

11/6/12

To: All Utica First Agents

From: Dave Jarvis, Marketing

Subject: **Revised** Coverage Summary sheet

See below: This replaces the Coverage sheet sent in our earlier memo today. As before, this is meant only as a summary and NOT as replacement for any language that is in any actual policies.

Hurricane Coverage Tips for Utica First Agents:

Disclaimer – this document is not intended to alter, amend, or replace any policy conditions or provisions. It is solely to be used as a reference tool for guidance on damages commonly caused by Hurricanes. The policy forms and conditions will apply to all claims and damages caused by a hurricane and as such an actual claim will have to be submitted for a true determination of coverage to be offered which will be based upon the specific circumstances that lead to the damage being claimed by the policyholder.

Loss Of Income Coverage:

All States - This coverage includes a 72 hour waiting period before it can be triggered – See Form BP 0620 01 99 and BP 100/200 1/87 ed or 1.0 ed or 01 04 ed.

If no actual property damage occurred by a covered peril (*flood and water backup through sewers/drains is not a covered peril*) but insured has a loss of income claim due to mandatory evacuation, no coverage for civil authority is provided by the BP-100 or BP-200 coverage forms. Business Income Coverage for civil authority (evacuation mandated by the local municipality or governmental authority) is included but only when the evacuation order stemmed from damage to property away from the insured premises AND the damage is caused by a covered peril. Obviously flooding will occur away from the insured premises as well as on the insured premises but since flood is not a covered peril the loss of income and extra expense claims resulting from the evacuation and flooding are not covered by the policy form. If the flooding results in a loss that would otherwise have been covered, there is still no coverage provided as the flood was the original proximate cause of the loss and therefore all losses resulting from it are specifically excluded from coverage within the BP-100/200 policy forms.

The BP-100 and BP-200 1/87, 1.0 and 01 04 forms specifically exclude claims resulting from water damage(flood) and all resulting claims (the only exception to this rule would be if the flooding caused a fire at the insured premises in which case the fire damage/claim would be covered by the policy form) due to:

- a) Interruption by civil authority
- b) flood, surface water, waves, tidal water, overflow of a body of water or spray from any of these whether wind driven or not
- c) Water which backs up through sewers or drains
- d) Water below the surface of the ground

Additionally, if the insured has a loss of income claim due to mandatory evacuation/civil authority, but suffered no actual property damage or suffered only refrigerated food product spoilage due to power outage, there would be no coverage for loss of income since there was no actual property damage and since spoilage is not a covered peril in the policy form (even if the insured has the optional food spoilage coverage, it does not add spoilage as a covered peril).

Maximizer Coverage Form:

In NY, PA, MA, OH, NJ -- The \$5000 of refrigerated food product coverage in the form would not apply when the power outage originated 500 feet or more away from the insured premises. None of the other coverages provided by the form would apply due to all the coverages in the form being subject to the terms contained in the policy (as water damage and civil authority are not covered perils). -- see MAX 1UF 08-08 or MAX-1NJ 08/08

In CT -- The refrigerated food product coverage included in the form requires that for coverage to be triggered due to a power interruption, the power must be disrupted for at least 24 hours before coverage is triggered. If power is restored within 24 hours, there is no coverage provided. Also coverage is only provided due to 'temperature change' meaning loss of food due to water/flooding is not covered by this form -- see Form MAX1CT 08/08

Spoilage Coverage:

NY & PA - This coverage does not apply when the power outage occurred more than 500 feet from the insured premises. -- See Form CP-601UF 2.0

CT - The spoilage coverage included in the form requires that for coverage to be triggered due to a power interruption, the power must be disrupted for at least 24 hours before coverage is triggered. If power is restored within 24 hours, there is no coverage provided. Also coverage is only provided due to 'temperature change' meaning loss of food due to water/flooding is not covered by this form -- see Form CP-601CT 2.0

MA, NJ & OH -- There is no time restriction or location of power failure restriction present in these states. Bear in mind that food/perishables destroyed by water/flood are not covered by this form. Only power failure is covered. -- see Form BP-327 1.0 and 01 04

Extended Spoilage Coverage:

NY and PA Only - This form would provide coverage only for food and perishables that have spoiled due to power interruption occurring more than 500 feet from the insured premises. If the food was destroyed by water it is not covered by the form. Also this coverage is capped at \$5000 and the insured cannot purchase this form by itself; they must have purchased it along with the standard spoilage coverage -- See Form CP-601EX 1.0

Falling Objects aka Fallen Trees:

All States -- In the BP 100/200 (all editions) and in all the HOP forms (all editions) there is only coverage for damage from falling objects if the fallen object first did damage to the exterior walls or roof of a building or home (or to any item that would be viewed as a part of the residence...which may or may not include things such as fences attached the home, garages etc.). If the tree/fallen object simply falls but doesn't do any damage to the exterior of the insured's building/home (or to things that are covered under the building coverage portion of the policy) there is no coverage for the cost to remove the tree. Additionally, if the tree falls and does damage only to personal property the insured had on their property such as outdoor furnishings etc, there is no coverage for that personal property damage or for the cost to remove the tree as the fallen object/tree didn't first damage the exterior of the insured's home or building. Lastly, if a tree falls onto your neighbor's property it is the responsibility of the neighbors insurance policy to handle any damage or removal of the tree or fallen object and the provisions of their insurance policy would prevail for the fallen tree.

Policy Deductible:

Please bear in mind that each and every personal lines policy (HOP/LLP/RLP) and BOP or CPP policy we issue has a policy deductible that applies to all first party losses. In most cases this deductible will be \$500 or \$1000 (and can be as high as \$2500). Unless the cost to repair the damage to the property (assuming first that the damage is covered within the policy form) will exceed the policy deductible amount, there will be no claim payout from Utica First.