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## Commercial Lines



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### CHANGES

This filing revises various commercial lines Louisiana Changes endorsements in response to 2019 La. Act 225 (Former H.B. 407), which becomes effective 01/01/2020 and applies to the return of premium to a mortgagee.

### 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 Louisiana Department of Insurance.
- 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 Louisiana Department of Insurance.

In all correspondence with the Louisiana Department of Insurance regarding this revision, include the PIAL and/or State Filing Designation Number.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LOUISIANA CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM  
INFORMATION SECURITY PROTECTION ENDORSEMENT

**A. Section I – Property** is amended as follows:

1. Paragraph **A.5.r. Additional Coverages** is replaced by the following:

**r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot**

(1) The coverage described in Paragraphs **r.(2)** and **r.(6)** applies when the "fungi", wet rot or dry rot is the result of one or more Covered Causes of Loss other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

(2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:

- (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot is present.

(3) The coverage described under Paragraph **r.(2)** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

(4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

- (5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.
- (6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverages:
  - (a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
  - (b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

2. Paragraph **B.1.i. Exclusions** is replaced by the following:

**i. "Fungi", Wet Rot Or Dry Rot**

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

But if "fungi", wet rot or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

- (1) When "fungi", wet rot or dry rot results from fire or lightning;
- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning; or
- (3) With respect to "fungi", wet rot or dry rot that is located on the portion of the covered property that must be repaired or replaced because of direct physical damage caused by a Covered Cause of Loss.

However, the exclusion shall continue to apply to the cost to test for, treat, contain, remove or dispose of "fungi", wet rot or dry rot beyond that which is required to repair or replace the covered property physically damaged by a Covered Cause of Loss, except to the extent that coverage is provided in the Limited Coverage For "Fungi" Wet Rot Or Dry Rot Additional Coverage.

3. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions**:

- a. We will not pay for loss or damage arising out of any act committed:
  - (1) By, or at the direction of, the insured; and
  - (2) With the intent to cause a loss.
- b. This exclusion does not apply, with respect to loss to covered property caused by fire, to an insured who does not commit, or direct another to commit, any act that results in loss by fire, provided the loss is otherwise covered under this Policy.

- c. If we pay a claim pursuant to Paragraph **b.** above, our payment to any insured is limited to that insured's proportionate share of the policy proceeds, but not more than the insured's legal interest in the Covered Property that sustained the fire loss. Proportionate share will be determined based on the interests of all parties eligible to receive payment, including a mortgageholder or other party with a secured legal interest. The policy proceeds will not include any amount attributable to the interest of the insured(s) who set the fire or otherwise participated in the cause of loss. In no event will we pay more in total than the Limit of Insurance on the Covered Property that sustained the fire loss.
  - d. We may apply reasonable standards of proof to claims for such loss.
4. Paragraph **E.2. Appraisal** Property Loss Condition is replaced by the following:

**2. Appraisal**

If we and you disagree on 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 on an umpire, either party may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

5. The following is added to Paragraph **E.3.a.(7)** of the **Duties In The Event Of Loss Or Damage** Property Loss Condition and supersedes any provision to the contrary in the Coverage Form or in any endorsement attached to the Policy:

However, if loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the Covered Property is located in an area within the declaration, you must submit the proof of loss to us within 180 days; but this 180-day period does not commence as long as the declaration of disaster or emergency is in existence and civil authorities are denying you access to your property.

6. The following is added to the **Loss Payment** Property Loss Condition and supersedes any provision to the contrary in the Coverage Form or in any endorsement attached to the Policy:

If the loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the Covered Property is located in an area within the declaration, we will pay on a replacement cost basis only if the repairs or replacement are completed within one year from the date of loss or damage or the issuance of applicable insurance proceeds, whichever is later, or as soon as reasonably possible thereafter.

7. Paragraph **E.5.d.(1)(a)(ii)** of the **Loss Payment** Property Loss Condition is replaced by the following:

(ii) The cost to replace, on the same premises, the lost or damaged property with other property of like kind and quality; or

8. Paragraph **E.5.g.** of the **Loss Payment** Property Loss Condition is replaced by the following:

g. We will pay for the undisputed portion of the loss or damage within 30 days after we receive the satisfactory sworn proof of loss.

However, we have no duty to provide coverage under this Policy if the failure to comply with the terms of this Policy is prejudicial to us.

9. Paragraphs **F.2.f.** and **g.** of the **Mortgageholders** Property General Conditions are replaced by the following:

f. If we cancel a policy that has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 60 days before the effective date of cancellation, if we cancel for any other reason.

If we cancel a policy that has been in effect for 60 days or more, or is a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or

- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

**g. Nonrenewal**

(1) If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

(2) We need not mail or deliver this notice if:

(a) We or another company within our insurance group have offered to issue a renewal policy; or

(b) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

(3) Any notice of nonrenewal will be mailed or delivered to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**B. Section II – Liability** is amended as follows:

1. Paragraph **A.1.a. Business Liability** Coverages is replaced by the following:

**1. Business Liability**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" if all of the allegations of the "suit" are explicitly excluded by this insurance. We may, at our discretion, investigate any "occurrence" or any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; and
- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses. However, using up the Medical Expense Limit does not end our right and duty to defend.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension – Supplementary Payments**.

2. With respect to Paragraph **C. Who Is An Insured**:

The term "executive officer" means only a person holding any of the officer positions created by your charter, constitution or bylaws.

3. Paragraph **E.3. Legal Action Against Us Liability And Medical Expenses General Condition** is replaced by the following:

A person or organization may bring a "suit" against us, including but not limited to, a "suit" to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Policy or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

**C. Section III – Common Policy Conditions** is amended as follows:

1. Paragraph **A.2.** of the **Cancellation** Common Policy Condition is replaced by the following, which applies unless Paragraph **C.2.** of this endorsement applies:

**2. Notice Of Cancellation**

**a. Cancellation Of Policies In Effect For Fewer Than 60 Days Which Are Not Renewals**

If this Policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this Policy for any reason, subject to the following:

(1) Cancellation for nonpayment of premium:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation:

(2) Cancellation for any other reason:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation:

**b. Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More**

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the Policy, continuing the Policy, or in presenting a claim under the Policy;
- (3) Activities or omissions by you which change or increase any hazard insured against;
- (4) Change in the risk which increases the risk of loss after we issued or renewed this Policy, including an increase in exposure due to regulation, legislation, or court decision;
- (5) Determination by the Commissioner of Insurance that the continuation of this Policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;
- (6) The insured's violation or breach of any policy terms or conditions; or
- (7) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under Paragraph **2.b.** to the first Named Insured at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **2.b.(2)** through **(7)** above.

2. Paragraph **A.2. Cancellation** is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

**2. Notice Of Cancellation**

- a. If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the Policy subject to Paragraphs **2.b.** and **2.c.**

b. We may cancel the Policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you and the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss within 10 days of the date that we receive notice of the returned check or negotiable instrument.

c. The cancellation notice will also advise you that the Policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation was mailed.

3. Paragraph **A.5. Cancellation** is replaced by the following:

**5. Premium Refund**

If this Policy is cancelled, we will return any premium refund due, subject to Paragraphs **5.a.**, **5.b.**, **5.c.** and **5.d.** The cancellation will be effective even if we have not made or offered a refund.

a. If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.

b. If we cancel, the refund will be pro rata and we will send the refund to the first Named Insured unless Paragraph **5.c.** applies.

c. If we cancel based on Paragraph **C.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **C.2.2.c.** If the Policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.

d. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

4. Paragraph **C. Concealment, Misrepresentation Or Fraud** Common Policy Condition is replaced by the following:

**C. Concealment, Misrepresentation Or Fraud**

1. Applicable to Section I – Property:

a. With respect to loss or damage caused by fire, we do not provide coverage to the insured who, whether before or after the loss, has intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

- (1) This Policy;
- (2) The Covered Property;
- (3) Your interest in the Covered Property; or
- (4) A claim under this Policy.

b. With respect to loss or damage caused by a peril other than fire and with respect to all insureds covered under this Policy, we provide no coverage for loss or damage if, whether before or after a loss, one or more insureds have intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

- (1) This Policy;
- (2) The Covered Property;
- (3) Your interest in the Covered Property; or
- (4) A claim under this Policy.

2. Applicable to Section II – Liability:

We do not provide coverage to one or more insureds who, whether before or after a loss, have intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

- a. This Policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Policy.

5. Paragraph **I.1. Premiums** is replaced by the following:

1. The first Named Insured shown in the Declarations:

- a. Is responsible for the payment of all premiums; and
- b. Will be the payee for any return premium we pay, unless another person or entity is entitled to be the payee in accordance with Paragraph **C.3.** of this endorsement.

6. Paragraph **K.1. Transfer Of Rights Of Recovery Against Others To Us** is replaced by the following:

1. Applicable to Section I – Property Coverage:

If any person or organization to or for whom we make payment under this Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property or Covered Income.
- b. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - (1) Someone insured by this insurance;
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you;
  - (3) Your "employee" or employer;
  - (4) The owner, lessor or tenant of the:
    - (a) Described premises; or
    - (b) Premises where loss or damage occurred;  
including their "employees", partners and stockholders; or
  - (5) Your relative by blood or marriage.

If you waive your rights against another party in writing after a loss, we can recover from you any amount you received for that waiver. But we cannot recover more than the amount we paid you for that loss.

2. Applicable to Section II – Liability Coverage:

In the event of any payment under this Coverage, we will be entitled to the insured's rights of recovery against any person or organization, and the insured will do whatever is necessary to secure such rights. Our right to recover is subordinate to the insured's right to be fully compensated.

7. The following is added and supersedes any other provision to the contrary:

**Nonrenewal**

1. If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
2. We need not mail or deliver this notice if:
  - a. We or another company within our insurance group have offered to issue a renewal policy; or

b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Such notice to the insured shall include the insured's loss run information for the period the Policy has been in force within, but not to exceed, the last three years of coverage.

D. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph **E.1. Defense And Settlement** is replaced by the following:

1. We shall have the right and duty to select counsel and defend the insured against any "claim" covered under Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability**, even if the allegations of such "claim" are groundless, false or fraudulent.

2. The first sentence under Paragraph **I. Exclusions** is replaced by the following:

We will not be liable for "loss":



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## **LOUISIANA – FUNGI OR BACTERIA EXCLUSION (LIABILITY)**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

The following provisions are added to **Section II – Liability**:

**A.** The following exclusion is added to Paragraph **B.1., Exclusions – Applicable To Business Liability Coverage**:

**Fungi Or Bacteria**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or "bacteria" on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or "bacteria", by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or "bacteria" that are, are on, or are contained in, a good or product intended for bodily consumption.

**B.** The following definitions are added to Paragraph **F. Liability And Medical Expenses Definitions**:

1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Bacteria" means any type, kind or form of bacterium.



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## **LOUISIANA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
 STANDARD PROPERTY POLICY

**A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following, which applies unless Paragraph **B.** of this endorsement applies:

### **2. Notice Of Cancellation**

#### **a. Cancellation Of Policies In Effect For Fewer Than 60 Days Which Are Not Renewals**

If this policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason, subject to the following:

- (1)** Cancellation for nonpayment of premium:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

- (2)** Cancellation for any other reason:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.

#### **b. Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3)** Activities or omissions by you which change or increase any hazard insured against;
- (4)** Change in the risk which increases the risk of loss after we issued or renewed this policy, including an increase in exposure due to regulation, legislation, or court decision;

- (5) Determination by the Commissioner of Insurance that the continuation of this policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;
- (6) The insured's violation or breach of any policy terms or conditions; or
- (7) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under Paragraph **A.2.b.** to the first Named Insured at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **A.2.b.(2)** through **(7)** above.

**B.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

**2. Notice Of Cancellation**

- a. If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the policy subject to Paragraphs **B.2.b.** and **B.2.c.**
- b. We may cancel the policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you within 10 days of the date that we receive notice of the returned check or negotiable instrument.
- c. The cancellation notice will also advise you that the policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation notice was mailed.

**C.** With respect to the Coverage Parts and Policies to which this endorsement applies, except the Equipment Breakdown Coverage Part, Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

**5. Premium Refund**

If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **C.5.a.**, **C.5.b.**, **C.5.c.**, **C.5.d.** and **C.5.e.** The cancellation will be effective even if we have not made or offered a refund.

- a. If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
- b. If we cancel, the refund will be pro rata and we will send the refund to the first Named Insured unless Paragraph **C.5.c.** or **C.5.d.** applies.
- c. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
- d. With respect to any cancellation of the Commercial Auto Coverage Part, we will send the return premium, if any, to the premium finance company if the premium was financed by such company.
- e. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

D. With respect to the Equipment Breakdown Coverage Part, Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

**5. Premium Refund**

If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **D.5.a.**, **D.5.b.**, **D.5.c.**, **D.5.d.** and **D.5.e.** The cancellation will be effective even if we have not made or offered a refund.

- a. If we cancel, the refund will be pro rata.
- b. If the first Named Insured cancels, the refund will not be less than 75% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
- c. We will send the refund to the first Named Insured unless Paragraph **D.5.d.** applies.
- d. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
- e. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

E. The **Premiums** Common Policy Condition is replaced by the following:

**Premiums**

- 1. The first Named Insured shown in the Declarations is responsible for the payment of all premiums.
- 2. We will pay return premiums, if any, to the first Named Insured, unless another person or entity is entitled to be the payee in accordance with Paragraph **C.** or **D.** of this endorsement.

F. Paragraph **f.** of the **Mortgageholders** Condition in the Commercial Property Coverage Part, Standard Property Policy and the Capital Assets Program (Output Policy) Coverage Part, and Paragraph **4.f.** of the **Mortgageholders** Condition in the Farm Coverage Part are replaced by the following:

If we cancel a policy that has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 60 days before the effective date of cancellation, if we cancel for any other reason.

If we cancel a policy that has been in effect for 60 days or more, or is a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

G. The following is added and supersedes any other provision to the contrary:

**Nonrenewal**

- 1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

2. We need not mail or deliver this notice if:
  - a. We or another company within our insurance group have offered to issue a renewal policy; or
  - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
4. Such notice to the insured shall include the insured's loss run information for the period the policy has been in force within, but not to exceed, the last three years of coverage.



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# Louisiana Commercial Line Endorsements Revised

## Applicable Lines of Business

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This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets Program (Output Policy)
- ◆ Commercial Auto
- ◆ Commercial Fire and Allied Lines
- ◆ Commercial General Liability
- ◆ Commercial Inland Marine
- ◆ Commercial Liability Umbrella
- ◆ Crime and Fidelity
- ◆ Employment-related Practices Policy
- ◆ Equipment Breakdown
- ◆ Farm
- ◆ Home Healthcare
- ◆ Medical Professional Liability

## About This Filing

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We are revising several Louisiana Changes endorsements in response to 2019 La. Acts \_\_\_\_ (formerly H.B. 407). We are also making an unrelated revision to BP 05 90.

## Revised Forms

We are revising the following forms:

- ◆ AG 01 20 01 18 - Louisiana Changes
- ◆ BP 01 30 04 18 - Louisiana Changes
- ◆ BP 05 90 01 06 Louisiana – Fungi Or Bacteria Exclusion (Liability)
- ◆ HH 01 19 06 18 - Louisiana Changes
- ◆ IL 02 77 01 18 - Louisiana Changes - Cancellation And Nonrenewal

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 editions to the 10 20 editions. Concurrent with implementation, the 10 20 editions will supersede the prior editions.

## Background

2019 La. Acts \_\_\_ (formerly H.B. 407), which becomes effective January 1, 2020, in part, removes language from LA. REV. STAT. ANN. § 22:885(B) concerning requirements related to premium refunds attributable to mortgagees when there is a policy cancellation.

## Explanation of Changes

In response to 2019 La. Acts \_\_\_ (formerly H.B. 407), we are revising numerous Louisiana Changes endorsements to remove language concerning premium refunds as they pertain to mortgagees.

Additionally, we are taking this opportunity to remove the paragraph designator for Fungi or Bacteria under Paragraph A. in BP 05 90 Louisiana – Fungi Or Bacteria Exclusion (Liability) because the designator is unnecessary in the context of this endorsement.

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## **Important Note**

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **LOUISIANA CHANGES**

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM  
INFORMATION SECURITY PROTECTION ENDORSEMENT

**A. Section I – Property** is amended as follows:

1. Paragraph **A.5.r. Additional Coverages** is replaced by the following:

**r. Limited Coverage For "Fungi", Wet Rot Or Dry Rot**

(1) The coverage described in Paragraphs **r.(2)** and **r.(6)** applies when the "fungi", wet rot or dry rot is the result of one or more Covered Causes of Loss other than fire or lightning that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

(2) We will pay for loss or damage by "fungi", wet rot or dry rot. As used in this Limited Coverage, the term loss or damage means:

- (a) Direct physical loss or damage to Covered Property caused by "fungi", wet rot or dry rot, including the cost of removal of the "fungi", wet rot or dry rot;
- (b) The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungi", wet rot or dry rot; and
- (c) The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungi", wet rot or dry rot is present.

(3) The coverage described under Paragraph **r.(2)** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of Covered Causes of Loss (other than fire or lightning) which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungi", wet rot or dry rot, we will not pay more than the total of \$15,000 even if the "fungi", wet rot or dry rot continues to be present or active, or recurs, in a later policy period.

(4) The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungi", wet rot or dry rot, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungi", wet rot or dry rot, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungi", wet rot or dry rot causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

(5) The terms of this Limited Coverage do not increase or reduce the coverage provided under the Water Damage, Other Liquids, Powder Or Molten Material Damage or Collapse Additional Coverages.

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(6) The following applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the suspension of "operations" satisfies all the terms and conditions of the applicable Business Income and/or Extra Expense Additional Coverages:

(a) If the loss which resulted in "fungi", wet rot or dry rot does not in itself necessitate a suspension of "operations", but such suspension is necessary due to loss or damage to property caused by "fungi", wet rot or dry rot, then our payment under the Business Income and/or Extra Expense Additional Coverages is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.

(b) If a covered suspension of "operations" was caused by loss or damage other than "fungi", wet rot or dry rot, but remediation of "fungi", wet rot or dry rot prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

2. Paragraph B.1.i. Exclusions is replaced by the following:

**i. "Fungi", Wet Rot Or Dry Rot**

Presence, growth, proliferation, spread or any activity of "fungi", wet rot or dry rot.

But if "fungi", wet rot or dry rot results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

- (1) When "fungi", wet rot or dry rot results from fire or lightning;
- (2) To the extent that coverage is provided in the Limited Coverage For "Fungi", Wet Rot Or Dry Rot Additional Coverage, with respect to loss or damage by a cause of loss other than fire or lightning; or

(3) With respect to "fungi", wet rot or dry rot that is located on the portion of the covered property that must be repaired or replaced because of direct physical damage caused by a Covered Cause of Loss.

However, the exclusion shall continue to apply to the cost to test for, treat, contain, remove or dispose of "fungi", wet rot or dry rot beyond that which is required to repair or replace the covered property physically damaged by a Covered Cause of Loss, except to the extent that coverage is provided in the Limited Coverage For "Fungi" Wet Rot Or Dry Rot Additional Coverage.

3. The following exclusion and related provisions are added to Paragraph B.2. Exclusions:

a. We will not pay for loss or damage arising out of any act committed:

(1) By, or at the direction of, the insured; and

(2) With the intent to cause a loss.

b. This exclusion does not apply, with respect to loss to covered property caused by fire, to an insured who does not commit, or direct another to commit, any act that results in loss by fire, provided the loss is otherwise covered under this Policy.

c. If we pay a claim pursuant to Paragraph b. above, our payment to any insured is limited to that insured's proportionate share of the policy proceeds, but not more than the insured's legal interest in the Covered Property that sustained the fire loss. Proportionate share will be determined based on the interests of all parties eligible to receive payment, including a mortgageholder or other party with a secured legal interest. The policy proceeds will not include any amount attributable to the interest of the insured(s) who set the fire or otherwise participated in the cause of loss. In no event will we pay more in total than the Limit of Insurance on the Covered Property that sustained the fire loss.

d. We may apply reasonable standards of proof to claims for such loss.

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4. Paragraph **E.2. Appraisal** Property Loss Condition is replaced by the following:

**2. Appraisal**

If we and you disagree on 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 on an umpire, either party may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

5. The following is added to Paragraph **E.3.a.(7)** of the **Duties In The Event Of Loss Or Damage** Property Loss Condition and supersedes any provision to the contrary in the Coverage Form or in any endorsement attached to the Policy:

However, if loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the Covered Property is located in an area within the declaration, you must submit the proof of loss to us within 180 days; but this 180-day period does not commence as long as the declaration of disaster or emergency is in existence and civil authorities are denying you access to your property.

6. The following is added to the **Loss Payment** Property Loss Condition and supersedes any provision to the contrary in the Coverage Form or in any endorsement attached to the Policy:

If the loss or damage arises due to a catastrophic event for which a state of disaster or emergency is declared pursuant to law by civil officials, and the Covered Property is located in an area within the declaration, we will pay on a replacement cost basis only if the repairs or replacement are completed within one year from the date of loss or damage or the issuance of applicable insurance proceeds, whichever is later, or as soon as reasonably possible thereafter.

7. Paragraph **E.5.d.(1)(a)(ii)** of the **Loss Payment** Property Loss Condition is replaced by the following:

- (ii) The cost to replace, on the same premises, the lost or damaged property with other property of like kind and quality; or

8. Paragraph **E.5.g.** of the **Loss Payment** Property Loss Condition is replaced by the following:

**g.** We will pay for the undisputed portion of the loss or damage within 30 days after we receive the satisfactory sworn proof of loss.

However, we have no duty to provide coverage under this Policy if the failure to comply with the terms of this Policy is prejudicial to us.

9. Paragraphs **F.2.f.** and **g.** of the **Mortgageholders** Property General Conditions are replaced by the following:

**f.** If we cancel a policy that has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 60 days before the effective date of cancellation, if we cancel for any other reason.

If we cancel a policy that has been in effect for 60 days or more, or is a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

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**g. Nonrenewal**

- (1) If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
- (2) We need not mail or deliver this notice if:
  - (a) We or another company within our insurance group have offered to issue a renewal policy; or
  - (b) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- (3) Any notice of nonrenewal will be mailed or delivered to the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**B. Section II – Liability** is amended as follows:

- 1. Paragraph **A.1.a. Business Liability** Coverages is replaced by the following:

**1. Business Liability**

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury", "property damage" or "personal and advertising injury" if all of the allegations of the "suit" are explicitly excluded by this insurance. We may, at our discretion, investigate any "occurrence" or any offense and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D. Liability And Medical Expenses Limits Of Insurance** in Section II – Liability; and

- (2) Our right and duty to defend end when we have used up the applicable Limit of Insurance in the payment of judgments or settlements or medical expenses. However, using up the Medical Expense Limit does not end our right and duty to defend.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Paragraph **f. Coverage Extension – Supplementary Payments**.

- 2. With respect to Paragraph **C. Who Is An Insured**:

The term "executive officer" means only a person holding any of the officer positions created by your charter, constitution or bylaws.

- 3. Paragraph **E.3. Legal Action Against Us Liability And Medical Expenses General Condition** is replaced by the following:

A person or organization may bring a "suit" against us, including but not limited to, a "suit" to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Policy or that are in excess of the Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

- C. Section III – Common Policy Conditions** is amended as follows:

- 1. Paragraph **A.2. of the Cancellation Common Policy Condition** is replaced by the following, which applies unless Paragraph **C.2.** of this endorsement applies:

**2. Notice Of Cancellation**

- a. **Cancellation Of Policies In Effect For Fewer Than 60 Days Which Are Not Renewals**

If this Policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this Policy for any reason, subject to the following:

- (1) Cancellation for nonpayment of premium:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation:

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(2) Cancellation for any other reason:

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation:

**b. Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More**

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the Policy, continuing the Policy, or in presenting a claim under the Policy;
- (3) Activities or omissions by you which change or increase any hazard insured against;
- (4) Change in the risk which increases the risk of loss after we issued or renewed this Policy, including an increase in exposure due to regulation, legislation, or court decision;
- (5) Determination by the Commissioner of Insurance that the continuation of this Policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;
- (6) The insured's violation or breach of any policy terms or conditions; or
- (7) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under Paragraph **2.b.** to the first Named Insured at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **2.b.(2)** through **(7)** above.

2. Paragraph **A.2. Cancellation** is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

**2. Notice Of Cancellation**

- a. If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the Policy subject to Paragraphs **2.b.** and **2.c.**
- b. We may cancel the Policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you and the mortgageholder, pledgee or other known person shown in the Policy to have an insurable interest in any loss within 10 days of the date that we receive notice of the returned check or negotiable instrument.
- c. The cancellation notice will also advise you that the Policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation was mailed.

3. Paragraph **A.5. Cancellation** is replaced by the following:

**5. Premium Refund**

If this Policy is cancelled, we will return any premium refund due, subject to Paragraphs **5.a.**, **5.b.**, **5.c.** and **5.d.** The cancellation will be effective even if we have not made or offered a refund.

- a. If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.

~~We will send the refund to the first Named Insured and any mortgagee that has provided us with written notice of the percentage of the premium being funded with the mortgagee's own funds. The percentage of the unearned premium attributable to the mortgagee shall be returned to the mortgagee and the percentage of the unearned premium attributable to the first Named Insured shall be returned to the first Named Insured.~~

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- b. If we cancel, the refund will be pro rata and we will send the refund to the first Named Insured unless Paragraph 5.c. applies.
- c. If we cancel based on Paragraph C.2. of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in C.2.2.c. If the Policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
- d. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

4. Paragraph C. **Concealment, Misrepresentation Or Fraud** Common Policy Condition is replaced by the following:

**C. Concealment, Misrepresentation Or Fraud**

- 1. Applicable to Section I – Property:
  - a. With respect to loss or damage caused by fire, we do not provide coverage to the insured who, whether before or after the loss, has intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:
    - (1) This Policy;
    - (2) The Covered Property;
    - (3) Your interest in the Covered Property; or
    - (4) A claim under this Policy.
  - b. With respect to loss or damage caused by a peril other than fire and with respect to all insureds covered under this Policy, we provide no coverage for loss or damage if, whether before or after a loss, one or more insureds have intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:
    - (1) This Policy;
    - (2) The Covered Property;
    - (3) Your interest in the Covered Property; or
    - (4) A claim under this Policy.

2. Applicable to Section II – Liability:

We do not provide coverage to one or more insureds who, whether before or after a loss, have intentionally concealed or misrepresented any material fact or circumstance, with the intent to deceive, concerning:

- a. This Policy;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Policy.

5. Paragraph I.1. **Premiums** is replaced by the following:

- 1. The first Named Insured shown in the Declarations:
  - a. Is responsible for the payment of all premiums; and
  - b. Will be the payee for any return premium we pay, unless another person or entity is entitled to be the payee in accordance with Paragraph C.3. of this endorsement.

6. Paragraph K.1. **Transfer Of Rights Of Recovery Against Others To Us** is replaced by the following:

- 1. Applicable to Section I – Property Coverage:
 

If any person or organization to or for whom we make payment under this Policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

  - a. Prior to a loss to your Covered Property or Covered Income.
  - b. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
    - (1) Someone insured by this insurance;
    - (2) A business firm:
      - (a) Owned or controlled by you; or
      - (b) That owns or controls you;
    - (3) Your "employee" or employer;
    - (4) The owner, lessor or tenant of the:
      - (a) Described premises; or

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- (b) Premises where loss or damage occurred; including their "employees", partners and stockholders; or

(5) Your relative by blood or marriage.

If you waive your rights against another party in writing after a loss, we can recover from you any amount you received for that waiver. But we cannot recover more than the amount we paid you for that loss.

2. Applicable to Section II – Liability Coverage:

In the event of any payment under this Coverage, we will be entitled to the insured's rights of recovery against any person or organization, and the insured will do whatever is necessary to secure such rights. Our right to recover is subordinate to the insured's right to be fully compensated.

7. The following is added and supersedes any other provision to the contrary:

**Nonrenewal**

- 1. If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
- 2. We need not mail or deliver this notice if:
  - a. We or another company within our insurance group have offered to issue a renewal policy; or

- b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Such notice to the insured shall include the insured's loss run information for the period the Policy has been in force within, but not to exceed, the last three years of coverage.

D. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. Paragraph **E.1. Defense And Settlement** is replaced by the following:

- 1. We shall have the right and duty to select counsel and defend the insured against any "claim" covered under Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability**, even if the allegations of such "claim" are groundless, false or fraudulent.

2. The first sentence under Paragraph **I. Exclusions** is replaced by the following:

We will not be liable for "loss":

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**LOUISIANA – FUNGI OR BACTERIA EXCLUSION  
(LIABILITY)**

This endorsement modifies insurance provided under the following:

**BUSINESSOWNERS COVERAGE FORM**

The following provisions are added to **Section II – Liability**:

**A. The following exclusion is added to Paragraph B.1., Exclusions – Applicable To Business Liability Coverage:**

**—s.— Fungi Or Bacteria**

- (1) "Bodily injury", "property damage" or "personal and advertising injury" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or "bacteria" on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- (2) Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or "bacteria", by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or "bacteria" that are, are on, or are contained in, a good or product intended for bodily consumption.

**B. The following definitions are added to Paragraph F. Liability And Medical Expenses Definitions:**

- 1. "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Bacteria" means any type, kind or form of bacterium.

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# **LOUISIANA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

- CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
- COMMERCIAL AUTOMOBILE COVERAGE PART
- COMMERCIAL GENERAL LIABILITY COVERAGE PART
- COMMERCIAL INLAND MARINE COVERAGE PART
- COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
- COMMERCIAL PROPERTY COVERAGE PART
- CRIME AND FIDELITY COVERAGE PART
- EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
- EQUIPMENT BREAKDOWN COVERAGE PART
- FARM COVERAGE PART
- LIQUOR LIABILITY COVERAGE PART
- MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
- POLLUTION LIABILITY COVERAGE PART
- PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
- STANDARD PROPERTY POLICY

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**A.** Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following, which applies unless Paragraph **B.** of this endorsement applies:

**2. Notice Of Cancellation**

**a. Cancellation Of Policies In Effect For Fewer Than 60 Days Which Are Not Renewals**

If this policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason, subject to the following:

- (1)** Cancellation for nonpayment of premium:  
We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- (2)** Cancellation for any other reason:  
We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.

**b. Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More**

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3)** Activities or omissions by you which change or increase any hazard insured against;
- (4)** Change in the risk which increases the risk of loss after we issued or renewed this policy, including an increase in exposure due to regulation, legislation, or court decision;

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- (5) Determination by the Commissioner of Insurance that the continuation of this policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;
- (6) The insured's violation or breach of any policy terms or conditions; or
- (7) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under Paragraph **A.2.b.** to the first Named Insured at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **A.2.b.(2)** through **(7)** above.

**B.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

**2. Notice Of Cancellation**

- a. If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the policy subject to Paragraphs **B.2.b.** and **B.2.c.**
- b. We may cancel the policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you within 10 days of the date that we receive notice of the returned check or negotiable instrument.
- c. The cancellation notice will also advise you that the policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation notice was mailed.

**C.** With respect to the Coverage Parts and Policies to which this endorsement applies, except the Equipment Breakdown Coverage Part, Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:

**5. Premium Refund**

If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **C.5.a.**, **C.5.b.**, **C.5.c.**, **C.5.d.** and **C.5.e.** The cancellation will be effective even if we have not made or offered a refund.

- a. If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.

~~We will send the refund to the first Named Insured and any mortgagee that has provided us with written notice of the percentage of the premium being funded with the mortgagee's own funds. The percentage of the unearned premium attributable to the mortgagee shall be returned to the mortgagee and the percentage of the unearned premium attributable to the first Named Insured shall be returned to the first Named Insured.~~

- b. If we cancel, the refund will be pro rata and we will send the refund to the first Named Insured unless Paragraph **C.5.c.** or **C.5.d.** applies.
- c. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
- d. With respect to any cancellation of the Commercial Auto Coverage Part, we will send the return premium, if any, to the premium finance company if the premium was financed by such company.

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- e. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.
- D. With respect to the Equipment Breakdown Coverage Part, Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:
- 5. Premium Refund**
- If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **D.5.a.**, **D.5.b.**, **D.5.c.**, **D.5.d.** and **D.5.e.** The cancellation will be effective even if we have not made or offered a refund.
- a. If we cancel, the refund will be pro rata.
  - b. If the first Named Insured cancels, the refund will not be less than 75% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
  - c. We will send the refund to the first Named Insured unless Paragraph **D.5.d.** applies.
  - d. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
  - e. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

E. The **Premiums** Common Policy Condition is replaced by the following:

**Premiums**

- 1. The first Named Insured shown in the Declarations is responsible for the payment of all premiums.
- 2. We will pay return premiums, if any, to the first Named Insured, unless another person or entity is entitled to be the payee in accordance with Paragraph **C.** or **D.** of this endorsement.

F. Paragraph **f.** of the **Mortgageholders** Condition in the Commercial Property Coverage Part, Standard Property Policy and the Capital Assets Program (Output Policy) Coverage Part, and Paragraph **4.f.** of the **Mortgageholders** Condition in the Farm Coverage Part are replaced by the following:

If we cancel a policy that has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 60 days before the effective date of cancellation, if we cancel for any other reason.

If we cancel a policy that has been in effect for 60 days or more, or is a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

G. The following is added and supersedes any other provision to the contrary:

**Nonrenewal**

- 1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
- 2. We need not mail or deliver this notice if:
  - a. We or another company within our insurance group have offered to issue a renewal policy; or
  - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

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3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Such notice to the insured shall include the insured's loss run information for the period the policy has been in force within, but not to exceed, the last three years of coverage.

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