

FORMS – FILED AND APPROVED

NOVEMBER 15, 2018

COMMERCIAL INLAND MARINE

LI-CM-2018-005

WASHINGTON CHANGES ENDORSEMENT FILED AND APPROVED

KEY MESSAGE

Filing CM-2018-OAC1, which revises Washington Changes endorsement CM 01 07 to introduce a definition of Volcanic Action, has been filed and approved by the Washington Insurance Department.

BACKGROUND

In Forms Filing CM-2018-OAC1, we are revising Washington Changes endorsement CM 01 07 to provide a definition of Volcanic Action for the Commercial Inland Marine Coverage Forms listed below:

- Commercial Articles Coverage Form
- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

ISO ACTION

We submitted Forms Filing CM-2018-OAC1 in Washington. This filing revises the following endorsement:

- CM 01 07 – Washington Changes

Refer to the attached explanatory material for complete details about the filing.

INSURANCE DEPARTMENT ACTION

The Washington Insurance Department has approved this revision as filed.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after June 1, 2019.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CM-2018-OAC1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- A new edition date of an existing form number is being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2017-074](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 6-19 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

[LI-CL-2017-074](#) (11/20/2017) Revised Lead Time Requirements Listing

ATTACHMENT(S)

- Filing CM-2018-OAC1
- Final copy of [CM 01 07 06 19](#)

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CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Amanda Swiger
Property, Compliance and Product Services
201-469-4326
Amanda.Swiger@verisk.com
property@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

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Washington Changes Endorsement Revised

About This Filing

This filing revises Washington Changes endorsement CM 01 07 to provide a definition of Volcanic Action in relation to the broad Exclusion of collapse and corresponding Additional Coverage (limited by its terms) in the underlying Commercial Inland Marine forms.

Revised Forms

We are revising the following form:

- ◆ CM 01 07 03 09

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced edition to the 06 19 edition. Concurrent with implementation, the 06 19 edition will supersede the prior edition.

Background

In the Commercial Inland Marine Coverage Forms listed below, the grant of collapse coverage (limited by its terms) co-exists with a broad exclusion of collapse. That is, collapse is excluded, except to the extent that coverage is provided under the terms of the Additional Coverage.

- Commercial Articles Coverage Form
- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Physicians And Surgeons Equipment Cover-age Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

Paragraph A.4. Additional Coverage - Collapse in the Commercial Inland Marine coverage forms, provides coverage for abrupt collapse of a building or any part of a building if such collapse is caused by use of defective material or methods in

construction after the construction is complete if the collapse is caused in part by certain listed causes including volcanic action. Paragraph B.3.d. in the underlying Commercial Inland Marine Coverage Forms (Paragraph B.4.d. in the Accounts Receivable Coverage Form) provides an exception to the exclusion for collapse to the extent of the coverage provided under Paragraph A.4. Additional Coverage - Collapse or that the collapse is caused by various listed perils including volcanic action.

Currently, these provisions, do not provide a definition of "volcanic action".

Explanation of Changes

We are revising Washington Changes endorsement CM 01 07 to provide a definition of volcanic action:

Volcanic Action

1. Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

a. Volcanic blast or airborne shock waves; or

b. Ash, dust or particulate matter.

This endorsement does not provide coverage for damage to:

(1) Land;

(2) Property in the open or in open sheds; or

(3) Portions of buildings not completely enclosed, or personal property contained within those buildings.

With respect to coverage for Volcanic Action as set forth in 1.a. and 1.b., all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

2. Removal

Direct loss includes the cost to clean property. If property cannot be returned to its state before the volcanic eruption, the measure of loss will be the reduction in actual cash value.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

3. Volcanic Action does not include loss caused by, resulting from, contributed to or aggravated by:

a. Fire;

b. Explosion;

c. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

d. Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mudflow, earth sinking, earth rising or shifting.

Additional editorial revisions are also being made.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. The Conditions of this Coverage Part that are in conflict with the statutes of the State of Washington are amended to conform to such statutes.

B. Loss Condition **B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:

B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

C. General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:

C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within two years after you first have knowledge of the direct loss or damage.

If this action is brought pursuant to Sec. 3 of RCW 48.30, then 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail, or certified mail with return receipt requested.

D. In each of the Commercial Inland Marine Coverage Forms, in the section titled **Exclusions**, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:

We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:

1. Directly and solely results in loss or damage; or
2. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.

E. With respect to the:

- Commercial Articles Coverage Form
- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

the term Volcanic Action in Paragraph A.4.b.(4)(b) and Paragraph B.3.d. (in Accounts Receivable Coverage Form Paragraph B.4.d.) is replaced by the following:

Volcanic Action

1. Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- a. Volcanic blast or airborne shock waves; or

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b. Ash, dust or particulate matter.

This endorsement does not provide coverage for damage to:

(1) Land;

(2) Property in the open or in open sheds;
or

(3) Portions of buildings not completely enclosed, or personal property contained within those buildings.

With respect to coverage for Volcanic Action as set forth in 1.a. and 1.b., all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

2. Removal

Direct loss includes the cost to clean property. If property cannot be returned to its state before the volcanic eruption, the measure of loss will be the reduction in actual cash value.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

3. Volcanic Action does not include loss caused by, resulting from, contributed to or aggravated by:

a. Fire;

b. Explosion;

c. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

d. Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mudflow, earth sinking, earth rising or shifting.

EF.With respect to the:

- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form

the following replaces the **Water** Exclusion in the Coverage Form:

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

- (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).

This exclusion applies if any of the above, in Paragraphs (1) and (2):

- (a) Occurs independently;
- (b) Is caused by an act of nature;
- (c) Is caused by an act or omission of humans or animals; or
- (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1) and (2), results in fire, explosion or theft, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

FG.The **Weather Conditions** Exclusion is deleted from the following:

- Commercial Articles Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

GH.With respect to the:

- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form

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the **Weather Conditions** Exclusion is replaced by the following exclusion:

a. Weather Conditions

A weather condition which results in Water, as described in Paragraphs ~~EE~~**(1)** and ~~EE~~**(2)**.

But if loss or damage by fire, explosion or theft results, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

HI. Except as provided in Paragraph ~~IJ~~**J**., the following sentence is added to each exclusion in:

1. Paragraph **B.3.** of all Commercial Inland Marine Coverage Forms except the Mail Coverage Form and the Accounts Receivable Coverage Form; and
2. Paragraph **B.4.** of the Accounts Receivable Coverage Form:

But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

IJ. In the Commercial Articles, Camera And Musical Instrument Dealers, Equipment Dealers, Physicians And Surgeons Equipment, Signs, Theatrical Property, Floor Plan, Jewelers Block and Valuable Papers And Records Coverage Forms, Exclusion **B.3.e.** is replaced by the following:

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat. But if loss or damage by a cause of loss not otherwise excluded or by collapse, as provided in the Additional Coverage Collapse, results, we will pay for the loss or damage caused by that Covered Cause of Loss.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A.** The Conditions of this Coverage Part that are in conflict with the statutes of the State of Washington are amended to conform to such statutes.
- B.** Loss Condition **B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:
- B. Appraisal**
- If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the other expenses of the appraisal and umpire equally.
- C.** General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:
- C. Legal Action Against Us**
- No one may bring a legal action against us under this Coverage Part unless:
1. There has been full compliance with all the terms of this Coverage Part; and
 2. The action is brought within two years after you first have knowledge of the direct loss or damage.
- If this action is brought pursuant to Sec. 3 of RCW 48.30, then 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail, or certified mail with return receipt requested.
- D.** In each of the Commercial Inland Marine Coverage Forms, in the section titled **Exclusions**, any introductory paragraph preceding an exclusion or list of exclusions is replaced by the following paragraph, which pertains to application of those exclusions:
- We will not pay for loss or damage caused by any of the excluded events described below. Loss or damage will be considered to have been caused by an excluded event if the occurrence of that event:
1. Directly and solely results in loss or damage; or
 2. Initiates a sequence of events that results in loss or damage, regardless of the nature of any intermediate or final event in that sequence.
- E.** With respect to the:
- Commercial Articles Coverage Form
 - Camera And Musical Instrument Dealers Coverage Form
 - Equipment Dealers Coverage Form
 - Physicians And Surgeons Equipment Coverage Form
 - Signs Coverage Form
 - Theatrical Property Coverage Form
 - Film Coverage Form
 - Floor Plan Coverage Form
 - Jewelers Block Coverage Form
 - Accounts Receivable Coverage Form
 - Valuable Papers And Records Coverage Form
- the term Volcanic Action in Paragraph **A.4.b.(4)(b)** and Paragraph **B.3.d.** (in Accounts Receivable Coverage Form Paragraph **B.4.d.**) is replaced by the following:
- Volcanic Action**
1. Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
 - a. Volcanic blast or airborne shock waves; or

b. Ash, dust or particulate matter.

This endorsement does not provide coverage for damage to:

- (1) Land;
- (2) Property in the open or in open sheds; or
- (3) Portions of buildings not completely enclosed, or personal property contained within those buildings.

With respect to coverage for Volcanic Action as set forth in **1.a.** and **1.b.**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

2. Removal

Direct loss includes the cost to clean property. If property cannot be returned to its state before the volcanic eruption, the measure of loss will be the reduction in actual cash value.

Payment for removal applies only to the initial deposit of ash, dust or particulate matter following a volcanic eruption. Subsequent deposits arising from the movement of volcanic dust or ash by wind or other means are not covered.

3. Volcanic Action does not include loss caused by, resulting from, contributed to or aggravated by:

- a.** Fire;
- b.** Explosion;
- c.** Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or
- d.** Earth movement, including but not limited to earthquake, volcanic eruption, landslide, mine subsidence, lava flow, mudflow, earth sinking, earth rising or shifting.

F. With respect to the:

- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form

the following replaces the **Water** Exclusion in the Coverage Form:

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge); or

- (2) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1).

This exclusion applies if any of the above, in Paragraphs (1) and (2):

- (a) Occurs independently;
- (b) Is caused by an act of nature;
- (c) Is caused by an act or omission of humans or animals; or
- (d) Is attributable to the failure, in whole or in part, of a dam, levee, seawall or other boundary or containment system.

But if any of the above, in Paragraphs (1) and (2), results in fire, explosion or theft, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

G. The **Weather Conditions** Exclusion is deleted from the following:

- Commercial Articles Coverage Form
- Physicians And Surgeons Equipment Coverage Form
- Signs Coverage Form
- Theatrical Property Coverage Form
- Film Coverage Form
- Accounts Receivable Coverage Form
- Valuable Papers And Records Coverage Form

H. With respect to the:

- Camera And Musical Instrument Dealers Coverage Form
- Equipment Dealers Coverage Form
- Floor Plan Coverage Form
- Jewelers Block Coverage Form

the **Weather Conditions** Exclusion is replaced by the following:

a. Weather Conditions

A weather condition which results in Water, as described in Paragraphs **F.(1)** and **F.(2)**.

But if loss or damage by fire, explosion or theft results, we will pay for the loss or damage caused by that fire, explosion or theft if these causes of loss would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

I. Except as provided in Paragraph **J.**, the following sentence is added to each exclusion in:

1. Paragraph **B.3.** of all Commercial Inland Marine Coverage Forms except the Mail Coverage Form and the Accounts Receivable Coverage Form; and

2. Paragraph **B.4.** of the Accounts Receivable Coverage Form:

But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.

J. In the Commercial Articles, Camera And Musical Instrument Dealers, Equipment Dealers, Physicians And Surgeons Equipment, Signs, Theatrical Property, Floor Plan, Jewelers Block and Valuable Papers And Records Coverage Forms, Exclusion **B.3.e.** is replaced by the following:

e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat. But if loss or damage by a cause of loss not otherwise excluded or by collapse, as provided in the Additional Coverage Collapse, results, we will pay for the loss or damage caused by that Covered Cause of Loss.