



October 15, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Homeowners Policy Program
Advisory Notice To Policyholders
Revised Water Back-Up and Sump Discharge or Overflow

Attached is a sample Advisory Notice to Policyholders prepared by Insurance Services Office (ISO) for optional use by member companies. The sample notice is being provided to assist with notification of changes made to the Water Back-Up and Sump Discharge or Overflow – North Carolina HO 04 84 recently approved by the Commissioner of Insurance. The notice is provided only as a guide and each company is responsible for its own notice. ISO's general explanations of policy intent may not necessarily reflect every insurer's view and does not control any company's determination of coverage.

G.S.58-36-45 provides in part that whenever an insurer changes the coverage in a policy, it shall give the policyholder notice of such coverage change at least 15 days in advance of the effective date and provide a copy of such notice to the agent. It is suggested that companies consult with their legal departments as to the necessity, method, detail and language of your policyholder notification.

For your convenience, please find attached, a copy of *North Carolina Water Back-Up and Sump Discharge or Overflow Advisory Notice to Policyholders HO P 003 03 10*.

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

Attachment

P-09-25

NORTH CAROLINA WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this notice nor can it be construed to replace any provision of your policy. 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 Advisory Notice to Policyholders, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

When the Water Back-Up And Sump Discharge Or Overflow – North Carolina endorsement, **HO 04 84**, was attached to your policy previously, coverage was provided up to the policy limits of liability for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water or waterborne material, which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump, or related equipment.

The endorsement now, when attached to your policy, only provides coverage up to a basic limit of liability of \$5,000, which may be increased to \$10,000, \$15,000 or \$25,000, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water or waterborne material, which backs up through sewers or drains or which overflows or is discharged from a sump, sump pump, or related equipment.