



# PRELIMINARY FINDINGS

FROM THE NEW INSURANCE ESSENTIALS HANDBOOK, 7TH EDITION



## SUMMARY OF ISO 2007 COMMERCIAL PROPERTY CHANGES

This summary is intended to provide a brief overview of the ISO Commercial Property changes which are to be effective November 1, 2008 in some states, and later in other states. The changes to the Policy Forms and Endorsements range from significant to editorial in nature. The most significant changes impact Blanket Insurance, Outdoor Signs, Civil Authority, and the Utility Services Exclusion. This article briefly describes some of the upcoming changes and references the applicable forms.

### BUILDING AND PERSONAL PROPERTY COVERAGE FORM CHANGES

#### Outdoor Signs – CP 00 10

The limits of insurance condition for outdoor signs is increased from \$1,000 to \$2,500 per sign and the restriction in coverage for detached outdoor signs has been removed from the “property not covered” and “outdoor property coverage extension” sections. The coverage form now treats detached and attached outdoor signs the same.

#### Fire Department Service Charge (FDSC) – CP 00 10

The unmodified coverage form provides up to \$1,000 for FDSC. The form now allows for a higher limit if it is shown on the Declarations Page.

#### Party Walls – CP 00 10

This allows for full payment of a claim to repair a party wall (shared wall) if the owner of the adjoining building elects not to repair/replace their portion of the wall (subject to policy conditions). This will remedy the coverage issue that existed previously when one owner of a party wall refused or is not able to repair their side.

### Changes to Building and Personal Property Coverage Form Endorsements

#### 1. CP 12 18 - Loss Payable Provisions

This endorsement has been modified so that you can now add the building owner as a loss payee (Clause F in the endorsement).

#### 2. CP 12 32 - Limitation on Loss Settlement – Blanket Insurance (Margin Clause)

This new endorsement limits the loss payment on an individual property under a Blanket Limit to its stated value plus a percentage of that value. The endorsement contains three examples.

#### 3. CP 14 40 - Outdoor Signs

The endorsement name has been changed and it can be used to increase the sign coverage limit built into the policy.

### The following BPP endorsements were revised with no change in coverage.

CP 03 21 Windstorm or Hail Percentage Deductible  
CP 04 17 Utility Services – Direct Damage  
CP 04 38 Functional Building Valuation  
CP 04 40 Spoilage Coverage

### CHANGES TO CAUSES OF LOSS FORMS

#### Products Error Exclusion – CP 10 30

This provision was added to specifically exclude losses caused by production errors. Even though coverage is not provided for an error in the production process, any ensuing damage that results from a covered cause of loss will be paid.

#### Collapse – CP 10 20 and CP 10 30

There is no change in coverage. The forms have simply been reworded to clarify the coverage intent and to clean up the language.



### **Utility Services Exclusion – CP 10 10, CP 10 20, CP 10 30**

This exclusion is revised to address utility failure that originates at the described premises because of a failure involving equipment used to provide utility service supplied by an off-premises provider. Power surge is also excluded if it was caused by the event that caused the power failure. However, if the utility failure results in a covered cause of loss, that resulting damage will be paid.

### **Artificially Generated Electric Current Exclusion – CP 10 10, CP 10 20, CP 10 30**

This exclusion was revised, but with no change in coverage.

### **The following Causes of Loss endorsements were revised with no change in coverage.**

- CP 04 10 Electrical Apparatus
- CP 10 54 Wind or Hail Exclusion
- CP 10 55 Vandalism Exclusion
- CP 10 56 Sprinkler Leakage Exclusion

### **CHANGES TO CP COVERAGE PART ENDORSEMENTS**

#### **CP 12 19 – Additional Insured – Building Owner**

This new endorsement will allow the insured who is the tenant of the building to add the building owner as an additional insured.

#### **The following CP Coverage Part endorsements were revised with no change in coverage.**

- CP 10 65 Flood Coverage Endorsement
- CP 04 30 Electronic Commerce (E-Commerce)
- CP 99 20 Contributing Insurance

### **CHANGES TO TIME ELEMENT COVERAGE FORMS**

#### **Time Element – Civil Authority – CP 00 30, CP 00 32, CP 00 50**

The Business Income and Extra Expense forms increased the Civil Authority Coverage Period from 3 weeks to 4. The damage which caused the civil authority action must be within a one mile radius of the insured premises.

#### **Time Element Endorsement Changes**

**1. CP 15 03 - Business Income – Landlord as Additional Insured (Rental Value)**

This is a new endorsement that allows the tenant to purchase loss of rental income insurance. It is designed to protect the landlord/building owner in case the tenant is unable to use the premise because of a covered loss. Some leases required that the tenant provide such protection for the building owner/landlord.

**2. CP 15 04 - Discretionary Payroll Expense**

This new endorsement will allow the insured to designate continuation of payroll expenses for certain positions as continuing normal operating expenses, even though they are not necessary to resume operations.

3. **CP 15 32 - Civil Authority Change(s)**  
This is used to modify the one-mile radius and/or the four-week coverage period.
4. **CP 15 55 - Business Income Changes – Time Period**  
This endorsement was withdrawn.
5. **CP 15 56 - Business Income Changes – Beginning of the Period of Restoration**  
This allows for modifying when the period of restoration begins.

**The following Time Element endorsements were revised with no change in coverage.**

CP 15 08 Business Income from Dependent Properties – Broad Form  
CP 15 09 Business Income from Dependent Properties – Limited Form  
CP 15 10 Ordinary Payroll Limitation or Exclusion  
CP 15 34 Extra Expense from Dependent Properties  
CP 15 45 Utility Services – Time Element

**CHANGE APPLICABLE TO BOTH THE BUILDING AND PERSONAL PROPERTY AND TIME ELEMENT COVERAGE FORMS**

**Additional Coverages – CP 00 10, CP 00 30, CP 00 32, CP 00 50**

Policy forms now contain modified language to make it clear that the Additional Coverages for: (1) Electronic Data, (2) Increased Cost of Construction, and (3) Interruption in Computer Operations are in addition to the limits of insurance.

**LEGAL LIABILITY FORM CHANGE**

**Supplementary Liability Payments – CP 00 40**

Wording has been revised to make it clear that these payments are in addition to the limit of insurance. There is no change in coverage.

### State Status Form

The 2007 ISO Commercial Property changes are effective November 1, 2008 in some states, later in others, and some states are still pending. The following form indicates the current form being used and the effective date of switching to the newer form, where applicable.

2007 COMMERCIAL PROPERTY STATUS BY STATE			
State	Other	2002	2007
Alabama			11/1/08
Alaska		9/1/08	
Arizona			11/1/08
Arkansas			11/1/08
California			11/1/08
Colorado			11/1/08
Connecticut		2/1/03	
Delaware			11/1/08
District of Columbia			11/1/08
Florida			11/1/08
Georgia			11/1/08
Hawaii		11/1/06	
Idaho			11/1/08
Illinois			11/1/08
Indiana			11/1/08
Iowa			11/1/08
Kansas			11/1/08
Kentucky			11/1/08
Louisiana	1995		
Maine			11/1/08
Maryland			11/1/08
Massachusetts		8/1/02	
Michigan			11/1/08
Minnesota			11/1/08
Mississippi		2/1/06	
Missouri			11/1/08
Montana			11/1/08
Nebraska		11/1/02	
Nevada			11/1/08
New Hampshire			11/1/08
New Jersey			11/1/08
New Mexico			11/1/08
New York	2000	Filed	
North Carolina			11/1/08
North Dakota			11/1/08
Ohio			11/1/08
Oklahoma			11/1/08
Oregon			11/1/08
Pennsylvania			11/1/08
Puerto Rico	1990		
Rhode Island			11/1/08
South Carolina			11/1/08
South Dakota			11/1/08
Tennessee			11/1/08
Texas			11/1/08
Utah			11/1/08
Vermont			11/1/08
Virginia			11/1/08
Washington		6/1/05	
West Virginia			11/1/08
Wisconsin			11/1/08
Wyoming			11/1/08