



June 2, 2005

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Jewelry, Watches and Furs Sub Limit
Homeowners Policy Program

The Commissioner of Insurance recently approved revised Endorsements HO 32 27, HO 32 88 and HO 32 89 amending the per article sub-limit for Jewelry, Watches and Furs from \$1,000 per article to \$1,500 per article with the option to increase the sub-limit to either \$2,000 or \$2,500 and to amend the corresponding manual rule and rate. This change occurs in Endorsements HO 32 27 Additional Coverages - Unscheduled Jewelry and Furs Endorsement and HO 32 88 or HO 32 89 Coverage C Increased Special Limits of Liability Endorsements.

Currently, the sub-limit in these Endorsements is \$1,000 with the option to increase the sub-limit to \$1,500, \$2,000 or \$2,500. However, with the implementation of the Homeowners 2000, the base contract already provides \$1,500 of coverage for Jewelry, Watches and Furs.

Attached are revised copies of endorsements HO 32 27 12 05, HO 32 88 12 05 and HO 32 89 12 05 and North Carolina Exception Page HO-E-15 and Rate Page HO-R-4 for your convenience.

It is proposed that this revision becomes effective in accordance with the following Rule of Application:

This change is applicable to all new and renewal policies written on or after the December 1, 2005.

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:dp

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERAGES – NORTH CAROLINA
UNSCHEDULED JEWELRY AND FURS

SCHEDULE*

Limit of Liability:

Amount to be paid for any one article caused by the peril of Theft:

- ~~\$1,500~~
- \$2,000
- \$2,500

*Entry may be left blank if shown elsewhere in this policy for this coverage.

The Section I – Perils Insured Against for Coverage C and the applicable Limit of Liability are increased with respect to jewelry, watches, furs, precious and semi - precious stones, as described below:

A. We insure against risks of direct physical loss to the property listed above, however, we do not insure against loss:

1. Excluded under Section I – Exclusions, except that:
 - a. The Earth Movement exclusion does not apply to coverage under this endorsement; and
 - b. The Water Damage exclusion does not apply to property which is covered under this endorsement if the loss occurs away from a premises or location owned, rented, occupied or controlled by an "insured";
2. Caused by:
 - a. Wear and tear, marring, deterioration;
 - b. Mechanical breakdown, latent defect, inherent vice, or any quality in property that causes it to damage or destroy itself;
 - c. Birds, vermin, rodents, or insects; or
 - d. Animals owned or kept by an "insured".

B. The Limit of Liability, shown in the Schedule above, applies as follows:

For loss caused by:

1. A Coverage C peril named in the policy, other than Theft, the limit of liability under this endorsement is in addition to the Coverage C limit of liability.
2. The peril of Theft, the limit of liability under this endorsement is the total limit of liability and therefore includes the limit of liability granted under Section I – Property Coverages, Paragraph C.3. Special Limits of Liability. (For Forms HO 00 04 and HO 00 06, this is Paragraph A.3. and A.4. respectively).
However, the most we will pay for any one article is ~~\$4,000~~ \$1,500 or, if selected, the amount checked in the Schedule above.
3. Any peril other than those in Paragraph 1. or 2. above, the limit of liability shown in the Schedule is the total limit of liability. However, we will not pay more than ~~\$4,000~~ \$1,500 for any one article.

For any one loss event, our total limit of liability will not exceed the limit for the applicable Category 1., 2., or 3.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY – NORTH CAROLINA

SCHEDULE*

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

The special limits of liability are increased as noted below:

Property	Increase In Limit Of Liability	Total Limit Of Liability
a. Money, bank notes, bullion, gold other than gold-ware, silver other than silverware, platinum other than platinumware, coins, medals, scrip, stored value cards and smart cards.		
b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps.		
e. Jewelry, watches, furs, precious and semiprecious stones for loss by theft. However, the most we will pay for any one article is \$1,000 <u>\$1,500</u> or, if selected, the amount checked below.		
<input type="checkbox"/> \$ 4,500		
<input type="checkbox"/> \$ 2,000		
<input type="checkbox"/> \$ 2,500		
f. Firearms and related equipment for loss by theft.		
g. Silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware for loss by theft.		
j. Electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		
k. Electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		

All other policy provisions apply.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COVERAGE C INCREASED SPECIAL LIMITS OF LIABILITY – NORTH CAROLINA

TO BE USED WITH FORM HO 00 05; FORM HO 00 04 WITH ENDORSEMENT HO 32 95
AND FORM HO 00 06 WITH ENDORSEMENT HO 32 35

SCHEDULE*

SECTION I – PROPERTY COVERAGES

Coverage C – Personal Property

3. Special Limits Of Liability

The special limits of liability are increased as noted below:

Property	Increase In Limit Of Liability	Total Limit Of Liability
a. Money, bank notes, bullion, gold other than goldware, silver other than silverware, platinum other than platinum-ware, coins, medals, scrip, stored value cards and smart cards.		
b. Securities, accounts, deeds, evidences of debt, letters of credit, notes other than bank notes, manuscripts, personal records, passports, tickets and stamps.		
e. Jewelry, watches, furs, precious and semiprecious stones for loss by theft, misplacing or losing. However, the most we will pay for any one article is \$1,000 <u>\$1,500</u> or, if selected, the amount checked below.		
<input type="checkbox"/> \$ 1,500		
<input type="checkbox"/> \$ 2,000		
<input type="checkbox"/> \$ 2,500		
f. Firearms and related equipment for loss by theft, misplacing or losing.		
g. Silverware, silver-plated ware, goldware, gold-plated ware, platinumware, platinum-plated ware and pewterware for loss by theft, misplacing or losing.		
j. Electronic apparatus and accessories, while in or upon a "motor vehicle", but only if the apparatus is equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		
k. Electronic apparatus and accessories used primarily for "business" while away from the "residence premises" and not in or upon a "motor vehicle". The apparatus must be equipped to be operated by power from the "motor vehicle's" electrical system while still capable of being operated by other power sources.		

All other policy provisions apply.

*Entries may be left blank if shown elsewhere in this policy for this coverage.

RULE 508.
FORM HO 00 06 UNITS REGULARLY RENTED TO OTHERS

Paragraph **A.2.** is replaced by the following:

A. Coverage C And Section II Liability

2. The Coverage **C** minimum limit of liability may be waived when the value of the insured's personal property in the rented unit is less than \$6,000.

Paragraph **B.** is replaced by the following:

B. Premium Computation

Multiply the Coverage **C** Base Premium (less the credit for higher deductibles) by a factor of .25.

RULE 514.
OTHER STRUCTURES

Paragraph **B.1.** does not apply.

RULE 515.
PERSONAL PROPERTY

Paragraph **D.1.** is replaced by the following:

D. Increased Special Limits Of Liability

1. The Special Limits of Liability in the policy form for the categories of property noted in the following table may be increased to the maximum limits shown:

Special Limits

Personal Property	Limit In Form	Maximum Limit Allowed
1. Jewelry, Watches and Furs	\$ 1,500*	\$ 6,500*
2. Money	200	1,000
3. Securities	1,500	3,000
4. Silverware, Goldware and Pewterware	25% of Coverage C	10,000**
5. Firearms	10% of Coverage C	10,000***
6. Electronic Apparatus		
a. In or upon a motor vehicle or motorized land conveyance	1,500	6,000**
b. Not in or upon a motor vehicle that is away from the residence premises and used for business.	1,500	6,000**
* Not exceeding the \$1,000 \$1,500 sub-limit for any one article. However, the \$1,000 \$1,500 sub-limit for any one article may be increased to \$2,500 in increments of \$500.		
** Increase must be in increments of \$500.		
*** Increase must be in increments of \$100.		

Table 515.D.1. Special Limits

Paragraphs **D.3.** and **D.4.** are replaced by the following:

3. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 88** – for all forms except as noted in Paragraph **4.**
4. Use Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 89** for Form **HO 00 05**, Form **HO 00 04** with Special Personal Property Coverage Endorsement **HO 32 95** and Form **HO 00 06** with Unit-Owners Coverage **C** Special Coverage Endorsement **HO 32 35.**

The following is added to Rule **515.:**

G. Additional Coverage – Jewelry And Furs

1. The policy may be endorsed to provide an increased limit of liability (up to \$6500) and coverage for additional risks of loss on unscheduled jewelry and furs.
2. The sub-limit payable for theft of any one article is ~~\$1,000~~ \$1,500 and may be increased to \$2,500 in increments of \$500.
3. Refer to the state rate pages for the additional charge.
4. Use Additional Coverages – Unscheduled Jewelry And Furs Endorsement **HO 32 27.**
5. If Coverage **C** Increased Special Limits Of Liability Endorsement **HO 32 88** or **HO 32 89**, is also endorsed on the policy, Item **e.** of the endorsement (which pertains to jewelry and furs) should be left blank in deference to the limits provided under Additional Coverages Endorsement **HO 32 27.**

H. Rented Personal Property

1. Basic Limit

a. Landlords Furnishings

Under Forms **HO 00 02**, **HO 00 03** and **HO 00 05**, the policy automatically provides, at no additional charge, \$2,500 of landlord's furnishings coverage, on a named perils basis, except Theft, for property regularly rented or held for rental in an apartment on the residence premises.

b. Theft (Burglary) Option

Coverage, as noted in Paragraph **1.a.**, may be extended to include loss resulting from burglary.

c. Premium

Refer to the state rate pages for the charge per unit.

2. Increased Limits

- a. The basic limit noted in Paragraph **1.a.** may be increased up to the Coverage **C** limit of liability.
- b. The increased limit applies to the same perils that apply to the basic limit and may vary by rented unit.
- c. Refer to the state rate pages for the additional charge.

**RULE 515.
PERSONAL PROPERTY**

A. Increased Limit

3. Rate Per \$1,000:

HO 00 02 or HO 00 03 – \$2

HO 00 05 – \$3

B. Increased Limit – Other Residences

3. Rate Per \$1,000 – \$7

C. Reduction In Limit

2. Credit per \$1,000 – \$1

D. Increased Special Limits Of Liability

1. Jewelry, Watches and Furs – Rate for
- ~~per~~
- per
-
- \$1,000 – \$18

Increased sub-limit per article:

~~Rate for \$1,500 – \$9~~Rate for \$2,000 – ~~\$18~~ \$9Rate for \$2,500 – ~~\$27~~ \$18

2. Money Rate per \$100 – \$6

3. Securities – Rate per \$100 – \$4

4. Silverware – Rate per \$500 – \$3.25

5. Firearms – Rate per \$100 – \$3

6. Electronic Apparatus – Rate per \$500 – \$10

E. Refrigerated Personal Property

3. Charge per policy – \$10

F. Theft Coverage Increase – HO 00 08**3. Premium****a. On-Premises**

Rate per \$2,000 – \$19

b. Off-Premises

Additional Charge – \$10

G. Additional Coverage – Jewelry And Furs

3. Charge per policy – \$7

Rate per \$1,000 – \$15

Increased sub-limit per article:

~~Rate for \$1,500 – \$7.50~~Rate for \$2,000 – ~~\$15~~ \$7.50Rate for \$2,500 – ~~\$22.50~~ \$15**H. Rented Personal Property****1. Basic Limit****c. Premium**Theft (Burglary Peril Added) – Charge per
unit – \$3**2. Increased Limits**

- c. Rate per \$1,000 per unit:

Including Theft – \$3

Excluding Theft – \$2

**RULE 517.
RENTAL TO OTHERS – EXTENDED THEFT COVERAGE
ALL FORMS EXCEPT HO 00 05, HO 00 04 WITH
HO 32 95 OR HO 00 06 WITH HO 32 35**

B. Premium

Rate per policy – \$30

**RULE 518.
SINKHOLE COLLAPSE COVERAGE ALL FORMS
EXCEPT HO 00 04 AND HO 00 06**

B. Premium Determination

1. Rate per \$1,000 – \$.35

**RULE 519.
SPECIAL COMPUTER COVERAGE ALL FORMS EXCEPT
HO 00 05, HO 00 04 WITH HO 32 95 OR HO 00 06 WITH
HO 32 35**

B. Premium

Charge per policy – \$15

**RULE 521.
WATER BACK UP AND SUMP DISCHARGE OR
OVERFLOW**

C. PremiumCharge per policy – Up to the policy limits of liability
– \$25

**RULE 522.
LANDLORDS FURNISHINGS**

C. Premium

Rate per \$500 per unit

1. Forms HO 00 02 and HO 00 03 – \$1
-
2. Form HO 00 05 – \$2

**RULE 523.
ASSISTED LIVING CARE COVERAGE**

C. Premium

1. Section I and Section II Basic Limits
-
- Rate per unit – \$77
-
2. Increased Limits
-
- Add to the basic limit Rate in Paragraph 1.:
-
- a. Coverage C**
- Rate per \$1,000 – \$7

HO-R-4