Resolution

Offering is now provided through endorsement US 100 (08 15) when either Data Compromise endorsement US 101 (08 15) or US 102 (08 15) is purchased.

CIC 747 (01 95) – Directors' and Officers' Liability Endorsement Co-Operative Apartment Houses and Condominiums

Using ISO equivalent, BP 17 24 (01 10).

CIC 906 (12 03) - Indemnification of Franchisor

Using ISO equivalent, BP 14 05 (01 10).

CIC 953 (12 03) - Ordinance or Law Coverage

Using ISO equivalent, BP 04 46 (01 06).

CIC 979 (12 03) - Exclusion Products Completed Operations.

Using ISO equivalent, BP 14 22 (01 10).

CIC 1001 (12 03) - Exclusion- Services Furnished by Healthcare Providers

Professional exclusion in the updated BP 00 03 Coverage Form edition in use with the new program is sufficient.

CIC 1017 (12 03) - Exclusion- Explosion and Collapse Hazards

Endorsement no longer needed as these types of risks are not eligible for BOP Coverage.

CIC 1070 (12 03) - Amendment - Aggregate Limits of Insurance (Per Location)

Using ISO equivalent, BP 14 17 (01 10).