



June 17, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Enhancement Policy Program

By Circular Letter To All Member Companies P-09-21 dated September 2, 2009, the Rate Bureau announced revisions to the Water Back-up and Sump Discharge or Overflow Endorsement HO 04 84 and revisions to the rating of that coverage in the Homeowners Policy Program. With this revision, the limits were reduced from “policy limits” to \$5,000 with the option to purchase up to \$20,000 of additional coverage. Over the last few months, it has been brought to our attention that member companies are writing Endorsement HO 04 84 with the HE 00 07 Policy Program. The purpose of this Circular is to provide clarification as to when a Homeowners coverage endorsement may be written with the HE 00 07 Policy.

The HE 00 07 Policy Program was designed as an “enhanced” Homeowners policy. It provides greater coverages and higher limits of liability than the traditional Homeowners policy. The HE 00 07 base contract has 22 of the most commonly used endorsements from the Homeowners Policy Program built into the contract. Endorsement HE 32 20 was created using 10 of the second most commonly used Homeowners endorsements. The HE 32 21 was created using the same philosophy. It is the intent that if a policyholder wishes to purchase a coverage that is included in the HE 32 21, they must purchase the HE 32 20 or the HE 32 21 to obtain that coverage. The only time that a Homeowners endorsement can be added to the HE 00 07 Policy as a standalone endorsement is if that coverage is not available in any of the HE 00 07 endorsements.

In the case of the HO 04 84 Water Back-Up and Sump Discharge or Overflow, since this coverage is available in the HE-21, the company cannot write the coverage as a standalone coverage and must use the HE 32 21 Endorsement.

Please see to it that this Circular is brought to the attention of all interested personnel in your company.

Very truly yours,

F. Timothy Lucas

Personal Lines Manager

FTL:dms

P-10-9