

**RULES – FILED AND TO BE IMPLEMENTED**

JULY 8, 2020

COMMERCIAL LINES

LI-CL-2020-027

## **MICHIGAN NEW AND REVISED EXCEPTION PAGES FILED AND TO BE IMPLEMENTED**

---

### **KEY MESSAGE**

This circular announces the submission and implementation of new and revised Michigan commercial lines manual exception pages to complement forms revisions submitted and approved in Michigan filing CL-2020-OEND1 and announced in referenced circular LI-CL-2020-026.

**Applicable Lines of Business:** AG, BP, CA, CF, CY, FR, GL, MP, OP

**Filing ID:** CL-2020-ORU1

**Effective Date:** November 1, 2020

---

### **BACKGROUND**

In referenced circular [LI-CL-2020-026](#), we announced the submission and approval of new and revised Michigan forms in response to correspondence received from the Michigan Insurance Department generally addressing criminal acts exclusions and certain notice requirements under MCL 500.3008, which is generally applicable to liability policies.

---

### **ISO ACTION**

We have revised the Michigan exception pages to complement the changes introduced in Michigan forms filing CL-2020-OEND1.

---

### **INSURANCE DEPARTMENT ACTION**

The Insurance Department has acknowledged 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 November 1, 2020.

---

### **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 [CL-2020-ORU1](#), 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**

No new attributes are being introduced with this revision.

---

## **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-2019-057](#) 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 Manualholders with an edition date of 11-20 (or the earliest possible subsequent date), along with any new and/or revised manual pages.

---

## **RELATED FORMS REVISION**

We are announcing in a separate circular the filing and approval of a corresponding forms revision. Please refer to the Reference(s) block for identification of that circular.

---

## **REFERENCE(S)**

- [LI-CL-2020-026](#) (07/08/2020) Michigan New And Revised Endorsements Filed And Approved
  - [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing
- 

## **ATTACHMENT(S)**

Filing [CL-2020-ORU1](#)

---

## **COPYRIGHT EXPLANATION**

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file, or use same in any manner without the written permission of the copyright owner. Permission is hereby granted to members, subscribers, and service purchasers to reprint, copy, or otherwise use the enclosed material for purposes of their own business use relating to that territory or line or kind of insurance, or subdivision thereof, for which they participate, provided that:

- (A) Where ISO copyrighted material is reprinted, copied, or otherwise used **as a whole**, it must reflect the copyright notice actually shown on such material.
- (B) Where ISO copyrighted material is reprinted, copied, or otherwise used **in part**, the following credit legend must appear at the bottom of each page so used:  
Includes copyrighted material of Insurance Services Office, Inc., with its permission.

---

## CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:  
Tim McDonnell  
Compliance and Product Services  
(201) 646-627-0611  
[liability@verisk.com](mailto:liability@verisk.com)  
[Timothy.McDonnell@verisk.com](mailto:Timothy.McDonnell@verisk.com)
- Other issues for this circular, please contact Customer Support:  
E-mail: [info@verisk.com](mailto:info@verisk.com)  
Phone: 800-888-4476

Callers outside the United States, Canada, and the Caribbean may contact us using our global toll-free number (International Access Code + 800 48977489). For information on all ISO products, visit us at [www.verisk.com/iso](http://www.verisk.com/iso). To keep abreast of the latest Insurance Lines Services updates, view [www.verisk.com/ils](http://www.verisk.com/ils).

# Revision To The Michigan Exception Pages

## Applicable Lines of Business

---

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets (Output Policy)
- ◆ Commercial Auto
- ◆ Commercial General Liability
- ◆ Commercial Property
- ◆ Cyber
- ◆ Farm
- ◆ Management Protection

## About This Filing

---

We are revising the Michigan exception pages in response to comments presented by the Michigan Department of Insurance and Financial Services.

## Revised Rules

We are revising the following rules:

- ◆ Division One - Commercial Auto
  - Rule 12. Forms Portfolio Reference
  - Rule 50. Auto Dealers – Additional Provisions
- ◆ Division Four – Farm
  - Rule A2. Amendatory Endorsement(s)
  - Rule 36. Farm Property Coverage
- ◆ Division Ten – Businessowners
  - Rule 16. Mandatory Forms, Coverage And Limits
  - Rule 29. Endorsements

- ◆ Division Fifteen – Management Protection
  - Rule 30. Executive Liability Coverage Part – Description Of Coverage
  - Rule 50. Financial Institutions Executive Liability Coverage Part – Description Of Coverage
  - Rule 70. Not-for-profit Management Liability Coverage Part – Description Of Coverage
  - Rule 90. Fiduciary Liability Coverage Part – Description Of Coverage
- ◆ Division Seventeen – Cyber
  - Rule 14. Mandatory Endorsements

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes.

## New Rules

We are introducing the following rules:

- ◆ Division Five – Fire And Allied Lines
  - Rule 41. Builders' Risk Coverage Options (Class Code 1150)
- ◆ Division Six – General Liability
  - Rule 43. Employee Benefits Liability Coverage
- ◆ Division Ten – Businessowners
  - Rule 24. Deductibles
  - Rule 41. Apartment Buildings Class-specific Endorsements
  - Rule 43. Residential Cleaning services – Class-specific Endorsement
- ◆ Division Fourteen – Capital Assets – Agricultural Capital Assets (Output Policy)
  - Rule 60. Identity Fraud Expense Coverage
  - Rule 77. Warehouse Operators Legal Liability Coverage
- ◆ Division Fourteen – Capital Assets Program (Output Policy)
  - Rule 76. Warehouse Operators Legal Liability Coverage
- ◆ Division Seventeen – Cyber
  - Rule 17. Description Of Additional Optional Endorsements
  - Rule 24. Information Security Protection Cyber Policy – Premium Determination

- Rule 39. Financial Institutions Information Security Protection Cyber Policy – Premium Determination
- Rule 54. Media And Information Security Protection Cyber Policy – Premium Determination

## Related Filing(s)

---

- ♦ CL-2020-OEND1

## Background

---

In related forms filing CL-2020-OEND1, we are introducing various state-specific endorsements in response to comments from the Michigan Department of Insurance and Financial Services with respect to notice requirements and criminal acts related exclusions.

## Explanation of Changes

---

To complement the forms filing, we are:

- ♦ Further revising the following rules:
  - Division One - Commercial Auto
    - ◇ Rule 12. Forms Portfolio Reference
    - ◇ Rule 50. Auto Dealers – Additional Provisions
  - Division Four – Farm
    - ◇ Rule A2. Amendatory Endorsement(s)
    - ◇ Rule 36. Farm Property Coverage
  - Division Ten – Businessowners
    - ◇ Rule 16. Mandatory Forms, Coverage And Limits
    - ◇ Rule 29. Endorsements
  - Division Fifteen – Management Protection
    - ◇ Rule 30. Executive Liability Coverage Part – Description Of Coverage
    - ◇ Rule 50. Financial Institutions Executive Liability Coverage Part – Description Of Coverage
    - ◇ Rule 70. Not-for-profit Management Liability Coverage Part – Description Of Coverage
    - ◇ Rule 90. Fiduciary Liability Coverage Part – Description Of Coverage

- Division Seventeen – Cyber
  - ◇ Rule 14. Mandatory Endorsements
- ◆ Introducing Michigan state exceptions to the following rules:
  - Division Five – Fire And Allied Lines
    - ◇ Rule 41. Builders' Risk Coverage Options (Class Code 1150)
  - Division Six – General Liability
    - ◇ Rule 43. Employee Benefits Liability Coverage
  - Division Ten – Businessowners
    - ◇ Rule 24. Deductibles
    - ◇ Rule 41. Apartment Buildings Class-specific Endorsements
    - ◇ Rule 43. Residential Cleaning services – Class-specific Endorsement
  - Division Fourteen – Capital Assets – Agricultural Capital Assets (Output Policy)
    - ◇ Rule 60. Identity Fraud Expense Coverage
    - ◇ Rule 77. Warehouse Operators Legal Liability Coverage
  - Division Fourteen – Capital Assets Program (Output Policy)
    - ◇ Rule 76. Warehouse Operators Legal Liability Coverage
  - Division Seventeen – Cyber
    - ◇ Rule 17. Description Of Additional Optional Endorsements
    - ◇ Rule 24. Information Security Protection Cyber Policy – Premium Determination
    - ◇ Rule 39. Financial Institutions Information Security Protection Cyber Policy – Premium Determination
    - ◇ Rule 54. Media And Information Security Protection Cyber Policy – Premium Determination

to reference state-specific endorsements.

## Copyright Explanation

---

The material distributed by Insurance Services Office, Inc. is copyrighted. All rights reserved. Possession of these pages does not confer the right to print, reprint, publish, copy, sell, file or use same in any manner without the written permission of the copyright owner.

## **Important Note**

---

Insurance Services Office, Inc. (ISO) makes available advisory services to property/casualty insurers. ISO has no adherence requirements. ISO rules and explanatory materials are intended solely for the information and use of ISO's participating insurers and their representatives, and insurance regulators. Neither ISO's general explanations of rules intent nor opinions expressed by members of ISO's staff necessarily reflect every insurer's view or control any insurer's application of manual rules.



**Division Fourteen – Capital Assets – Agricultural Capital Assets (Output Policy)**

---

**60. IDENTITY FRAUD EXPENSE COVERAGE**

---

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

**B. Form**

Use Michigan – Identity Fraud Expense Coverage Endorsement **AG 04 55**.

---

**77. WAREHOUSE OPERATORS LEGAL LIABILITY COVERAGE**

---

Paragraphs **A.** and **B.** are replaced by the following:

**A. Description Of Coverage**

Michigan – Warehouse Operators Legal Liability Coverage Endorsement **AG 04 19** provides coverage to the owners or operators of warehouses for the sums they may be legally obligated to pay as damages for loss or damage to goods that customers store in their warehouses when the damage is caused by negligence. Endorsement **AG 04 19** also provides coverage for the insured's defense costs, the cost of appeal bonds, the insured's reasonable expenses (up to \$1,000 per day) incurred to assist the insurer in handling a claim, awards against the insured resulting from a suit, arbitration or other proceeding, and prejudgment and postjudgment interest in connection with an award.

**B. Form**

Use Endorsement **AG 04 19**.

**Division Ten – Businessowners**

---

**16. MANDATORY FORMS, COVERAGE AND LIMITS**

---

Paragraph **B.7.** is replaced by the following:

**B. Forms**

**7. Michigan Changes – Self-storage Facilities Endorsement BP 07 96**

When insuring eligible self-storage facility risks, Michigan Changes – Self-storage Facilities Endorsement BP 07 96 must be attached. This endorsement revises several provisions of the property and liability coverages as follows:

**a. Property Coverage**

This endorsement adds Accrued Rental Charges as a component of Business Income Coverage and amends coverage to provide Employee Theft to include personal property of your customers.

**b. Liability Coverage**

This endorsement includes a \$50,000 Customers' Goods Legal Liability limit and a \$25,000 Sale and Disposal Liability limit. Exclusions specific to these coverages are added. The pollution exclusion is also amended to exclude pollutants brought onto the location by customers. Any loss covered under Section I – Property is excluded.

**c. Premium**

Refer to the multistate rates to determine the additional premium for higher limits options.

The following is added to Paragraph **B.:**

**B. Forms**

**9. Michigan Changes Endorsement BP 01 36**

Attach Michigan Changes Endorsement BP 01 36 to all policies.

**10. Michigan Effective Time Changes – Replacement Of 12 Noon Endorsement BP 12 13**

Attach Michigan Effective Time Changes – Replacement Of 12 Noon Endorsement BP 12 13 to any Businessowners Policy which replaces any existing Businessowners policy, if the existing policy expires at 12 noon.

---

**24. DEDUCTIBLES**

---

Paragraph **B.4.g.** is replaced by the following:

**g. Michigan Changes – Veterinarians Professional Liability Endorsement BP 08 63.**

---

**29. ENDORSEMENTS**

---

The following is added to Rule **29.:**

For optional endorsements which broaden or restrict coverage and/or are on a "refer to company" basis, follow Michigan (a) rate procedures as defined by Michigan Insurance Commissioner Order No. 81-3055-M. (Refer to Chapter 13 of the Michigan Insurance Bureau Property and Liability Insurance Filing Procedures for complete details.)

By order of the Commissioner, all (a) rates remain subject to the requirements of the Michigan Insurance Code, including but not limited to sections 2027, 2403 and 2603.

Paragraphs **A.19.b.**, **A.29.b.** and **A.30.b.** are replaced by the following:

**A. Property Endorsements**

**19. Named Perils – Building And Business Personal Property**

**b. Endorsement**

Use Michigan Changes – Named Perils Endorsement BP 10 86.

**29. Identity Fraud Expense Coverage**

**b. Endorsement**

Use Michigan Changes – Identity Fraud Expense Coverage Endorsement BP 16 12.

**30. Theft Of Clients' Property**

**b. Endorsement**

If the Employee Dishonesty Optional Coverage is provided in the Businessowners Coverage Form, use Theft Of Clients' Property Coverage Endorsement **BP 14 03**. Do not use this endorsement if either Michigan Changes – Self-storage Facilities Endorsement **BP 07 96** or Michigan Changes – Residential Cleaning Services Endorsement **BP 07 98** is attached to the policy.

Paragraphs **B.5.b.(2)** and **B.5.c.** are replaced by the following:

**B. Liability Endorsements**

**5. Electronic Data**

**b. Electronic Data Liability – Broad Coverage**

**(2) Endorsement**

Use Michigan Changes – Electronic Data Liability – Broad Coverage Endorsement **BP 16 10**.

**c. Extended Reporting Period For Electronic Data Liability – Broad Coverage**

**(1) Description Of Coverage**

This option is available if the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement is cancelled or not renewed for any reason or the company replaces this endorsement with other insurance that does not provide claims-made coverage for loss of electronic data arising out of an electronic data incident, or provides claims-made coverage and has a retroactive date later than the one shown in the Schedule of the endorsement. It provides for a three-year extension for the reporting of claims because of loss of electronic data that occurred before the end of the policy period or on or before the effective date of cancellation. The Named Insured must request this endorsement in writing within 30 days after the end of the policy period.

**(2) Endorsement**

If the Extended Reporting Period is selected, use Michigan Changes – Extended Reporting Period For Electronic Data Liability – Broad Coverage Endorsement **BP 16 14**.

**(3) Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 2.00 times the annual premium for the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement.

**(4) Aggregate Limit**

If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement in effect at the end of the policy.

Paragraphs **B.6.a.(2)** and **B.6.b.** are replaced by the following:

**6. Employee Benefits**

**a. Employee Benefits Liability Coverage**

**(2) Endorsement**

Use Michigan Changes – Employee Benefits Liability Coverage Endorsement **BP 16 09**.

**b. Extended Reporting Period Option**

**(1) Description Of Coverage**

This option is available if the Michigan Changes – Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that does not apply to a negligent act, error or omission. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.

**(2) Endorsement**

If the Extended Reporting Period is selected, use Michigan Changes – Extended Reporting Period For Employee Benefits Liability Coverage Endorsement **BP 16 13**.

**(3) Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Employee Benefits Liability Coverage endorsement.

**(4) Aggregate Limit**

If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Employee Benefits Liability Coverage endorsement in effect at the end of the policy.

Paragraph **B.13.b.(4)** is replaced by the following:

**B. Liability Endorsements**

**13. Liquor Liability Coverage**

**b. Liquor Liability Grades**

**(4) The Liquor Liability Numerical Grade is 5.**

Citation of Statute: MICH. COMP. LAWS ANN. Section 436.22

Comments:

The statute provides, in part, that:

- An individual, or the spouse, child, parent or guardian of that individual, who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful selling, giving, or furnishing of alcoholic liquor to the minor or visibly intoxicated person, if the unlawful sale is proven to be a proximate cause of the injury or damage, shall have a right of action against the person who by selling, giving or furnishing the alcoholic liquor has caused or contributed to the intoxication of the person.
- The plaintiff has a right to recover actual damages in a sum not less than \$50.00 in each case in which the court or jury determines that intoxication was a proximate cause of injury.
- No action against a vendor may be commenced unless the minor or alleged intoxicated person is a named defendant in the action and is retained in the action until the litigation is concluded by trial or settlement.
- A vendor shall have the right to full indemnification from the alleged visibly intoxicated person for damages awarded against the vendor.
- The alleged visibly intoxicated person shall not have a cause of action pursuant to this section.

Paragraph **D.3.c.(2)** is replaced by the following:

**D. Endorsements Applicable To Specific Classes**

**3. Professional Liability Endorsements**

**c. Funeral Directors Professional Liability**

**(2) Endorsement**

Use Michigan Changes – Funeral Directors Professional Liability Endorsement **BP 08 61.**

Paragraph **D.3.e.(2)** does not apply.

Paragraph **D.3.f.(2)** is replaced by the following:

**f. Printer's Errors And Omissions Liability**

**(2) Endorsement**

Use Michigan Changes – Printers Errors And Omissions Liability Endorsement **BP 08 62.**

Paragraph **D.3.g.(4)** is replaced by the following:

**g. Veterinarians Professional Liability Coverage**

**(4) Endorsement**

Use Michigan Changes – Veterinarians Professional Liability Endorsement **BP 08 63.**

Paragraphs **D.5.b.**, **D.5.e.** and **D.5.f.** are replaced by the following:

**5. Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement**

**b. Endorsement**

Use Michigan Changes – Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement **BP 17 60**.

Endorsement **BP 17 60** provides coverage for liability arising out of wrongful acts committed by an insured, as defined. The Schedule of the endorsement provides an entry for:

- (1) The name of the insured association;
- (2) A Limit of Insurance for damages and defense expenses;
- (3) A deductible amount. The company's obligation to pay damages and defense expenses on behalf of the insured applies only to the amount of damages and defense expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible applies to the coverages provided under the three Insuring Agreements;
- (4) The date of pending or prior litigation;
- (5) A Retroactive Date. If "none" is entered in the Schedule of the endorsement, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts committed before the inception date of the policy; and
- (6) An Extended Reporting Period, as described in Paragraph **D.5.e**.

**e. Extended Reporting Period**

An Extended Reporting Period option can be selected by marking a checkbox in the Schedule of the endorsement. This option provides for a three-year Extended Reporting Period only for coverages available in the Michigan Changes – Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement. The claim must be for a loss, as defined in the endorsement, because of a wrongful act committed by an insured person which occurs:

- (1) On or after the Retroactive Date; and
- (2) Before the end of the policy period.

The Named Insured must request this coverage within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.

**f. Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement.

Paragraph **E.1.a.(1)** is replaced by the following:

**E. Other Endorsements**

**1. Information Security Protection Endorsement**

**a. Description Of Coverage**

**(1) Insuring Agreements**

Michigan Changes – Information Security Protection Endorsement **BP 15 35** contains seven insuring agreements. Insuring Agreements **a., b., c., e. and f.** provide first-party coverage. Insuring Agreements **d. and g.** provide third-party coverage written on a claims-made basis.

**(a) Insuring Agreement a. Replacement Or Restoration Of Electronic Data**

This insuring agreement provides coverage for costs incurred by the insured to replace or restore electronic data or computer programs as well as the cost of data entry, reprogramming and computer consultation services resulting directly from an e-commerce incident sustained during the policy period. E-commerce incident is defined to mean a virus, malicious code or denial of service attack introduced into or enacted upon the computer system (including electronic data) or a network to which it is connected, that is designed to damage, destroy, delete, corrupt or prevent the use of or access to any part of the computer system or otherwise disrupt its normal operation.

**(b) Insuring Agreement b. Public Relations Expense**

This insuring agreement provides coverage for fees and costs of a public relations firm and any other reasonable expenses incurred by the insured, with the insurer's written consent, to protect or restore its reputation in response to negative publicity resulting from an e-commerce incident, as that term is defined in the endorsement, or security breach. Security breach is defined to mean the acquisition of personal information held within the computer system or in non-electronic format while in the care, custody or control of the insured or authorized third party by a person:

(i) Who is not authorized to have access to such information; or

(ii) Who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.

**(c) Insuring Agreement c. Security Breach Expense**

This insuring agreement provides coverage for expenses incurred by the insured, including costs: to establish whether a security breach has occurred or is occurring; to investigate the cause, scope and extent of a security breach and to identify any affected parties; to determine any action necessary to correct or remediate the conditions that led to or resulted from a security breach, including, but not limited to, fees paid for legal and other professional advice on how to respond to the security breach; to notify all parties affected by a security breach, including, but not limited to, notice to be transmitted through media required by privacy regulations; overtime salaries paid to employees assigned to handle inquiries from parties affected by a security breach; fees and expenses of a company hired by the insured to operate a call center to handle inquiries from parties affected by a security breach; post-event monitoring for parties affected by a security breach for up to one year from the date of notification to those affected parties of such security breach; and any other reasonable expenses incurred by the insured with the insurer's written consent.

**(d) Insuring Agreement d. Security Breach Liability**

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged neglect, breach of duty or omission by an insured that results in a security breach, as that term is defined in the endorsement, or transmission of a computer virus to another person or organization.

Coverage may also be provided for both loss (meaning fines or penalties assessed against the insured to the extent such fines or penalties are insurable by law) and defense expenses in connection with a regulatory proceeding as a result of a wrongful act covered under the insuring agreement.

**(e) Insuring Agreement e. Extortion Threats**

This insuring agreement provides coverage for extortion expenses and ransom payments incurred by the insured resulting directly from an extortion threat. Extortion threat is defined to mean a threat or series of related threats to introduce a virus, malicious code or denial of service attack; disseminate, divulge or utilize the insured's proprietary information or weakness in the source code within the computer system; destroy, corrupt or prevent normal access to the computer system; inflict ransomware on the computer system or a network to which it is connected; or publish a client's personal information.

**(f) Insuring Agreement f. Business Income And Extra Expense**

This insuring agreement provides coverage for the actual loss of business income and/or extra expense incurred by the insured resulting directly from an e-commerce incident or extortion threat as those terms are defined in the endorsement.

**(g) Insuring Agreement g. Web Site Publishing Liability**

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged error, misstatement or misleading statement posted or published by an insured on its web site that results in an infringement of another's copyright, trademark, trade name, trade dress, title, slogan, service name or service mark. Wrongful act, in this endorsement, is not defined to include infringing upon another's copyright, trade dress or slogan in the insured's advertisement (coverage for infringing upon another's copyright, trade dress or slogan in the insured's advertisement is addressed in the base policy coverage form).

Paragraphs E.1.b. and E.1.e. are replaced by the following:

**b. Endorsement**

Use Endorsement BP 15 35.

**e. Limits Of Insurance**

The Michigan Changes – Information Security Protection Endorsement may be written with an aggregate limit of insurance of \$10,000, \$25,000, \$50,000, \$75,000 or \$100,000.

Paragraphs E.1.h.(2), E.1.j.(1) and E.1.j.(2) are replaced by the following:

**h. Supplemental Extended Reporting Period**

(2) Refer to company for rating. However, the premium charged for the Supplemental Extended Reporting Period may not exceed 1.00 times the annual premium for Endorsement **BP 15 35**.

**j. Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees**

**(1) Description Of Coverage**

This endorsement replaces Exclusion r. in Endorsement **BP 15 35** to provide an exception for dishonest, malicious or fraudulent acts committed by an employee which give rise to a claim or loss covered under Endorsement **BP 15 35**.

**(2) Endorsement**

Use Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement **BP 15 36**.

**41. APARTMENT BUILDINGS CLASS-SPECIFIC ENDORSEMENTS**

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

**A. Description Of Coverage**

The endorsements described in Paragraph **B.** modify the coverage available for Apartment Buildings insureds on the Businessowners Coverage Form. All of the endorsements are optional; however, Michigan Changes – Apartment Buildings Endorsement **BP 07 97** must be attached if any of the other endorsements are to be attached.

Paragraph **B.1.b.** is replaced by the following:

**B. Endorsements**

**1. Apartment Buildings**

**b. Endorsement**

Use Endorsement **BP 07 97**.

Paragraph **B.1.c.(2)** is replaced by the following:

**c. Premium Determination**

(2) For each location where coverage applies, refer to the state rates Table **41.B.1.c.(2)(LC)** to determine the additional premium for Endorsement **BP 07 97**.

Paragraph **B.4.** is replaced by the following:

**4. Apartment Buildings Supplemental Schedule**

**a. Description**

The Michigan Changes – Apartment Buildings Supplemental Schedule may be used when it is necessary to provide additional information that is not contained in the Declarations or Michigan Changes – Apartment Buildings endorsement.

**b. Form**

Use Michigan Changes – Apartment Buildings Supplemental Schedule **BP DS 08**.

**43. RESIDENTIAL CLEANING SERVICES – CLASS-SPECIFIC ENDORSEMENT**

Paragraphs **B.2.**, **B.3.a.** and **C.** are replaced by the following:

**B. Endorsement**

**2. Endorsement**

Use Michigan Changes – Residential Cleaning Services Endorsement **BP 07 98**.

**3. Premium Determination**

a. For each location where coverage applies, refer to multistate rate Table **43.B.3.a.(LC)** to determine the additional premium for Endorsement **BP 07 98**.

**C. Eligible Classifications**

1. The following classifications in the Businessowners Classification Table are the only ones eligible for the Michigan Changes – Residential Cleaning Services endorsement:

<u>Description</u>	<u>Class Code</u>
<u>Carpet, Rug, Furniture Or Upholstery Cleaning – On customer's premises</u>	
<u>Office</u>	<u>74251</u>
<u>Shop</u>	<u>74261</u>
<u>Residential Cleaning Services</u>	
<u>Office</u>	<u>76221</u>
<u>Shop</u>	<u>76231</u>
<u>Window Cleaning – 3 stories or less in height</u>	
<u>Office</u>	<u>76171</u>
<u>Shop</u>	<u>76181</u>

**Table 43.C.1. Eligible Classifications**

2. Any of the classifications listed in Paragraph **C.1.** of Rule **43.** are eligible even if they also engage in any other types of operations for which an additional classification in the Businessowners Classification Table is required.



**Division One - Commercial Auto**

---

**12. FORMS PORTFOLIO REFERENCE**

---

The following is added to Paragraph **B.**:

The following endorsements are mandatory and must be attached to all Commercial Auto Coverage Parts:

**CA 01 10** Michigan Changes

**CA 27 03** Michigan Changes – Auto Dealers Coverage Form (For use with the Auto Dealers Coverage Form)

**IL 02 86** Michigan Changes – Cancellation And Nonrenewal

The following endorsement is mandatory and must be attached to all Motor Carrier Coverage Forms and to Business Auto and Auto Dealers Coverage Forms if the insured is engaged in trucking operations:

**CA 23 11** Michigan Motor Carrier— Amendatory Endorsement

The following endorsement must be attached to the Motor Carrier Coverage Form when ~~the~~ Truckers – Uniform Intermodal Interchange Endorsement Form UIIE—1 **CA 23 17** is attached:

**CA 23 18** Michigan Changes – Truckers Endorsement

---

**50. AUTO DEALERS – ADDITIONAL PROVISIONS**

---

Paragraph **A.5.** does not apply.

Paragraphs **B.1.** and **B.4.** are replaced by the following:

**B. Other Additional Coverages**

**1. Employee Benefits Liability (Class Code 7807)**

- a. To provide coverage against claims for damages because of the insured's negligent acts, errors or omissions committed in the administration of an employee benefit program, use Michigan Employee Benefits Liability Coverage Endorsement **CA 27 01.**
- b. An extended reporting period option is available if the Michigan Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that has a Retroactive Date later than the date shown in the Schedule of the endorsement or does not apply to a negligent act, error or omission on a claims-made basis. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the endorsement's Schedule. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.
- c. If the Extended Reporting Period is purchased, use Michigan Extended Reporting Period Endorsement For Employee Benefits Liability Coverage **CA 27 04.**
- d. The premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Employee Benefits Liability Coverage endorsement.
- e. If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Employee Benefits Liability Coverage endorsement in effect at the end of the policy period.
- f. Refer to company for rating of these endorsements.

**4. Customer Complaint Legal Defense Coverage (Class Code 7814)**

To provide coverage for defense expenses only arising out of the sale, service or repair of an auto in the named insured's auto dealer operations, use Michigan Customer Complaint Legal Defense Coverage Endorsement **CA 27 02.** Refer to company for rating of this endorsement.

Division Five – Fire And Allied Lines

**SECTION III-COVERAGE FORM RULES BUILDERS' RISK COVERAGE**

---

**41. BUILDERS' RISK COVERAGE OPTIONS (Class Code 1150)**

---

Paragraphs **E.2.**, **E.3.** and **E.4.** are replaced by the following:

**E. Theft Of Building Materials, Fixtures, Machinery, Equipment**

**2. Form**

Attach Builders' Risk – Theft Of Building Materials, Fixtures, Machinery, Equipment – Michigan **CP 11 22** to Form **CP 00 20.**

**3. Rules**

**a. Limit Of Insurance**

Enter a Limit of Insurance in the Schedule of Endorsement **CP 11 22.** This limit is separate from the limit applicable to the building(s) under Form **CP 00 20.**

**b. Minimum Deductible**

The minimum deductible is \$1,000. This deductible applies only to the coverage provided under Endorsement **CP 11 22.** This deductible is separate from the deductible which applies to losses covered under Form **CP 00 20.**

**4. Premium Determination**

Refer to the multistate rates. Develop an additional premium by multiplying the rate by the limit of insurance (in hundreds) for Endorsement **CP 11 22.**

If the deductible is in excess of \$1,000, refer to company for further rate modification.

**Division Seventeen – Cyber**

**14. MANDATORY ENDORSEMENTS**

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

**B. State Endorsements**

1. Attach Michigan Changes—~~Duties In The Event Of Claim Or Loss~~ Endorsement **CY 01 69** to all policies. Endorsement **CY 01 69**:
  - a. ~~amends~~ Amends the policy's notice requirement by providing that notice may be validly given to any of the insurer's agents and failure to give notice within the time period specified shall not invalidate a claim if it was not possible to give notice within that time period and notice was given as soon as reasonably possible; and
  - b. Addresses Michigan requirements related to exclusion of coverage for loss or defense expenses based upon, attributable to or arising out of criminal acts by an insured.
2. Attach Michigan Changes – Cancellation And Nonrenewal Endorsement **CY 02 46** to all policies.

**17. DESCRIPTION OF ADDITIONAL ENDORSEMENTS**

Paragraph **B.11.** is replaced by the following:

**B. Endorsements Applicable To CY 00 10, CY 00 11, CY 00 12, CY 00 13 And CY 00 01**

**11. Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

This endorsement replaces Exclusion 20. in CY 00 10, CY 00 11, CY 00 12 and CY 00 13 and Exclusion 19. in CY 00 01 to provide an exception to the exclusion for dishonest, malicious or fraudulent acts committed by an employee which give rise to a claim or loss covered under the policy.

For CY 00 10, CY 00 11, CY 00 12 and CY 00 13, refer to the Premium Determination Rule of the respective policy for rating. For CY 00 01, there is no premium consideration for this endorsement.

Refer to the Premium Determination Rule of the respective policy for rating.

**SECTION II – INFORMATION SECURITY PROTECTION CYBER POLICY**

**24. INFORMATION SECURITY PROTECTION CYBER POLICY – PREMIUM DETERMINATION**

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy – Premium Determination**

**1. Web Site Publishing Liability**

**c. Coverage Amendments**

**(3) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **24.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

**(2) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **24.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

**SECTION III – FINANCIAL INSTITUTIONS INFORMATION SECURITY PROTECTION CYBER POLICY**

---

**39. FINANCIAL INSTITUTIONS INFORMATION SECURITY PROTECTION CYBER POLICY – PREMIUM DETERMINATION**

---

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy – Premium Determination**

**1. Web Site Publishing Liability**

**c. Coverage Amendments**

**(3) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **39.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

**(2) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **39.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

---

**SECTION IV – MEDIA AND INFORMATION SECURITY PROTECTION CYBER POLICY**

---

**54. MEDIA AND INFORMATION SECURITY PROTECTION CYBER POLICY – PREMIUM DETERMINATION**

---

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy – Premium Determination**

**1. Media Liability**

**c. Coverage Amendments**

**(3) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **54.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

**(2) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **54.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

Division Four – Farm

**A2. AMENDATORY ENDORSEMENT(S)**

Attach Michigan Changes Endorsement **FL 01 04** to all policies.

Attach Effective Time Changes – Replacement Of 12 Noon Endorsement **IL 00 22** to any policy which replaces an existing policy, if the existing policy expires at 12 noon.

Attach Michigan Changes – Cancellation And Nonrenewal Endorsement **IL 02 86** to all policies.

Attach Michigan Changes Endorsement **FP 01 16** to all policies containing Causes Of Loss Form – Farm Property **FP 10 60**, Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions **FP 00 90**, Livestock Coverage Form **FP 00 40** or Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30**.

**36. FARM PROPERTY COVERAGE**

The following is added to Paragraph C.:

**C. Premium Computation**

**10. Key Factors And Premium Modification Factors**

**a. Base Premium Computation – Farm Combination Coverage Owners Policy – Key Factors**

Coverage A Limit Of Insurance	Key Factor	Coverage A Limit Of Insurance	Key Factor
* \$ 15,000	.444	\$105,000	1.602
* 20,000	.599	110,000	1.654
** 25,000	.709	115,000	1.715
** 30,000	.768	120,000	1.794
** 35,000	.827	125,000	1.873
40,000	.885	130,000	1.952
45,000	.943	135,000	2.031
50,000	1.000	140,000	2.109
55,000	1.057	145,000	2.188
60,000	1.113	150,000	2.267
65,000	1.169	160,000	2.425
70,000	1.225	170,000	2.583
75,000	1.280	180,000	2.741
80,000	1.335	190,000	2.899
85,000	1.389	200,000	3.057
90,000	1.443		
95,000	1.496	Each add'l	
100,000	1.549	10,000	.158
* Type 3 Dwelling Only			
** Type 2 or 3 Dwelling Only			

**Table 36.C.10.a. Base Premium Computation – Farm Combination Coverage Owners Policy – Key Factors**

**b. Modification Factors For Type, Construction, Protection, Non-owner Occupancy And Farm Combination Coverage**

Multiply the applicable premium or rate (developed by the company from the loss costs) by the appropriate modification factors from the following table, in accordance with Multistate Rule **36.C.**:

Modification Criteria	Factor(s)
Type (1)	1.30 for Type 2 Dwelling 1.75 for Type 3 Dwelling

Construction (2)	.90 for Masonry Construction .90 for Noncombustible Construction .90 for Fire Resistive Construction
Protection (3)	.75 for Class 1 Protection .75 for Class 2 Protection .75 for Class 3 Protection .75 for Class 4 Protection .75 for Class 5 Protection .75 for Class 6 Protection .75 for Class 7 Protection .85 for Class 8 Protection .93 for Class 8B Protection .95 for Class 9 Protection 1.00 for Class 10 Protection .88 for Class 1X-5X Protection .93 for Class 6X-7X Protection .95 for Class 8X Protection .88 for Class 1Y-5Y Protection .93 for Class 6Y-8Y Protection .98 for Class 10W Protection
Non-Owner-Occupied (4)	.75 to delete Coverage C – Household Personal Property
Farm Combination Coverage (5)	.85

(1) Type factors apply to Farm Combination Coverage – Owners and Tenants policies – Coverages A, B, C and D.

(2) Construction factors apply to Farm Combination Coverage and Other Than Farm Combination Coverage – Owners and Tenants policies – Coverages A, B, C, D and G.

(3) Protection factors apply to Farm Combination Coverage and Other Than Farm Combination Coverage – Owners and Tenants policies – Coverages A, B, C, D, E (except Livestock and Machinery), F and G.

(4) Non-Owner-Occupied factor applies to Farm Combination Coverage – Owners policy – Coverage A-B-C-D premium, if the policy does not include Coverage C.

(5) Farm Combination Coverage factor applies to Farm Combination Coverage – Owners and Tenants policies – Coverages E, F and G.

**Table 36.C.10.b. Modification Factors For Type, Construction, Protection, Non-owner Occupancy And Farm Combination Coverage**

Paragraphs D.35.b., D.36.a., D.36.c., D.36.e., D.38.a. and D.38.b. ~~is~~are replaced by the following:

**D. Additional Or Reduced Premium Computation**

**35. Assisted Living Care Coverage**

**b. Form**

Use Assisted Living Care Coverage – Michigan Endorsement **FP 04 11**.

**36. Unit-owners Coverage**

**a. Description**

Unit-owners Coverage – Michigan Endorsement **FP 05 71** may be issued to the owner(s) of a condominium or cooperative dwelling unit which is used principally for family residential purposes. The condominium or cooperative dwelling unit may be owned by an individual, a partnership, joint venture or other organization.

**c. Form**

Attach Endorsement **FP 05 71** to Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12** and Farm Liability Coverage Form **FL 00 20**.

**e. Causes Of Loss**

The Schedule requires entry of either Basic or Broad to apply to both Coverages A and C. Special Coverage is not available under Endorsement **FP 05 71**.

**38. Identity Fraud Expense Coverage**

**a. Description Of Coverage**

When optional Identity Fraud Expense Coverage – Michigan Endorsement **FP 05 83** is attached to the insured's policy, \$15,000 of coverage is available to pay the expenses (a defined term) incurred by the insured as a direct result of any one identity fraud first discovered or learned of during the policy period. By definition such expenses include the costs of: notarizing fraud affidavits or similar documents; certified mail sent to law enforcement or credit agencies or to financial institutions; loss of income resulting from time taken off from work to meet and confer with law enforcement or credit agencies; loan application fees for re-applying for a loan after an application has been rejected solely because the lender received incorrect credit information; and reasonable attorneys' fees incurred, whether to defend lawsuits brought against the insured or to remove criminal or civil judgments.

Refer to Endorsement **FP 05 83** for definitions and special conditions specific to identity fraud expense coverage.

**b. Form**

Attach Endorsement **FP 05 83** to Form **FP 00 12**.

**Division Six – General Liability**

---

**43. EMPLOYEE BENEFITS LIABILITY COVERAGE**

---

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

2. For details of coverage refer to Michigan Changes – Employee Benefits Liability Coverage Endorsement **CG 04 73.**

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

**B. Extended Reporting Period Option**

1. This option is available if the Michigan Changes – Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that has a Retroactive Date later than the date shown in the Schedule of the endorsement or does not apply to a negligent act, error or omission on a claims-made basis. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the endorsement's Schedule. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.
2. If the Extended Reporting Period is purchased, use Michigan Changes – Extended Reporting Period Endorsement For Employee Benefits Liability Coverage **CG 27 79.**
3. Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Employee Benefits Liability Coverage endorsement.
4. If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Employee Benefits Liability Coverage endorsement in effect at the end of the policy period.

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

**C. Retroactive Date**

The Retroactive Date is a specific date entered in the Schedule of the endorsement. Any negligent act, error or omission first committed prior to the Retroactive Date is not covered, even if a claim is first received and recorded during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for an insured, it can only be advanced with the written consent of the first Named Insured, and then only:

1. If there is a change in carrier;
2. If there is a substantial change in the insured's operations which results in the increased exposure to loss;
3. If the insured fails to provide the company with information:
  - a. The insured knew or should have known about the nature of the risk insured which would have been material to the insurer's acceptance of the risk; or
  - b. Which was requested by the company; or
4. At the request of the insured.

Prior to the advancement of the Retroactive Date under any of these conditions, the company must obtain the written acknowledgment of the first Named Insured acknowledging that the first Named Insured has been advised of the right to purchase the Michigan Changes – Extended Reporting Period Endorsement For Employee Benefits Liability Coverage.

If "none" is entered in the Schedule of the endorsement, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for damages because of negligent acts, errors or omissions occurring prior to the inception date of the endorsement.



**Division Fifteen – Management Protection**

---

**30. EXECUTIVE LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

- c. Michigan Changes—~~Cancellation And Nonrenewal~~ Endorsement **MP 02 86.**

---

**50. FINANCIAL INSTITUTIONS EXECUTIVE LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

- c. Michigan Changes—~~Cancellation And Nonrenewal~~ Endorsement **MP 02 86.**

---

**70. NOT-FOR-PROFIT MANAGEMENT LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

- c. Michigan Changes—~~Cancellation And Nonrenewal~~ Endorsement **MP 02 86.**

---

**90. FIDUCIARY LIABILITY COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

- c. Michigan Changes—~~Cancellation And Nonrenewal~~ Endorsement **MP 02 86.**

Division Fourteen – Capital Assets Program (Output Policy)

**SECTION IV – COVERAGE FORM RULES – ENDORSEMENTS – OTHER THAN TIME ELEMENT**

---

**76. WAREHOUSE OPERATORS LEGAL LIABILITY COVERAGE**

---

Paragraphs **A.** and **B.** are replaced by the following:

**A. Description Of Coverage**

This endorsement provides coverage to the owners or operators of warehouses for the sums they may be legally obligated to pay as damages for loss or damage to goods that customers store in their warehouses when the damage is caused by negligence. Warehouse Operators Legal Liability Coverage – Michigan Endorsement **OP 04 37** also provides coverage for the insured's defense costs, the cost of appeal bonds, the insured's reasonable expenses (up to \$1,000 per day) incurred to assist the insurer in handling a claim, awards against the insured resulting from a suit, arbitration or other proceeding, and prejudgment and postjudgment interest in connection with an award.

**B. Form**

Use Endorsement **OP 04 37**.

**COMMERCIAL LINES MANUAL  
DIVISION FOURTEEN – CAPITAL ASSETS  
AGRICULTURAL CAPITAL ASSETS  
(OUTPUT POLICY) SECTION  
EXCEPTION PAGES**

**MICHIGAN (21)**

**ADDITIONAL RULE(S)**

---

**RULE A1.  
TERRORISM OPTIONS – FEDERAL BACKSTOP**

---

Refer to the Terrorism Supplement to the CLM.

---

**RULE A2.  
TERRORISM PRICING – FEDERAL BACKSTOP**

---

Refer to the Terrorism Supplement to the CLM.

---

**SECTION I  
GENERAL RULES**

---

---

**RULE 2.  
REFERRALS TO COMPANY**

---

Rule 2. is replaced by the following:

Refer to company for:

- A.** Any applicable rating plan modification.
- B.** Rating or classifying any risk or exposure for which there is no manual rate or applicable classification. Rates shall not be inadequate, excessive or unfairly discriminatory.

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available to state regulators on request. Such rates or classifications need not be filed with the state regulator.

However, the second paragraph of **B.** shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

---

**RULE 4.  
POLICY TERM**

---

The following is added to Rule 4.:

For policies written on a continuous renewal basis, at each anniversary date substitute current editions of applicable forms if changed during the period of coverage. (All references to "continuous policies" in these rules are changed to "continuous renewal policies.")

---

**RULE 11.  
POLICY CANCELLATIONS**

---

Rule 11. is replaced by the following:

- A.** Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25, whichever is greater.
- B.** Do not charge a premium if:
  - 1. The insured returns the policy to the company indicating it is not wanted; and
  - 2. The policy is received by the company within 30 days of its inception.

---

**RULE 13.  
BASIC FORM AND ENDORSEMENTS APPLICABLE**

---

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

**B. Mandatory State Endorsements**

- 1. Attach Michigan Changes Endorsement **AG 01 25** to all policies.
- 2. Attach Effective Time Changes – Replacement Of 12 Noon Endorsement **IL 00 22** to any policy which replaces an existing policy, if the existing policy expires at 12 noon.

---

**RULE 60.  
IDENTITY FRAUD EXPENSE COVERAGE**

---

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

**B. Form**

Use Michigan – Identity Fraud Expense Coverage Endorsement **AG 04 55**.

COMMERCIAL LINES MANUAL  
DIVISION FOURTEEN – CAPITAL ASSETS  
AGRICULTURAL CAPITAL ASSETS  
(OUTPUT POLICY) SECTION  
EXCEPTION PAGES

---

**RULE 77.**  
**WAREHOUSE OPERATORS LEGAL LIABILITY**  
**COVERAGE**

---

Paragraphs **A.** and **B.** are replaced by the following:

**A. Description Of Coverage**

Michigan – Warehouse Operators Legal Liability Coverage Endorsement **AG 04 19** provides coverage to the owners or operators of warehouses for the sums they may be legally obligated to pay as damages for loss or damage to goods that customers store in their warehouses when the damage is caused by negligence. Endorsement **AG 04 19** also provides coverage for the insured's defense costs, the cost of appeal bonds, the insured's reasonable expenses (up to \$1,000 per day) incurred to assist the insurer in handling a claim, awards against the insured resulting from a suit, arbitration or other proceeding, and prejudgment and postjudgment interest in connection with an award.

**B. Form**

Use Endorsement **AG 04 19**.

---

**RULE A3.  
GREEN UPGRADES (Cont'd)**

---

**2. Related Expenses**

Develop a rate for Related Expenses by applying the factor shown in Table **A3.D.2.(RF)** to the Building and/or Business Personal Property rate, as determined in Rule **23.C.6.a.(2)(c)(viii)** for the applicable property. Apply the Related Expenses rate to the limit of insurance selected for Related Expenses, in hundreds.

**3. Extension Of The Period Of Restoration**

To develop additional premium for this option, multiply the Building and Business Personal Property premium determined in Rule **23.C.6.a.(3)**, Rule **29.A.12.e.** and Rule **29.A.13.d.** by the applicable factor shown in Table **A3.D.3.(RF)**. The factor should be applied to both the Building and Business Personal Property premiums when both coverages are provided for a given risk.

---

**SECTION I  
GENERAL RULES**

---

**RULE 4.  
POLICY TERM**

---

The following is added to Rule 4.:

- E.** For policies written on a continuous renewal basis, at each anniversary date substitute current editions of applicable forms if changed during the period of coverage and apply the rates in effect at the anniversary date. (All references to "continuous policies" in these rules are changed to "continuous renewal policies".)

---

**RULE 10.  
POLICY CANCELLATION**

---

Rule 10. is replaced by the following:

- A.** Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. For the minimum earned premium for a cancelled policy, refer to company.
- B.** Do not charge a premium if:
  - 1. The insured returns the policy to the company indicating it is not wanted; and
  - 2. The policy is received by the company within 30 days of its inception.

---

**SECTION II  
COVERAGE FORM RULES**

---

**RULE 16.  
MANDATORY FORMS, COVERAGE AND LIMITS**

---

Paragraph **B.7.** is replaced by the following:

**B. Forms**

**7. Michigan Changes – Self-storage Facilities  
Endorsement BP 07 96**

When insuring eligible self-storage facility risks, Michigan Changes – Self-storage Facilities Endorsement **BP 07 96** must be attached. This endorsement revises several provisions of the property and liability coverages as follows:

**a. Property Coverage**

This endorsement adds Accrued Rental Charges as a component of Business Income Coverage and amends coverage to provide Employee Theft to include personal property of your customers.

**b. Liability Coverage**

This endorsement includes a \$50,000 Customers' Goods Legal Liability limit and a \$25,000 Sale and Disposal Liability limit. Exclusions specific to these coverages are added. The pollution exclusion is also amended to exclude pollutants brought onto the location by customers. Any loss covered under Section **I** – Property is excluded.

**c. Premium**

Refer to the multistate rates to determine the additional premium for higher limits options.

The following is added to Paragraph **B.**:

**9. Michigan Changes Endorsement BP 01 36**

Attach Michigan Changes Endorsement **BP 01 36** to all policies.

**10. Michigan Effective Time Changes –  
Replacement Of 12 Noon Endorsement  
BP 12 13**

Attach Michigan Effective Time Changes – Replacement Of 12 Noon Endorsement **BP 12 13** to any Businessowners policy which replaces any existing Businessowners policy, if the existing policy expires at 12 noon.

### SECTION III RATING AND ELIGIBILITY RULES

#### RULE 23. PREMIUM DEVELOPMENT – MANDATORY COVERAGES

Paragraph **B.8.a.(2)(c)** is replaced by the following:

**B. Special Rules**

**8. Contractors**

**a. Payroll**

**(2) Executive Officers**

**(c) Rule**

For premium computation purposes, use \$29,700 as the annual individual payroll for executive officers.

For premium computation purposes, use \$29,700 as the annual individual payroll for individual insureds or co-partners.

Use the following table to determine the Building Limit of Insurance Relativity Group for the applicable territory:

<b>Territory</b>	<b>Building Limit Of Insurance Relativity Group</b>
702	A
703	A
704	B
705	C
706	A

**Table 23.C.6.a.(2)(b) Building Limit Of Insurance Relativity Group**

#### RULE 24. DEDUCTIBLES

Paragraph **B.4.g.** is replaced by the following:

- g.** Michigan Changes – Veterinarians Professional Liability Endorsement **BP 08 63.**

### SECTION IV OPTIONAL COVERAGE RULES

#### RULE 29. ENDORSEMENTS

The following is added to Rule **29.:**

For optional endorsements which broaden or restrict coverage and/or are on a "refer to company" basis, follow Michigan (a) rate procedures as defined by Michigan Insurance Commissioner Order No. 81-3055-M. (Refer to Chapter 13 of the Michigan Insurance Bureau Property and Liability Insurance Filing Procedures for complete details.)

By order of the Commissioner, all (a) rates remain subject to the requirements of the Michigan Insurance Code, including but not limited to sections 2027, 2403 and 2603.

Paragraphs **A.19.b.**, **A.29.b.** and **A.30.b.** are replaced by the following:

**A. Property Endorsements**

**19. Named Perils – Building And Business Personal Property**

**b. Endorsement**

Use Michigan Changes – Named Perils Endorsement **BP 10 86.**

**29. Identity Fraud Expense Coverage**

**b. Endorsement**

Use Michigan Changes – Identity Fraud Expense Coverage Endorsement **BP 16 12.**

**30. Theft Of Clients' Property**

**b. Endorsement**

If the Employee Dishonesty Optional Coverage is provided in the Businessowners Coverage Form, use Theft Of Clients' Property Coverage Endorsement **BP 14 03.** Do not use this endorsement if either Michigan Changes – Self-storage Facilities Endorsement **BP 07 96** or Michigan Changes – Residential Cleaning Services Endorsement **BP 07 98** is attached to the policy.

Paragraphs **B.5.b.(2)** and **B.5.c.** are replaced by the following:

**B. Liability Endorsements**

**5. Electronic Data**

**b. Electronic Data Liability – Broad Coverage**

**(2) Endorsement**

Use Michigan Changes – Electronic Data Liability – Broad Coverage Endorsement **BP 16 10.**

**RULE 29.**  
**ENDORSEMENTS (Cont'd)**

**c. Extended Reporting Period For Electronic Data Liability – Broad Coverage**

**(1) Description Of Coverage**

This option is available if the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement is cancelled or not renewed for any reason or the company replaces this endorsement with other insurance that does not provide claims-made coverage for loss of electronic data arising out of an electronic data incident, or provides claims-made coverage and has a retroactive date later than the one shown in the Schedule of the endorsement. It provides for a three-year extension for the reporting of claims because of loss of electronic data that occurred before the end of the policy period or on or before the effective date of cancellation. The Named Insured must request this endorsement in writing within 30 days after the end of the policy period.

**(2) Endorsement**

If the Extended Reporting Period is selected, use Michigan Changes – Extended Reporting Period For Electronic Data Liability – Broad Coverage Endorsement **BP 16 14**.

**(3) Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 2.00 times the annual premium for the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement.

**(4) Aggregate Limit**

If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Electronic Data Liability – Broad Coverage endorsement in effect at the end of the policy.

Paragraphs **B.6.a.(2)** and **B.6.b.** are replaced by the following:

**6. Employee Benefits**

**a. Employee Benefits Liability Coverage**

**(2) Endorsement**

Use Michigan Changes – Employee Benefits Liability Coverage Endorsement **BP 16 09**.

**b. Extended Reporting Period Option**

**(1) Description Of Coverage**

This option is available if the Michigan Changes – Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that does not apply to a negligent act, error or omission. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.

**(2) Endorsement**

If the Extended Reporting Period is selected, use Michigan Changes – Extended Reporting Period For Employee Benefits Liability Coverage Endorsement **BP 16 13**.

**(3) Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Employee Benefits Liability Coverage endorsement.

**(4) Aggregate Limit**

If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Employee Benefits Liability Coverage endorsement in effect at the end of the policy.

**RULE 29.  
ENDORSEMENTS (Cont'd)**

Paragraph **B.13.b.(4)** is replaced by the following:

**13. Liquor Liability Coverage**

**b. Liquor Liability Grades**

- (4)** The Liquor Liability Numerical Grade is 5.

Citation of Statute: MICH. COMP. LAWS  
ANN. Section 436.22

Comments:

The statute provides, in part, that:

- An individual, or the spouse, child, parent or guardian of that individual, who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful selling, giving, or furnishing of alcoholic liquor to the minor or visibly intoxicated person, if the unlawful sale is proven to be a proximate cause of the injury or damage, shall have a right of action against the person who by selling, giving or furnishing the alcoholic liquor has caused or contributed to the intoxication of the person.
- The plaintiff has a right to recover actual damages in a sum not less than \$50.00 in each case in which the court or jury determines that intoxication was a proximate cause of injury.
- No action against a vendor may be commenced unless the minor or alleged intoxicated person is a named defendant in the action and is retained in the action until the litigation is concluded by trial or settlement.
- A vendor shall have the right to full indemnification from the alleged visibly intoxicated person for damages awarded against the vendor.
- The alleged visibly intoxicated person shall not have a cause of action pursuant to this section.

Paragraph **D.3.c.(2)** is replaced by the following:

**D. Endorsements Applicable To Specific Classes**

**3. Professional Liability Endorsements**

**c. Funeral Directors Professional Liability**

**(2) Endorsement**

Use Michigan Changes – Funeral  
Directors Professional Liability  
Endorsement **BP 08 61.**

Paragraph **D.3.e.(2)** does not apply.

Paragraph **D.3.f.(2)** is replaced by the following:

**f. Printer's Errors And Omissions Liability**

**(2) Endorsement**

Use Michigan Changes – Printers Errors  
And Omissions Liability Endorsement  
**BP 08 62.**

Paragraph **D.3.g.(4)** is replaced by the following:

**g. Veterinarians Professional Liability Coverage**

**(4) Endorsement**

Use Michigan Changes – Veterinarians  
Professional Liability Endorsement  
**BP 08 63.**

Paragraphs **D.5.b.**, **D.5.e.** and **D.5.f.** are replaced by the following:

**5. Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement**

**b. Endorsement**

Use Michigan Changes – Condominiums,  
Co-ops, Associations – Directors And  
Officers Liability Endorsement **BP 17 60.**

Endorsement **BP 17 60** provides coverage for liability arising out of wrongful acts committed by an insured, as defined. The Schedule of the endorsement provides an entry for:

- (1)** The name of the insured association;
- (2)** A Limit of Insurance for damages and defense expenses;
- (3)** A deductible amount. The company's obligation to pay damages and defense expenses on behalf of the insured applies only to the amount of damages and defense expenses in excess of any deductible amount stated as applicable to such coverages. A single deductible applies to the coverages provided under the three Insuring Agreements;
- (4)** The date of pending or prior litigation;
- (5)** A Retroactive Date. If "none" is entered in the Schedule of the endorsement, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for wrongful acts committed before the inception date of the policy; and
- (6)** An Extended Reporting Period, as described in Paragraph **D.5.e.**



**RULE 29.  
ENDORSEMENTS (Cont'd)**

**e. Extended Reporting Period**

An Extended Reporting Period option can be selected by marking a checkbox in the Schedule of the endorsement. This option provides for a three-year Extended Reporting Period only for coverages available in the Michigan Changes – Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement. The claim must be for a loss, as defined in the endorsement, because of a wrongful act committed by an insured person which occurs:

- (1) On or after the Retroactive Date; and
- (2) Before the end of the policy period.

The Named Insured must request this coverage within 30 days after the end of the policy period or the effective date of cancellation, whichever comes first.

**f. Premium Determination**

Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Condominiums, Co-ops, Associations – Directors And Officers Liability Endorsement.

Paragraph **E.1.a.(1)** is replaced by the following:

**E. Other Endorsements**

**1. Information Security Protection Endorsement**

**a. Description Of Coverage**

**(1) Insuring Agreements**

Michigan Changes – Information Security Protection Endorsement **BP 15 35** contains seven insuring agreements. Insuring Agreements **a.**, **b.**, **c.**, **e.** and **f.** provide first-party coverage. Insuring Agreements **d.** and **g.** provide third-party coverage written on a claims-made basis.

**(a) Insuring Agreement a.  
Replacement Or Restoration Of  
Electronic Data**

This insuring agreement provides coverage for costs incurred by the insured to replace or restore electronic data or computer programs as well as the cost of data entry, reprogramming and computer consultation services resulting directly from an e-commerce incident sustained during the policy period. E-commerce incident is defined to mean a virus, malicious code or denial of service attack introduced into or enacted upon the computer system (including electronic data) or a network to which it is connected, that is designed to damage, destroy, delete, corrupt or prevent the use of or access to any part of the computer system or otherwise disrupt its normal operation.

**(b) Insuring Agreement b. Public  
Relations Expense**

This insuring agreement provides coverage for fees and costs of a public relations firm and any other reasonable expenses incurred by the insured, with the insurer's written consent, to protect or restore its reputation in response to negative publicity resulting from an e-commerce incident, as that term is defined in the endorsement, or security breach. Security breach is defined to mean the acquisition of personal information held within the computer system or in non-electronic format while in the care, custody or control of the insured or authorized third party by a person:

- (i) Who is not authorized to have access to such information; or
- (ii) Who is authorized to have access to such information but whose access results in the unauthorized disclosure of such information.

---

**RULE 29.  
ENDORSEMENTS (Cont'd)**

---

**(c) Insuring Agreement c. Security Breach Expense**

This insuring agreement provides coverage for expenses incurred by the insured, including costs: to establish whether a security breach has occurred or is occurring; to investigate the cause, scope and extent of a security breach and to identify any affected parties; to determine any action necessary to correct or remediate the conditions that led to or resulted from a security breach, including, but not limited to, fees paid for legal and other professional advice on how to respond to the security breach; to notify all parties affected by a security breach, including, but not limited to, notice to be transmitted through media required by privacy regulations; overtime salaries paid to employees assigned to handle inquiries from parties affected by a security breach; fees and expenses of a company hired by the insured to operate a call center to handle inquiries from parties affected by a security breach; post-event monitoring for parties affected by a security breach for up to one year from the date of notification to those affected parties of such security breach; and any other reasonable expenses incurred by the insured with the insurer's written consent.

**(d) Insuring Agreement d. Security Breach Liability**

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged neglect, breach of duty or omission by an insured that results in a security breach, as that term is defined in the endorsement, or transmission of a computer virus to another person or organization.

Coverage may also be provided for both loss (meaning fines or penalties assessed against the insured to the extent such fines or penalties are insurable by law) and defense expenses in connection with a regulatory proceeding as a result of a wrongful act covered under the insuring agreement.

**(e) Insuring Agreement e. Extortion Threats**

This insuring agreement provides coverage for extortion expenses and ransom payments incurred by the insured resulting directly from an extortion threat. Extortion threat is defined to mean a threat or series of related threats to introduce a virus, malicious code or denial of service attack; disseminate, divulge or utilize the insured's proprietary information or weakness in the source code within the computer system; destroy, corrupt or prevent normal access to the computer system; inflict ransomware on the computer system or a network to which it is connected; or publish a client's personal information.

**(f) Insuring Agreement f. Business Income And Extra Expense**

This insuring agreement provides coverage for the actual loss of business income and/or extra expense incurred by the insured resulting directly from an e-commerce incident or extortion threat as those terms are defined in the endorsement.

---

**RULE 29.**  
**ENDORSEMENTS (Cont'd)**

---

**(g) Insuring Agreement g. Web Site Publishing Liability**

This insuring agreement provides coverage for both loss that the insured becomes legally obligated to pay and defense expenses as a result of a claim first made against the insured during the policy period or Extended Reporting Period for a wrongful act or series of interrelated wrongful acts taking place on or after the Retroactive Date. Wrongful act, as it pertains to this insuring agreement, is defined to mean any actual or alleged error, misstatement or misleading statement posted or published by an insured on its web site that results in an infringement of another's copyright, trademark, trade name, trade dress, title, slogan, service name or service mark. Wrongful act, in this endorsement, is not defined to include infringing upon another's copyright, trade dress or slogan in the insured's advertisement (coverage for infringing upon another's copyright, trade dress or slogan in the insured's advertisement is addressed in the base policy coverage form).

Paragraphs **E.1.b.** and **E.1.e.** are replaced by the following:

**b. Endorsement**

Use Endorsement **BP 15 35**.

**e. Limits Of Insurance**

The Michigan Changes – Information Security Protection Endorsement may be written with an aggregate limit of insurance of \$10,000, \$25,000, \$50,000, \$75,000 or \$100,000.

Paragraphs **E.1.h.(2)**, **E.1.j.(1)** and **E.1.j.(2)** are replaced by the following:

**h. Supplemental Extended Reporting Period**

- (2)** Refer to company for rating. However, the premium charged for the Supplemental Extended Reporting Period may not exceed 1.00 times the annual premium for Endorsement **BP 15 35**.

**j. Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees**

**(1) Description Of Coverage**

This endorsement replaces Exclusion **r.** in Endorsement **BP 15 35** to provide an exception for dishonest, malicious or fraudulent acts committed by an employee which give rise to a claim or loss covered under Endorsement **BP 15 35**.

**(2) Endorsement**

Use Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement **BP 15 36**.

---

**RULE 41.**  
**APARTMENT BUILDINGS CLASS-SPECIFIC**  
**ENDORSEMENTS**

---

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

**A. Description Of Coverage**

The endorsements described in Paragraph **B.** modify the coverage available for Apartment Buildings insureds on the Businessowners Coverage Form. All of the endorsements are optional; however, Michigan Changes – Apartment Buildings Endorsement **BP 07 97** must be attached if any of the other endorsements are to be attached.

Paragraph **B.1.b.** is replaced by the following:

**B. Endorsements**

**1. Apartment Buildings**

**b. Endorsement**

Use Endorsement **BP 07 97**.

Paragraph **B.1.c.(2)** is replaced by the following:

**c. Premium Determination**

- (2)** For each location where coverage applies, refer to the state rates Table **41.B.1.c.(2)(LC)** to determine the additional premium for Endorsement **BP 07 97**.

---

**RULE 41.  
APARTMENT BUILDINGS CLASS-SPECIFIC  
ENDORSEMENTS (Cont'd)**

---

Paragraph **B.4.** is replaced by the following:

**4. Apartment Buildings Supplemental Schedule**

**a. Description**

The Michigan Changes – Apartment Buildings Supplemental Schedule may be used when it is necessary to provide additional information that is not contained in the Declarations or Michigan Changes – Apartment Buildings endorsement.

**b. Form**

Use Michigan Changes – Apartment Buildings Supplemental Schedule **BP DS 08.**

---

**RULE 43.  
RESIDENTIAL CLEANING SERVICES – CLASS-  
SPECIFIC ENDORSEMENT**

---

Paragraphs **B.2.**, **B.3.a.** and **C.** are replaced by the following:

**B. Endorsement**

**2. Endorsement**

Use Michigan Changes – Residential Cleaning Services Endorsement **BP 07 98.**

**3. Premium Determination**

- a.** For each location where coverage applies, refer to multistate rate Table **43.B.3.a.(LC)** to determine the additional premium for Endorsement **BP 07 98.**

**C. Eligible Classifications**

- 1.** The following classifications in the Businessowners Classification Table are the only ones eligible for the Michigan Changes – Residential Cleaning Services endorsement:

Description	Class Code
Carpet, Rug, Furniture Or Upholstery Cleaning – On customer's premises	
Office	74251
Shop	74261
Residential Cleaning Services	
Office	76221
Shop	76231
Window Cleaning – 3 stories or less in height	
Office	76171
Shop	76181

**Table 43.C.1. Eligible Classifications**

- 2.** Any of the classifications listed in Paragraph **C.1.** of Rule **43.** are eligible even if they also engage in any other types of operations for which an additional classification in the Businessowners Classification Table is required.

**RULE 11.  
POLICY CANCELLATIONS (Cont'd)**

- f. If the short rate earned premium is less than the sum of all payments (including any deposit premium), the difference is the return premium.
- g. If the short rate earned premium is greater than the sum of all payments (including any deposit premium), the difference is the additional premium due.
- 5. Retention of policywriting minimum premium:  
Retain the policywriting minimum premium except when a policy is cancelled as of the inception date.
- 6. Policy cancellation factor:

Factor
0.90

**Table 11.C.6. Policy Cancellation Factor**
**RULE 12.  
FORMS PORTFOLIO REFERENCE**

The following is added to Paragraph **B.:**

The following endorsements are mandatory and must be attached to all Commercial Auto Coverage Parts:

**CA 01 10** Michigan Changes

**CA 27 03** Michigan Changes – Auto Dealers Coverage Form (For use with the Auto Dealers Coverage Form)

**IL 02 86** Michigan Changes – Cancellation And Nonrenewal

The following endorsement is mandatory and must be attached to all Motor Carrier Coverage Forms and to Business Auto and Auto Dealers Coverage Forms if the insured is engaged in trucking operations:

**CA 23 11** Michigan Motor Carrier – Amendatory Endorsement

The following endorsement must be attached to the Motor Carrier Coverage Form when Truckers – Uniform Intermodal Interchange Endorsement Form UIIE-1 **CA 23 17** is attached:

**CA 23 18** Michigan Changes – Truckers Endorsement

**RULE 18.  
RATING TERRITORIES**

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

**A. Territory Determination**

- 3. If the manual refers to this paragraph to determine rating territory, use Territory 133 when the address of the named insured is located in this jurisdiction.

**SECTION II  
TRUCKS, TRACTORS AND TRAILERS**
**RULE 22.  
PREMIUM DEVELOPMENT – OTHER THAN ZONE-RATED AUTOS**

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

**C. Premium Computation**
**2. Liability And Property Protection Coverages**

- a. Determine the trucks, tractors and trailers base loss cost. Refer to the procedures in Rule **100.** for increased liability limits. Refer to the procedures in Rule **98.A.** for liability deductibles.
- b. For fleets, multiply the result by the following factor:

Factor
1.10

**Table 22.C.2.b. Liability And Property Protection Coverages Factor**

- c. Multiply the result by the combined rating factor.

Paragraph **C.3.d.** is replaced by the following:

**3. Physical Damage Coverages**

- d. For fleets, multiply the base premiums by the following factors:

Other Than Collision	Collision
.75	.95

**Table 22.C.3.d. Physical Damage Coverages Factors**

---

**RULE 49.**  
**AUTO DEALERS – PREMIUM DEVELOPMENT FOR**  
**COMMON COVERAGES (Cont'd)**

---

**c. Broadened Collision Coverage**

Determine the appropriate per car, per trip standard collision loss cost shown in state Table **49.K.2.a.(LC)**; then add this loss cost to the appropriate per car, per trip loss cost shown in state Table **49.K.2.c.(LC)**.

---

**RULE 50.**  
**AUTO DEALERS – ADDITIONAL PROVISIONS**

---

Paragraph **A.5.** does not apply.

Paragraphs **B.1.** and **B.4.** are replaced by the following:

**B. Other Additional Coverages**

**1. Employee Benefits Liability (Class Code 7807)**

- a.** To provide coverage against claims for damages because of the insured's negligent acts, errors or omissions committed in the administration of an employee benefit program, use Michigan Employee Benefits Liability Coverage Endorsement **CA 27 01**.
- b.** An extended reporting period option is available if the Michigan Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that has a Retroactive Date later than the date shown in the Schedule of the endorsement or does not apply to a negligent act, error or omission on a claims-made basis. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the endorsement's Schedule. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.
- c.** If the Extended Reporting Period is purchased, use Michigan Extended Reporting Period Endorsement For Employee Benefits Liability Coverage **CA 27 04**.
- d.** The premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Employee Benefits Liability Coverage endorsement.

- e.** If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Employee Benefits Liability Coverage endorsement in effect at the end of the policy period.

- f.** Refer to company for rating of these endorsements.

**4. Customer Complaint Legal Defense Coverage (Class Code 7814)**

To provide coverage for defense expenses only arising out of the sale, service or repair of an auto in the named insured's auto dealer operations, use Michigan Customer Complaint Legal Defense Coverage Endorsement **CA 27 02**. Refer to company for rating of this endorsement.

---

**SECTION VI**  
**SPECIAL TYPES**

---

**RULE 66.**  
**ANTIQUE AUTOS**

---

The following is added to Paragraph **B.1.:**

For historic vehicles defined by Michigan Vehicle Code Section 257.20a, refer to the Michigan Catastrophic Claims Association Assessment Bulletin for the appropriate surcharge.

The following is added to Paragraph **B.2.:**

**B. Premium Computation**

**2. Physical Damage**

- a.** For Limited Collision Coverage with no deductible, determine the stated amount of insurance provided and divide this amount by 100. Multiply the result by the loss cost displayed in state Table **66.B.2.a.(LC)**. For deductibles, refer to company for rating.
- b.** For Broadened Collision Coverage, add the loss cost displayed in state Table **66.B.2.b.(LC)** to the Standard Collision Coverage premium, as determined in Paragraph **B.2**. The pricing contemplates a \$50 deductible. For additional deductibles, refer to company for rating.

---

**RULE 70.  
FINANCED AUTOS**


---

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

**A. Application**

Write financed autos at manual rates and minimum charges except for single interest coverage. Use Single Interest Automobile Physical Damage Insurance Policy (Individual Policy Form) **CA 26 01** or Single Interest Automobile Physical Damage Insurance Policy (Finance Master Policy Form) **CA 26 02** and mandatory Endorsement **CA 26 28** – Michigan Amendment Of Single Interest Policy Provisions – Cancellation to provide single interest coverages.

---

**RULE 72.  
FUNERAL DIRECTORS**


---

Paragraph **C.** does not apply.

---

**RULE 77.  
MOTORCYCLES**


---

Paragraphs **B.2.** and **B.3.** are replaced by the following:

**B. Premium Computation**

**2. Uninsured Motorists**

- a. For autos subject to no-fault, multiply the Private Passenger Types base loss cost in Rule **97.** by the following factor:

Factor
2.00

**Table 77.B.2.a. Uninsured Motorists Subject To No-fault Factor**

- b. For autos not subject to no-fault, multiply the Private Passenger Types base loss cost in Rule **97.** by the following factor:

Factor
5.00

**Table 77.B.2.b. Uninsured Motorists Not Subject To No-fault Factor**

**3. Medical Payments**

- a. First party medical benefits in increments of \$5,000, must be offered to the owner or registrant of a motorcycle who is an individual. These benefits are payable for motorcycle accidents as defined in the Michigan No-fault Law. Use Michigan Motorcycle Medical Payments Coverage Endorsement **CA 99 43.**
- b. If Endorsement **CA 99 43** is attached, refer to company for rating.

---

**RULE 80.  
SNOWMOBILES**


---

The following is added to Paragraph **B.5.:**

- a. For Limited Collision Coverage with no deductible, determine the stated amount of insurance provided and divide this amount by 100. Multiply the result by the loss cost displayed in state Table **80.B.5.a.(LC)**. For deductibles, refer to company for rating.
- b. For Broadened Collision Coverage, add the loss cost displayed in state Table **80.B.5.b.(LC)** to the Standard Collision Coverage premium, as determined in Paragraph **B.5.** The pricing contemplates a \$100 deductible. For additional deductibles, refer to company for rating.

Paragraph **B.6.** does not apply.

---

**SECTION VII  
COMMON COVERAGES AND RATING PROCEDURES**


---



---

**RULE 90.  
HIRED AUTOS**


---

Paragraph **C.3.f.** does not apply.

---

**RULE 92.  
MEDICAL PAYMENTS**


---

This rule does not apply to autos subject to no-fault.

---

**RULE 93.  
NO-FAULT COVERAGES**


---

Rule **93.** is replaced by the following:

**A. Personal Injury Protection And Property Protection**

Use Michigan Personal Injury Protection Endorsement **CA 22 20** and Michigan Property Protection Coverage Endorsement **CA 22 24.**

This coverage must be provided on every auto and trailer having more than two wheels designed for use upon public highways and driven by power other than muscular power.

This coverage is not required for the following:

1. Special mobile equipment as defined in the Michigan Vehicle Code.
2. Mobile homes.
3. Motorcycles.

Base Personal Injury Protection (No-fault) premium includes the appropriate factors in Paragraphs **93.B.** and **93.C.** that have been applied to the published base loss costs.

**RULE 93.  
NO-FAULT COVERAGES (Cont'd)**

**B. Premium Development – PIP Full Coverage**

1. Refer to the specific rating instructions in the division rules for autos subject to no-fault.
2. If a liability loss cost is provided and Property Protection and Personal Injury Protection loss costs are not provided, calculate the Property Protection, Personal Injury Protection and liability subject to no-fault loss costs by multiplying the liability base loss cost by the following factors:

Coverage	Factor
\$100,000 Liability	.80
Personal Injury Protection	.07
Property Protection	.07

**Table 93.B.2. No-fault Factors**

3. When determining liability premiums for autos where Personal Injury Protection and Property Protection are not required, multiply the liability base loss cost by the following factor only if Personal Injury Protection and Property Protection loss costs are provided for such autos:

Factor
6.20

**Table 93.B.3. Not Required Personal Injury Protection And Property Protection Factor**

**4. Coverage Options**

Michigan law requires the explanation and election of Personal Injury Protection Coverage for medical expenses limit or the rejection of such coverage under a commercial auto policy to be in writing through the use of a Coverage Selection/Rejection form that must be filed and approved by the Michigan Department of Insurance and Financial Services. The Coverage Selection/Rejection form shall be delivered to the applicant or named insured using one of the following ways:

- a. Personal delivery;
- b. First-class mail, postage prepaid; or
- c. By electronic means.

The Coverage/Selection Rejection form shall be completed by the applicant or named insured using one of the following ways:

- Mark and sign a paper form;
- Give verbal instructions as set forth in MICH. COMP. LAWS ANN. § 500.3107e (2)(b); or
- Mark the form electronically and provide an electronic signature.

If the applicant or named insured has not made an effective election of Personal Injury Protection Coverage for medical expenses limit or has not rejected such coverage, the following will apply:

- If the applicant or named insured paid a premium or premium installment, the amount paid accurately reflects the level of coverage applicable to the policy.
- In all other instances, unlimited Medical Expenses Coverage applies to the policy.

**5. Coverage Limits**

The applicant or named insured shall select one of the following coverage limits for medical expenses:

- a. \$50,000;

This option is only available if:

- (1) The applicant or named insured is a Medicaid participant; and
- (2) The applicant's or named insured's spouse and any resident relative of either the applicant or named insured has qualified health coverage as defined by Michigan law, is enrolled in Medicaid or is covered for personal injury protection under an insurance policy.

- b. \$250,000;

- c. \$500,000; or

- d. Unlimited.

The published base loss cost for PIP includes unlimited Medical Expenses. For lower limits of Medical Expenses Coverage, multiply the unlimited Medical Expenses PIP base loss cost by the appropriate factor in the following table:

Limit	Factor
\$ 50,000	0.80
250,000	0.96
500,000	0.99

**Table 93.B.5. Medical Expenses Limits Factors**

**6. Deductibles**

For Personal Injury Protection Coverage with deductibles, refer to Rule 98. Deductible Insurance if the applicant or named insured has not rejected Medical Expenses Coverage.

**C. Premium Development – Optional PIP Coverage Restrictions**

**1. Rejection Of PIP Medical Expenses**

An applicant or the named insured has the option to reject coverage for PIP Medical Expenses if all of the following apply:

- a. The applicant or named insured is enrolled in Medicare; and



**RULE 93.  
NO-FAULT COVERAGES (Cont'd)**

- b. The applicant's or named insured's spouse and any resident relative of either have qualified health coverage as defined by Michigan law or have PIP Medical Expenses Coverage under an automobile insurance policy.

To calculate the PIP loss cost after rejecting Medical Expenses Coverage, multiply the \$250,000 Medical Expense PIP loss cost calculated in preceding Paragraph **B.5.** by the factor in the following table:

<b>Medical Expenses Rejection Factor</b>
0.150

**Table 93.C.1.b. Medical Expenses Rejection Factor**

**2. Exclusion Of PIP Medical Expenses**

This option shall be offered on all policies covering individually owned automobiles.

An insurer shall offer the option to exclude medical expenses under Personal Injury Protection Coverage under the \$250,000 limit to the applicant or named insured. The applicant or named insured may elect to have the exclusion apply if any of the following applies:

- a. The named insured is covered under qualified health coverage that is not Medicare; or
- b. The named insured's spouse or any resident relative of either the named insured or the spouse is covered under qualified health coverage as defined by Michigan law.

The amount of premium reduction must appear in a conspicuous manner in the Declarations and be shown as a dollar amount of a percentage.

To calculate the loss cost based on the applicability of qualified health coverage, multiply the \$250,000 Medical Expense loss cost calculated in Paragraph **B.5.** by the appropriate factor in the following table:

<b>Qualified Health Coverage</b>	<b>Factor</b>
If all household members are covered by qualified health coverage and excluded from medical expenses under the policy	0.150
If one or more household member(s), but not all, is (are) covered by qualified health coverage and excluded from medical expenses under the policy	0.700

**Table 93.C.2.b. Medical Expenses Limits Factors**

**3. Coordination Of Benefits – Excess Personal Injury Protection**

Use Michigan Coordination Of Personal Injury Protection Endorsement **CA 22 21.**

The option to provide this coverage shall be offered on all policies covering individually owned automobiles. The insurer does not have to provide this coverage on renewal policies when the named insured has rejected the coverage on the policy previously issued by the insurer.

Rate as follows except rates for risks covered by workers' compensation shall not be further adjusted:

- a. If the named insured has other primary coverage providing benefits for allowable medical expenses, except Medicare or Medicaid coverage, multiply the Personal Injury Protection loss cost by the following factor:

<b>Factor</b>
.85

**Table 93.C.3.a. Excess Personal Injury Protection Medical Expenses Coverage Factor**

- b. If the named insured has other primary coverage providing benefits for work loss, multiply the personal injury protection loss cost by the following factor:

<b>Factor</b>
.80

**Table 93.C.3.b. Excess Personal Injury Protection Work Loss Coverage Factor**

- c. If the named insured has other primary coverage providing benefits for allowable medical expenses and work loss, multiply the personal injury protection loss cost by the following factor:

<b>Factor</b>
.65

**Table 93.C.3.c. Excess Personal Injury Protection Medical Expenses And Work Loss Coverages Factor**

Personal injury protection deductibles are not available when excess personal injury protection is provided.

**D. Excess Attendant Care**

**Requirement**

An insurer shall offer the applicant or named insured the option to purchase Excess Attendant Care Coverage. A \$10,000 per person/per accident coverage limit is available if the applicant or named insured selects any of the following PIP Medical Expenses Coverage limits: \$50,000, \$250,000 or \$500,000.

**RULE 93.  
NO-FAULT COVERAGES (Cont'd)**

**Rating**

To calculate the additional charge for Excess Attendant Care Coverage, multiply the Medical Expenses PIP loss cost at the desired limit by the appropriate factor in the following table:

Limit	Factor
\$ 50,000	0.058
250,000	0.006
500,000	0.002

**Table 93.D. Excess Attendant Care Coverage Factors**

Refer to company for Excess Attendant Care Coverage limits other than \$10,000.

**E. Broadened Personal Injury Protection Coverage For Named Individuals**

An individual who regularly uses the insured auto may be provided personal injury protection by naming the individual as a named insured. Use Named Individuals – Broadened Personal Injury Protection Coverage Endorsement **CA 22 01**. The loss cost for each named individual is shown in state Table **93.D.(LC)**.

**RULE 97.  
UNINSURED MOTORISTS INSURANCE**

The following is added to Rule **97.:**

**A. Application**

1. Uninsured (includes underinsured) Motorists Bodily Injury Coverage may be provided. Use Michigan Uninsured Motorists Coverage Endorsement **CA 21 31**. For split limits, also use Split Bodily Injury Uninsured Motorists Coverage Limits Endorsement **CA 21 02**.
2. Increased limits are subject to the maximum liability limits of the policy.
3. Uninsured Motorists Coverage does not provide coverage for property damage.

**B. Premium Development**

1. Select the appropriate loss costs table as follows:
  - a. For single limits Bodily Injury Coverage, refer to state loss costs Table **97.B.1.a.(LC)**.
  - b. For split limits Bodily Injury Coverage, refer to state loss costs Table **97.B.1.b.(LC)**. The initial limits provided are the minimum financial responsibility limits required in Michigan.

2. Identify the exposures in this jurisdiction for which coverage applies and a premium will be charged. Exposures include owned self-propelled vehicles and sets of registration plates not issued to a specific auto (including dealer and transporter plates).

- a. Separately determine the premium for each such exposure as follows:

- (1) Determine the exposure type (Private Passenger Type or Other Than Private Passenger Type). For the purposes of this premium development, Private Passenger Types include exposures which are classified under Section **III** of this division or are explicitly described as Private Passenger Types elsewhere in this division. Unless instructed otherwise, all other exposures are considered to be Other Than Private Passenger Types, even when rating for other coverages is based on Private Passenger Types.

- (2) Within the appropriate loss costs table (single or split limits), locate the column corresponding to the exposure type determined in Paragraph **B.2.a.(1)**.

- (3) From within this column, determine the appropriate loss cost based on the desired limit of coverage.

- (4) For policies (other than Auto Dealers) issued to individual named insureds, add the amount shown in state loss costs Table **97.B.2.a.(4)(LC)**.

- (5) Refer to the rules applicable to the exposure elsewhere in this division for additional premium development instructions, if any.

- b. Primary, secondary, fleet, operator experience and use rating factors do not apply.

- c. Do not charge a premium for the following:

- (1) Trailers;
- (2) Hired and non-owned autos;
- (3) Owned vehicles which have not been assigned registration plates (such as Auto Dealers' inventory); or
- (4) Registration plates used to transport non-owned autos (such as drive-away contractors rated under Rule **69.**).

**RULE 98.**  
**DEDUCTIBLE INSURANCE**

Table 98.A.1. and Paragraph 98.A.2. are replaced by the following:

Deductible Amount	Combined Single Limit		Property Damage Per Accident	
	Other Than Zone-rated	Zone-rated	Other Than Zone-rated	Zone-rated
\$ 250	0.992	0.990	0.993	0.991
500	0.984	0.981	0.986	0.982
1,000	0.970	0.963	0.974	0.966
2,500	0.935	0.917	0.945	0.925
5,000	0.892	0.857	0.916	0.875
10,000	0.835	0.777	0.888	0.818
20,000	0.758	0.687	0.867	0.770
25,000	0.728	0.656	0.863	0.758
50,000	0.616	0.549	0.854	0.731
75,000	0.538	0.480	0.850	0.721
100,000	0.476	0.429	0.849	0.716

**Table 98.A.1. Liability Deductible Factors**

2. The following example uses hypothetical loss costs and increased limits factors for a zone-rated risk for illustrative purposes only. You should determine from your individual companies what rates/loss costs and increased limits factors are actually in effect.

\$500,000 bodily injury and property damage liability limit with a \$1,000 zone-rated combined single limit deductible.

- a. Premium for \$100,000 full coverage – \$2,000.
- b. \$1,000 deductible factor – .963.
- c. Premium for \$100,000 limit with a \$1,000 deductible –  $(\$2,000 \times .963) = \$1,926$ .
- d. Increased limit factor for \$500,000 limit – 1.53.
- e. Increment factor over \$100,000 limit – .53.
- f. Dollar increment amount –  $(\$2,000 \times .53) = \$1,060.00$ .
- g. Premium for \$500,000 bodily injury and property damage liability with a \$1,000 deductible –  $(\$1,926.00 \text{ plus } \$1,060.00) = \$2,986.00$ .
- h. For deductibles not shown, refer to company.

Paragraphs B. and C. are replaced by the following:

**B. Physical Damage Coverages**

For deductibles not shown in the base loss costs, compute the premiums as follows. For stated amount rating, refer to Rule 101.

**1. Private Passenger Types, Trucks, Tractors And Trailers And All Autos Except Zone-rated Risks**

**a. Computation Procedures**

- (1) Determine the base loss cost.
- (2) Use Rule 101. to determine the factor for the age group of the auto being rated. For exposures rated on a stated amount basis, the Age Group factor is always 1.00.
- (3) Multiply the base loss cost by the Age Group factor.
- (4) Use Rule 101. to determine the factor for the original cost new of the auto being rated.
- (5) Subtract the applicable factor for the deductible desired from the Original Cost New factor.
- (6) Multiply the result of Paragraph (3) by the result of Paragraph (5). Alternatively, the following equation will give the appropriate loss cost for every desired deductible:  

$$\text{Base loss cost} \times \text{Age Group factor from Rule 101.} \times (\text{Original Cost New factor} - \text{deductible factor from Rule 98.})$$
- (7) The rating procedures in Paragraph a. do not apply if the deductible factor is greater than the Original Cost New factor.

**b. Deductible Factors**

**(1) Comprehensive**

**(a) Private Passenger Types**

Deductible	Factor
\$ Full	-0.410
50	-0.340
100	-0.300
250	-0.160
500	0.000
1,000	0.160
2,000	0.370
3,000	0.480
5,000	0.650

**Table 98.B.1.b.(1)(a) Private Passenger Types Comprehensive Deductible Factors**

**COMMERCIAL LINES MANUAL  
DIVISION ONE  
AUTOMOBILE  
EXCEPTION PAGES**

**MICHIGAN (21)**

**RULE 98.  
DEDUCTIBLE INSURANCE (Cont'd)**

**(b) Trucks, Tractors And Trailers And  
All Autos Except Zone-rated Risks**

Deductible	Factor
\$ Full	-0.420
50	-0.340
100	-0.280
250	-0.130
500	0.000
1,000	0.110
2,000	0.260
3,000	0.310
5,000	0.390

**Table 98.B.1.b.(1)(b) Trucks, Tractors And Trailers And  
All Autos Except Zone-rated Risks Comprehensive  
Deductible Factors**

**(2) Collision**

**(a) Private Passenger Types**

Deductible	Factor
\$ 50	-0.130
100	-0.110
200	-0.080
250	-0.070
500	0.000
1,000	0.110
2,000	0.260
3,000	0.390
5,000	0.560

**Table 98.B.1.b.(2)(a) Private Passenger Types Collision  
Deductible Factors**

**(b) Trucks, Tractors And Trailers And  
All Autos Except Zone-rated Risks**

Deductible	Factor
\$ 50	-0.120
100	-0.110
250	-0.065
500	0.000
1,000	0.120
2,000	0.320
3,000	0.450
5,000	0.570

**Table 98.B.1.b.(2)(b) Trucks, Tractors And Trailers And  
All Autos Except Zone-rated Risks Collision Deductible  
Factors**

**2. Zone-rated Risks**

**a. Computation Procedures**

- (1) Determine the base loss cost.
- (2) Use Rule **101.** to determine the factor for the age group of the auto being rated. For exposures rated on a stated amount basis, the Age Group factor is always 1.00.
- (3) Multiply the base loss cost by the Age Group factor.
- (4) Use Rule **101.** to determine the factor for the original cost new of the auto being rated.
- (5) Subtract the applicable factor for the deductible desired from the Original Cost New factor.
- (6) Multiply the result of Paragraph (3) by the result of Paragraph (5). Alternatively, the following equation will give the appropriate loss cost for every desired deductible:  
  
Base loss cost x Age Group factor from Rule **101.** x (Original Cost New factor – deductible factor from Rule **98.**)
- (7) The rating procedures in Paragraph **a.** do not apply if the deductible factor is greater than the Original Cost New factor.

**b. Deductible Factors**

**(1) Comprehensive**

Deductible	Factor
\$ Full	-0.420
50	-0.340
100	-0.280
250	-0.130
500	0.000
1,000	0.110
2,000	0.260
3,000	0.310
5,000	0.390

**Table 98.B.2.b.(1) Zone-rated Risks Comprehensive  
Deductible Factors**

**RULE 98.  
DEDUCTIBLE INSURANCE (Cont'd)**

**(2) Collision**

<b>Deductible</b>	<b>Factor</b>
\$ 50	-0.120
100	-0.110
250	-0.065
500	0.000
1,000	0.120
2,000	0.320
3,000	0.450
5,000	0.570

**Table 98.B.2.b.(2) Zone-rated Risks Collision Deductible Factors**

**3. Limited And Broadened Collision**

For Deductibles, refer to Rule 101.

**4. Auto Dealers And Garagekeepers Insurance Other Than Collision**

Multiply the other than collision coverage premium by the following selected deductible options:

<b>Coverage</b>	<b>Per Auto And Per Occurrence Deductible Options</b>		
	<b>\$100/500</b>	<b>\$250/1,000</b>	<b>\$500/2,500</b>
Fire Only	N/A	N/A	N/A
Fire and Theft Only	1.00	0.90	0.75
Limited Specified Causes of Loss	1.00	0.90	0.75
Specified Causes of Loss	1.00	0.90	0.75
Comprehensive	1.00	0.90	0.75

**Table 98.B.4. Auto Dealers And Garagekeepers Insurance Other Than Collision Deductible Factors**

**C. Personal Injury Protection**

1. A policy insuring an individually owned auto may provide a personal injury protection deductible, per accident, to apply to the named insured and resident relatives as follows:

<b>Deductible Amount</b>	<b>Factor Applied To Personal Injury Protection Base Premium</b>
\$ 100	.90
200	.85
300	.80

**Table 98.C.1. Personal Injury Protection Deductible Factors**

2. A policy may provide a property protection insurance deductible, per accident, as follows:

<b>Deductible Amount</b>	<b>Factor Applied For Reduction From Protection Base Premium</b>
\$ 25	.11
50	.19
75	.24
100	.29
200	.38
250	.42
300	.44
400	.47
500	.49
750	.49
1,000	.50

**Table 98.C.2. Property Protection Insurance Deductible Factors**

3. Refer to company for factors for higher deductibles.

**COMMERCIAL LINES MANUAL  
DIVISION FIVE  
FIRE AND ALLIED LINES  
EXCEPTION PAGES**

---

**RULE A12.  
TRANSITION RULE – LIMIT OF INSURANCE  
RELATIVITIES AND RELATED CHANGES**

---

- A. This transition rule applies to the first, second and third renewals of coverage rated using the limit of insurance relativity factors and/or revised Special Causes of Loss rating procedure. However, this transition rule does not apply if the occupancy, construction or location of the risk has changed.
- B. The percentage caps addressed in this rule apply to Basic Group I, Basic Group II, Broad Form and Special Form rates. However, the caps do not apply to Basic Group I and Basic Group II time element rates.
- C. The rate for the **first year** of rating under the new rating procedures shall not be more than 25% higher or 20% lower than the rate which applied at the last rating or re-rating of the coverage.
- D. The rate for the **second year** of rating under the new rating procedures shall not be more than 25% higher or 20% lower than the initial rate developed under Paragraph C. of this transition rule (or the rate applicable at the end of the first year if the risk was re-rated during that year).
- E. The rate for the **third year** of rating under the new rating procedures shall not be more than 25% higher or 20% lower than the initial rate developed under Paragraph D. of this transition rule (or the rate applicable at the end of the second year if the risk was re-rated during that year).
- F. The percentages shown in Paragraphs C., D. and E. of this rule apply in addition to any rate level change implemented by the Company in accordance with state regulatory procedures. Thus, for example, if a rate level change of +10% (1.1) applies, the percentages shown in this transition rule are modified by that rate level change ( $1.1 \times 1.25 = 1.375$ ;  $1.1 \times .80 = .88$ ).
- G. Rate changes produced by changes in protection class, deductible level, coinsurance level and/or optional coverages are not subject to the capping procedure.

**SECTION I  
GENERAL RULES**

---

**RULE 2.  
REFERRALS TO COMPANY**

---

Rule 2. is replaced by the following:

Refer to company for:

- A. Any applicable rating plan modification.
- B. Rating or classifying any risk or exposure for which there is no manual rate or applicable classification. Rates shall not be inadequate, excessive or unfairly discriminatory.

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available to state regulators on request. Such rates or classifications need not be filed with the state regulator.

However, the second paragraph of Paragraph B. shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

---

**RULE 4.  
POLICY TERM**

---

The following is added to Rule 4.:

- C. For policies written on a continuous renewal basis, at each anniversary date substitute current editions of applicable forms if changed during the period of coverage. (All references to "continuous policies" in these rules are changed to "continuous renewal policies.")

Attach Commercial Property Coverage Part Renewal Endorsement **CP DS 02** at each billing date, except as follows. Attach Standard Property Policy Renewal Endorsement **CP DS 03** at each billing date for Standard Property Policies.

---

**RULE 11.  
POLICY CANCELLATIONS**

---

Rule 11. is replaced by the following:

- A. Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25, whichever is greater.
- B. Do not charge a premium if:
  - 1. The insured returns the policy to the company indicating it is not wanted; and
  - 2. The policy is received by the company within 30 days of its inception.

---

**RULE 14.  
BASIC FORMS APPLICABLE**

---

The following is added to Rule 14.:

- D. Attach Effective Time Changes – Replacement Of 12 Noon Endorsement **IL 00 22** to any policy which replaces an existing policy, if the existing policy expires at 12 noon.
- E. Attach Michigan Changes Endorsement **CP 01 20** to all policies.

**COMMERCIAL LINES MANUAL  
DIVISION FIVE  
FIRE AND ALLIED LINES  
EXCEPTION PAGES**

**MICHIGAN (21)**

**SECTION III  
COVERAGE FORM RULES BUILDERS' RISK  
COVERAGE**

**RULE 41.  
BUILDERS' RISK COVERAGE OPTIONS (Class Code  
1150)**

Paragraphs **E.2.**, **E.3.** and **E.4.** are replaced by the following:

**E. Theft Of Building Materials, Fixtures, Machinery, Equipment**

**2. Form**

Attach Builders' Risk – Theft Of Building Materials, Fixtures, Machinery, Equipment – Michigan Endorsement **CP 11 22** to Form **CP 00 20**.

**3. Rules**

**a. Limit Of Insurance**

Enter a Limit of Insurance in the Schedule of Endorsement **CP 11 22**. This limit is separate from the limit applicable to the building(s) under Form **CP 00 20**.

**b. Minimum Deductible**

The minimum deductible is \$1,000. This deductible applies only to the coverage provided under Endorsement **CP 11 22**. This deductible is separate from the deductible which applies to losses covered under Form **CP 00 20**.

**4. Premium Determination**

Refer to the multistate rates. Develop an additional premium by multiplying the rate by the limit of insurance (in hundreds) for Endorsement **CP 11 22**.

If the deductible is in excess of \$1,000, refer to company for further rate modification.

**SECTION IV  
COVERAGE FORM RULES  
TIME ELEMENT COVERAGE**

**RULE 50.  
BUSINESS INCOME COVERAGE FORMS**

The following is added to Paragraph **D.2.**:

Determine the base rate for Basic Group I and Basic Group II by multiplying the 80% coinsurance building rate by the appropriate base rate adjustment factor in Table **50.D.2**. The base rate adjustment factors apply to business income coverage with or without extra expense, and to extra expense coverage.

Basic Group I	Basic Group II
.80	.75

**Table 50.D.2. Base Rate Adjustment Factors – Time Element**

**SECTION VI  
CAUSES OF LOSS FORM RULES**

**RULE 72.  
CAUSES OF LOSS – SPECIAL FORM**

The following is added to Paragraph **E.2.b.(2)**:

When theft is excluded from Building Coverage, apply a factor of .91 to the appropriate building rate under Rule **72**. in the state rates.

The following is added to Paragraph **E.2.c.(3)**:

When theft is excluded from Personal Property Coverage, select the appropriate theft exclusion factor from Table **72.E.2.c.(3)**. Refer to Rule **72**. in the state rates for the personal property rate and territorial multiplier.

Occupancy Category	Theft Exclusion Factor
Residential Apartments And Condominiums	.70
Motel-hotel Risks	.70
Contractors Risks	.25
All Other Risks	.45

**Table 72.E.2.c.(3) Theft Exclusion Factors – Personal Property**

**RULE 73.  
CAUSES OF LOSS – EARTHQUAKE FORM**

Paragraph **D.2.d.** is replaced by the following:

**D. Rating Procedure**

**2. Deductibles**

**d. Earthquake Deductible Options**

Deductibles for building and contents may be increased to a maximum of 40%, subject to application of credits. Multiply the rates at the base deductible by the appropriate factor as shown in Table **73.D.2.d**. Refer to the state rates for applicable Deductible Tier.

**SECTION I  
GENERAL RULES**

---

**RULE 5.  
POLICY TERM**

---

The following is added to Paragraph **A.**:

In the case of continuous renewal policies, substitute at each anniversary date current editions of applicable forms if changed during the period of coverage.

---

**RULE 12.  
POLICY CANCELLATION**

---

Rule **12.** is replaced by the following:

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater.

---

**RULE 14.  
MANDATORY ENDORSEMENTS**

---

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

**B. State Endorsements**

1. Attach Michigan Changes Endorsement **CY 01 69** to all policies. Endorsement **CY 01 69**:
  - a. Amends the policy's notice requirement by providing that notice may be validly given to any of the insurer's agents and failure to give notice within the time period specified shall not invalidate a claim if it was not possible to give notice within that time period and notice was given as soon as reasonably possible; and
  - b. Addresses Michigan requirements related to exclusion of coverage for loss or defense expenses based upon, attributable to or arising out of criminal acts by an insured.
2. Attach Michigan Changes – Cancellation And Nonrenewal Endorsement **CY 02 46** to all policies.

---

**RULE 17.  
DESCRIPTION OF ADDITIONAL ENDORSEMENTS**

---

Paragraph **B.11.** is replaced by the following:

**B. Endorsements Applicable To CY 00 10, CY 00 11, CY 00 12, CY 00 13 And CY 00 01**

**11. Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

This endorsement replaces Exclusion **20.** in **CY 00 10, CY 00 11, CY 00 12** and **CY 00 13** and Exclusion **19.** in **CY 00 01** to provide an exception to the exclusion for dishonest, malicious or fraudulent acts committed by an employee which give rise to a claim or loss covered under the policy.

For **CY 00 10, CY 00 11, CY 00 12** and **CY 00 13**, refer to the Premium Determination Rule of the respective policy for rating. For **CY 00 01**, there is no premium consideration for this endorsement.

Refer to the Premium Determination Rule of the respective policy for rating.



**SECTION II  
INFORMATION SECURITY PROTECTION CYBER  
POLICY**

**RULE 24.  
INFORMATION SECURITY PROTECTION CYBER  
POLICY – PREMIUM DETERMINATION**

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy – Premium Determination**

**1. Web Site Publishing Liability**

**c. Coverage Amendments**

- (3) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **24.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

- (2) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **24.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

**SECTION III  
FINANCIAL INSTITUTIONS INFORMATION SECURITY  
PROTECTION CYBER POLICY**

**RULE 39.  
FINANCIAL INSTITUTIONS INFORMATION SECURITY  
PROTECTION CYBER POLICY – PREMIUM  
DETERMINATION**

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy – Premium Determination**

**1. Web Site Publishing Liability**

**c. Coverage Amendments**

- (3) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **39.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

- (2) Michigan Changes – Provide Coverage For Dishonest, Malicious Or Fraudulent Acts Committed By Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **39.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

**SECTION IV  
MEDIA AND INFORMATION SECURITY PROTECTION  
CYBER POLICY**

---

**RULE 54.  
MEDIA AND INFORMATION SECURITY PROTECTION  
CYBER POLICY – PREMIUM DETERMINATION**

---

Paragraphs **A.1.c.(3)** and **A.3.c.(2)** are replaced by the following:

**A. Insuring Agreements Contained In The Policy –  
Premium Determination**

**1. Media Liability**

**c. Coverage Amendments**

**(3) Michigan Changes – Provide  
Coverage For Dishonest, Malicious Or  
Fraudulent Acts Committed By  
Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.1.b.** by the factor from Table **54.A.1.c.(3)(RF)** to determine the additional premium for the endorsement.

**3. Programming Errors And Omissions Liability**

**c. Coverage Amendments**

**(2) Michigan Changes – Provide  
Coverage For Dishonest, Malicious Or  
Fraudulent Acts Committed By  
Employees Endorsement CY 20 32**

If applicable, multiply the result determined in Paragraph **A.3.b.** by the factor from Table **54.A.3.c.(2)(RF)** to determine the additional premium for the endorsement.

**COMMERCIAL LINES MANUAL  
DIVISION FOUR  
FARM  
EXCEPTION PAGES**

**MICHIGAN (21)**

**ADDITIONAL RULE(S)**

---

**RULE A1.  
RESERVED FOR FUTURE USE**

---

---

**RULE A2.  
AMENDATORY ENDORSEMENT(S)**

---

Attach Michigan Changes Endorsement **FL 01 04** to all policies.

Attach Effective Time Changes – Endorsement Of 12 Noon Endorsement **IL 00 22** to any policy which replaces an existing policy, if the existing policy expires at noon.

Attach Michigan Changes – Cancellation And Nonrenewal Endorsement **IL 02 86** to all policies.

Attach Michigan Changes Endorsement **FP 01 16** to all policies containing Causes Of Loss Form – Farm Property **FP 10 60**, Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions **FP 00 90**, Livestock Coverage Form **FP 00 40** or Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30**.

---

**RULE A3.  
TERRORISM OPTIONS – FEDERAL BACKSTOP**

---

Refer to the Terrorism Supplement to the CLM.

---

**RULE A4.  
TERRORISM OPTIONS – FEDERAL BACKSTOP – FARM  
LIABILITY**

---

Refer to the Terrorism Supplement to the CLM.

---

**RULE A5.  
TERRORISM OPTIONS – FEDERAL BACKSTOP –  
PREMIUM DETERMINATION**

---

Refer to the Terrorism Supplement to the CLM.

---

**RULE A6.  
RESERVED FOR FUTURE USE**

---

---

**RULE A7.  
FUNGI COVERAGE LIMITATIONS AND OPTIONS**

---

**A. Explanation**

**1. Property Coverages**

- a.** Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Farm Dwellings, Appurtenant Structures And Household Personal Property Endorsement **FP 05 31**:

(1) Contains an exclusion of loss due to virus or bacteria which applies to all farm property coverages made a part of the policy including property damage, income loss, extra expense, fair rental value, additional living expenses and actions of civil authority, as detailed in the endorsement; and

(2) Is used to provide limited coverage, as described in Paragraph **B.1.a.**, for loss or damage resulting from fungi, wet rot or dry rot as a consequence of the causes of loss detailed in the endorsement, when such coverage is desired **only** for Covered Property covered under Coverage **A, B or C** of the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12**; and

(3) Is used with:

**(a)** Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12**;

**(b)** Farm Property – Farm Personal Property Coverage Form **FP 00 13**;

**(c)** Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form **FP 00 14**;

**(d)** Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30**; or

**(e)** Livestock Coverage Form **FP 00 40**.

If limited fungi, wet rot and dry rot coverage is desired for farm personal property or farm buildings, as well as for farm dwellings, appurtenant structures and household personal property, use Endorsement **FP 05 30** as described in Paragraph **b.** instead.

**b.** Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Property Endorsement **FP 05 30**:

(1) Contains an exclusion of loss due to virus or bacteria which applies to all farm property coverages made a part of the policy including property damage, income loss, extra expense, fair rental value, additional living expenses and actions of civil authority, as detailed in the endorsement; and

---

**RULE A7.  
FUNGI COVERAGE LIMITATIONS AND OPTIONS**  
(Cont'd)

---

- (2) Is used to provide limited coverage, as described in Paragraph **B.1.b.**, for loss or damage resulting from fungi, wet rot or dry rot as a consequence of the causes of loss detailed in the endorsement, when such coverage is desired for Covered Property covered under Coverage **A, B, C, E, F** or **G** (except as described in Paragraph **B.1.b.(2)**) or covered under the Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30**; and
- (3) Is used with:
- (a) Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12**;
  - (b) Farm Property – Farm Personal Property Coverage Form **FP 00 13**;
  - (c) Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form **FP 00 14**;
  - (d) Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30**; or
  - (e) Livestock Coverage Form **FP 00 40**.
- c. If either Endorsement **FP 05 30** or Endorsement **FP 05 31** is attached to the policy, do not attach Exclusion Of Loss Due To Virus Or Bacteria Endorsement **FP 01 60**. Refer to Additional Rule, Exclusion Of Loss Due To Virus Or Bacteria for information concerning Endorsement **FP 01 60**.
- 2. Liability Coverages**
- a. Fungi Or Bacteria Exclusion – Liability Endorsement **FL 10 35** may be used to exclude coverage for liability arising out of fungi or bacteria.  
Use Endorsement **FL 10 35** with Farm Liability Coverage Form **FL 00 20**.
  - b. Limited Fungi Or Bacteria Coverage – Liability Endorsement **FL 05 32** may be used to provide coverage, subject to an aggregate limit of insurance, under Coverage **H** – Bodily Injury And Property Damage Liability and Coverage **J** – Medical Payments for liability and medical expenses arising out of a fungi or bacteria incident.  
Use Limited Fungi Or Bacteria Coverage – Liability Endorsement **FL 05 32** with Farm Liability Coverage Form **FL 00 20**.

**B. Description Of Coverage****1. Property Coverages**

**a. Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Farm Dwellings, Appurtenant Structures And Household Personal Property Endorsement FP 05 31**

With respect to the Limited Coverage For "Fungi", Wet Rot And Dry Rot provision in Endorsement **FP 05 31**:

- (1) Endorsement **FP 05 31** introduces an Additional Coverage, Limited Coverage For Fungi, Wet Rot And Dry Rot. This limited coverage is subject to a per policy annual aggregate limit of \$10,000 which may be increased to \$25,000 or \$50,000 through entry on the Schedule. The endorsement covers:
- (a) Direct physical loss or damage caused by fungi, wet rot or dry rot;
  - (b) The cost to remove the fungi, wet rot or dry rot;
  - (c) The cost to tear out and replace any part of a building or other property as needed to gain access to the fungi, wet rot or dry rot; and
  - (d) The cost of post-remediation testing if necessary.
- (2) Endorsement **FP 05 31** adds an Exclusion to the Causes Of Loss Form – Farm Property **FP 10 60**: the presence, growth, proliferation, spread or any activity of fungi, wet rot or dry rot.
- (3) In the Schedule of **FP 05 31**, fill in the aggregate limit of insurance if over \$10,000.

**b. Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Property Endorsement FP 05 30**

With respect to the Limited Coverage For "Fungi", Wet Rot And Dry Rot provision in Endorsement **FP 05 30**:

- (1) Endorsement **FP 05 30** effects the same changes as Endorsement **FP 05 31** except that:
- (a) The limited coverage is subject to a per policy annual aggregate limit of \$15,000 instead of \$10,000. (As under Endorsement **FP 05 31**, the basic aggregate limit may be increased to \$25,000 or \$50,000.)

**RULE A7.  
FUNGI COVERAGE LIMITATIONS AND OPTIONS**  
(Cont'd)

- (b) If Disruption Of Farming Operations (Income Loss Or Expense Coverage) Endorsement **FP 15 01** is attached to the policy, and suspension of operation is caused by fungi, wet rot or dry rot, coverage is limited to the amount of income loss and expense sustained in a period of not more than thirty days. If the suspension of operations is caused by loss other than fungi, wet rot or dry rot, but the fungi, wet rot or dry rot prolongs the period of restoration, income loss/expense sustained during the delay is covered up to thirty days. In either case, the thirty days are cumulative, not necessarily consecutive.
  - (2) Endorsement **FP 05 30** does not apply to:
    - (a) Livestock, other animals, bees, worms and fish covered under Coverage **E – Scheduled Farm Personal Property**; or
    - (b) Livestock covered under Coverage **F – Unscheduled Farm Personal Property**.
  - (3) In the Schedule of **FP 05 30**, fill in the aggregate limit of insurance if over \$15,000.
- 2. Liability Coverages**
- a. **Fungi Or Bacteria Exclusion – Liability Endorsement FL 10 35**
    - (1) Under Endorsement **FL 10 35**, coverage may be excluded for bodily injury, property damage and personal injury caused by 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 a structure including its contents.
    - (2) Under Endorsement **FL 10 35**, the exclusion does not apply to fungi or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

**b. Limited Fungi Or Bacteria Coverage – Liability Endorsement FL 05 32**

- (1) Under Endorsement **FL 05 32**, coverage may be provided for all damages under Coverage **H** and for reasonable medical expenses under Coverage **J** resulting from a fungi or bacteria incident as defined in the endorsement, subject to an aggregate limit of \$50,000. Insurance for Coverage **I**, Personal Injury, is excluded.

The \$50,000 aggregate limit may be increased. Refer to company for available limits. Enter the selected limit in the Schedule.
- (2) Under Endorsement **FL 05 32**, bodily injury and property damage resulting from fungi or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption will not be considered to have arisen out of a fungi or bacteria incident.

**C. Premium Determination**

**1. Property Coverages**

**a. Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Farm Dwellings, Appurtenant Structures And Household Personal Property Endorsement FP 05 31**

With respect to the Limited Coverage For "Fungi", Wet Rot And Dry Rot provision in Endorsement **FP 05 31**:

Use the appropriate state company rate/ISO loss cost for the selected limit of insurance.

**b. Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Property Endorsement FP 05 30**

With respect to the Limited Coverage For "Fungi", Wet Rot And Dry Rot provision in Endorsement **FP 05 30**:

- (1) If Coverages **A**, **B** and **C** are included in the policy, use the appropriate state company rate/ISO loss cost for the selected limit of insurance.
- (2) If the policy does not include Coverages **A**, **B** and **C**, use the appropriate state company rate/ISO loss cost for the selected limit of insurance.

**2. Liability Coverages**

**Limited Fungi Or Bacteria Coverage – Liability Endorsement FL 05 32**

For increased Limits of Insurance a company rate adjustment may apply. Refer to company.

---

**RULE A8.  
EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA**


---

Attach Exclusion Of Loss Due To Virus Or Bacteria Endorsement **FP 01 60** to all policies containing Causes Of Loss Form – Farm Property **FP 10 60**, Mobile Agricultural Machinery And Equipment Coverage Form **FP 00 30** or Livestock Coverage Form **FP 00 40**, **except** when either of the following optional endorsements is attached to the policy:

- Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Property **FP 05 30**.
- Exclusion Of Loss Due To Virus Or Bacteria; Limited Coverage For Fungi, Wet Rot And Dry Rot – Farm Dwellings, Appurtenant Structures And Household Personal Property **FP 05 31**.

Both Endorsements **FP 05 30** and **FP 05 31** contain the exclusion of loss due to virus or bacteria.

**SECTION I  
GENERAL RULES**


---

**RULE 2.  
REFERRALS TO COMPANY**


---

Rule 2. is replaced by the following:

Refer to company for:

- A.** Any applicable rating plan modification.
- B.** Rating or classifying any risk or exposure for which there is no manual rate or applicable classification.

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available to state regulators on request. Such rates or classifications need not be filed with the state regulator.

However, the second paragraph of **B.** shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

- C.** Situations where a portion of the property and/or liability coverage is reinsured on a facultative basis.

The following rating procedure is available for the determination of the applicable premium:

1. Manual rules and rates shall apply to the portion of the property and/or liability limit(s) of insurance retained by the company.
2. For any portion of the limit(s) of insurance obtained by means of facultative reinsurance, the premium shall be the facultative cost for such insurance, increased by a charge up to but not exceeding 50% of the facultative cost.

With respect to premium developed in accordance with this Paragraph 2., the company is responsible for maintaining complete files, including all details relating to selection of the premium charge.

Rates shall not be inadequate, excessive or unfairly discriminatory.

The company is responsible for complying with regulatory or statutory rate filing or disclosure requirements.

---

**RULE 4.  
POLICY TERM**


---

The following is added to Rule 4.:

- C.** For policies written on a continuous renewal basis, at each anniversary date, substitute current editions of applicable forms if changed during the period of coverage. (All references to "continuous policies" in these rules are changed to "continuous renewal policies".)

---

**RULE 11.  
POLICY CANCELLATION**


---

Rule 11. is replaced by the following:

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25, whichever is greater.

---

**RULE 26.  
CHANGE ENDORSEMENT**


---

Rule 26. is replaced by the following:

If Michigan Policy Changes Endorsement **FP 12 01** is used, use it only to:

- A.** Indicate endorsements being made a part of the Farm Coverage Part subsequent to its inception or renewal date.
- B.** Describe policy changes involving additional or return premium, with a display of the additional or return amounts due and of any increases or reductions in limits of insurance.
- C.** Give recognition to changes (including correction or update of Declarations entries) that have no effect on the provisions of coverage granted or excluded in the Farm Coverage Part.
- D.** Indicate any other changes made in accordance with the rules of this Division, including company deviations.

**COMMERCIAL LINES MANUAL  
DIVISION FOUR  
FARM  
EXCEPTION PAGES**

**MICHIGAN (21)**

---

**RULE 36.  
FARM PROPERTY COVERAGE (Cont'd)**

---

Paragraphs **D.35.b.**, **D.36.a.**, **D.36.c.**, **D.36.e.**, **D.38.a.** and **D.38.b.** are replaced by the following:

**D. Additional Or Reduced Premium Computation**

**35. Assisted Living Care Coverage**

**b. Form**

Use Assisted Living Care Coverage – Michigan Endorsement **FP 04 11**.

**36. Unit-owners Coverage**

**a. Description**

Unit-owners Coverage – Michigan Endorsement **FP 05 71** may be issued to the owner(s) of a condominium or cooperative dwelling unit which is used principally for family residential purposes. The condominium or cooperative dwelling unit may be owned by an individual, a partnership, joint venture or other organization.

**c. Form**

Attach Endorsement **FP 05 71** to Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12** and Farm Liability Coverage Form **FL 00 20**.

**e. Causes Of Loss**

The Schedule requires entry of either Basic or Broad to apply to both Coverages **A** and **C**. Special Coverage is not available under Endorsement **FP 05 71**.

**38. Identity Fraud Expense Coverage**

**a. Description Of Coverage**

When optional Identity Fraud Expense Coverage – Michigan Endorsement **FP 05 83** is attached to the insured's policy, \$15,000 of coverage is available to pay the expenses (a defined term) incurred by the insured as a direct result of any one identity fraud first discovered or learned of during the policy period. By definition such expenses include the costs of: notarizing fraud affidavits or similar documents; certified mail sent to law enforcement or credit agencies or to financial institutions; loss of income resulting from time taken off from work to meet and confer with law enforcement or credit agencies; loan application fees for re-applying for a loan after an application has been rejected solely because the lender received incorrect credit information; and reasonable attorneys' fees incurred, whether to defend lawsuits brought against the insured or to remove criminal or civil judgments.

Refer to Endorsement **FP 05 83** for definitions and special conditions specific to identity fraud expense coverage.

**b. Form**

Attach Endorsement **FP 05 83** to Form **FP 00 12**.

---

**RULE 37.  
FARM LIABILITY COVERAGE**

---

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

**J. Snowmobiles**

**1. This classification:**

- a.** Applies to snowmobiles owned by the insured.
- b.** Does not apply to any snowmobile:
  - (1)** While on the insured location or on any highway or street;
  - (2)** While used for business purposes or to carry person for a charge; or
  - (3)** While rented to others, or while operated in, or in practice for, any prearranged racing, organized racing, speed contest or other competition.

Refer to Paragraph **BB.** in this rule for information relating to liability coverage with respect to the use of an owned snowmobile to carry persons for a charge or rented to others in connection with agritainment.

- 2.** Use multistate company rates/ISO loss costs shown in Table **37.E.(LC)**. The premium determination obtained is the minimum annual premium for each snowmobile for any period within a policy year.
- 3.** Exposure basis is each snowmobile.
- 4.** Use Owned Snowmobile Coverage – Michigan Endorsement **FL 05 17**.
- 5.** Use code 07990.

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

**BB. Agritainment – Liability**

**1. Agritainment – Liability**

- a.** There is no insurance under Farm Liability Coverage Form **FL 00 20** for bodily injury or property damage arising directly or indirectly out of any agritainment, meaning an agricultural or aquacultural related activity or enterprise that is primarily operated on the insured location for the purpose of tourism or entertainment and engaged in for monetary compensation or other compensation. Some examples of agritainment activities are hay rides, hunting, petting zoos, farm tours, catering events, "pick your own" operations and retail operations, including antique stores or produce sales.

---

**RULE 37.  
FARM LIABILITY COVERAGE (Cont'd)**


---

- b. When optional Michigan Agritainment – Liability Endorsement **FL 05 10** is attached to the insured's policy, coverage is provided with respect to the agritainment described in the Schedule of Endorsement **FL 05 10** at the location described in the Schedule.
- c. In the Schedule of Endorsement **FL 05 10**:
  - (1) Indicate the insured location number, building number and location description.
  - (2) Describe the agritainment activity.
  - (3) Indicate whether the:
    - (a) Liquor Liability Exclusion does not apply;
    - (b) Mobile Equipment Exclusion does not apply;
    - (c) Use Of Livestock Or Other Animals Exclusion does not apply;
    - (d) Rental Of A Part Of The "Insured Location" To Others is provided; or
    - (e) Designated Event Exclusion applies. If this option is selected also indicate within the Schedule the description/name of the designated event.
- d. Endorsement **FL 05 10** amends Endorsement **FL 05 17**, All-terrain Vehicle Coverage Endorsement **FL 04 74** and Watercraft Endorsement **FL 04 83**. If Endorsement **FL 05 17**, **FL 04 74** or **FL 04 83** is made a part of the policy, Endorsement **FL 05 10** generally provides that, with respect to the coverage provided by Endorsement **FL 05 10**, the preclusions of coverage in Endorsements **FL 05 17**, **FL 04 74** and **FL 04 83** pertaining to the use of an owned snowmobile, all-terrain vehicle or watercraft, respectively, to carry persons for a charge and rental to others, do not apply when at the time of an occurrence the scheduled owned snowmobile, all-terrain vehicle or watercraft is used in connection with the agritainment.

**Note**

The pricing for the exposures described in Paragraph **d.** are contemplated in the premium developed for the agritainment activity as provided in Paragraph **BB.3.**

Refer to Endorsement **FL 05 10** for further detail.

The note under Paragraph **BB.3.** is replaced by:

**Note**

Endorsement **FL 05 10** contains a premium audit provision.

---

**RULE 38.  
CGL FARM LIABILITY**


---

Paragraph **C.4.** is replaced by the following:

**C. Basic Forms Applicable**

- 4. If covering Personal Liability, also attach Michigan Changes – Personal Liability Endorsement **FL 04 75**.

Paragraph **H.4.** is replaced by the following:

**H. Personal Liability**

- 4. Use Endorsement **FL 04 75**. Also use Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability – With Limited Bodily Injury Exception Endorsement **FL 10 12**. This endorsement excludes liability arising out of any access to or disclosure of any person's or organization's confidential or personal information under both Coverage **A** and Coverage **B**. The Coverage **A** exclusion in this endorsement includes a limited exception for bodily injury with respect to that part of the exclusion addressing electronic data. For endorsement options addressing Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability that may be used in lieu of Endorsement **FL 10 12**, refer to Paragraph **S**.

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

**N. Employment-related Practices Exclusion**

- 1. This endorsement amends policies which include Endorsement **FL 04 75** and/or Farm Employers' Liability And Farm Employees' Medical Payments Insurance Endorsement **FL 04 65**, by excluding bodily injury and personal injury liability arising out of employment-related practices.

Paragraphs **O.1.** and **O.5.** are replaced by the following:

**O. Snowmobiles**

- 1. Owned Snowmobile Coverage – Michigan Endorsement **FL 05 17** amends policies containing Endorsement **FL 04 75** by providing personal liability coverage for occurrences of bodily injury and property damage arising out of the use of owned snowmobiles off the insured location.
- 5. Use Owned Snowmobile Coverage – Michigan Endorsement **FL 05 17**.

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

**P. All-terrain Vehicles**

- 1. All-terrain Vehicle Coverage Endorsement **FL 04 74** amends policies containing Endorsement **FL 04 75** by providing personal liability coverage for occurrences of bodily injury and property damage arising out of the use of all-terrain vehicles off the insured location.



**COMMERCIAL LINES MANUAL  
DIVISION FOUR  
FARM  
EXCEPTION PAGES**

**MICHIGAN (21)**

---

**RULE 38.  
CGL FARM LIABILITY (Cont'd)**

---

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

**Q. Silica Or Silica-related Dust Exclusion**

1. This endorsement amends policies containing Endorsement **FL 04 75** by excluding bodily injury, property damage and personal injury liability arising out of silica or silica-related dust.

The introductory text in Paragraph **S.** is replaced by the following:

**S. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Endorsement **FL 10 12** referenced in Paragraph **H.4.** may be replaced by **one** of the following endorsements. These endorsements amend policies which include Endorsement **FL 04 75**:

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

**T. Animal Liability Exclusion**

1. Subject to written agreement between the insurer and the insured acknowledging the exclusion, this endorsement amends policies that include Endorsement **FL 04 75** and/or Assisted Living Care Coverage – Michigan Endorsement **FL 04 11** or Broad Farm Premises Liability Endorsement **FL 04 37** by excluding bodily injury and property damage arising out of direct physical contact with an animal(s) that is owned by, or in the care, custody or control of, an insured.

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

**U. Athletic Activities – Medical Payments Exclusion**

1. This endorsement amends policies which include Endorsement **FL 04 75** by excluding medical payments coverage for any person injured while practicing, instructing or participating in physical exercise, or games, sports or athletic contests. Enter the description of the physical exercise, or games, sports, or athletic contests for which coverage is excluded in the Schedule of the endorsement.

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

**V. Genetically Modified Organism Exclusions**

1. This endorsement amends policies which include Endorsement **FL 04 75** by excluding bodily injury and property damage caused by, or resulting from, the genetic modification, whether by design or accident, of any bean(s), crop(s), grain(s), seed(s), plant(s), shrub(s) or tree(s) described in the Schedule of the endorsement.

Use Exclusion – Injury Or Damage From Genetically Modified Beans, Crops, Grains, Seeds, Plants, Shrubs Or Trees Endorsement **FL 10 64.**

Refer to company for rating.

2. This endorsement amends policies which include Endorsement **FL 04 75** by excluding bodily injury and property damage caused by, or resulting from, the genetic modification, whether by design or accident, of any animal(s) or fish described in the Schedule of the endorsement.

Use Exclusion – Injury Or Damage From Genetically Modified Animal(s) Or Fish Endorsement **FL 10 65.**

Refer to company for rating.

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

**W. Amendment Of Personal Injury Definition**

1. Amendment Of Personal Injury Definition Endorsement **FL 05 21** amends policies containing Endorsement **FL 04 75**. Endorsement **FL 05 21** amends the definition of personal injury by removing the offense of an oral or written publication that violates a person's right of privacy.

**SECTION IV**

**FARM AND CGL FARM UMBRELLA LIABILITY**

---

**RULE 40.**

**FARM AND CGL FARM UMBRELLA LIABILITY  
COVERAGE GENERAL RULES**

---

The following is added to Paragraph **D.1.:**

For policies written on a continuous renewal basis, at each anniversary date, substitute current editions of applicable forms if changed during the period of coverage. (All references to "continuous policies" in these rules are changed to "continuous renewal policies".)

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

**K. Policy Cancellation**

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25, whichever is greater.

The following paragraph is added:

**N. Terrorism Endorsement Options – Federal Backstop**

Refer to the Terrorism Supplement to the CLM.

---

**RULE 41.**

**FARM UMBRELLA LIABILITY COVERAGE**

---

Paragraph **A.2.c.(1)** is replaced by the following:

- (1) Mandatory endorsements (including those required for use in Michigan):
  - (a) Michigan Changes Endorsement **FB 01 12.**
  - (b) Michigan Changes – Cancellation And Nonrenewal Endorsement **FB 02 10.**

## **SECTION II COVERAGE RULES**

---

### **RULE 22. DESCRIPTION OF COMMERCIAL GENERAL LIABILITY COVERAGE**

---

Paragraph **C.3.** is replaced by the following:

- C.** For details of coverage:
  - 3.** Refer to Mandatory State Endorsements
    - a.** Michigan Changes Endorsement **CG 01 68.**
    - b.** Michigan Changes – Cancellation And Nonrenewal Endorsement **IL 02 86.**

---

### **RULE 24. BASES OF PREMIUM**

---

The following is added to Paragraph **E.2.m.:**

For premium computation purposes, use \$29,700 as the annual individual payroll for executive officers.

For premium computation purposes, use \$29,700 as the annual individual payroll for individual insureds or co-partners.

---

### **RULE 33. SPECIAL RULES APPLICABLE TO THE CLAIMS-MADE COVERAGE FORM**

---

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

**B. Exclusion Of Specific Accident(s), Products, Work Or Location(s)**

Coverage for bodily injury or property damage arising out of specific accidents, products, work or locations may be excluded by attaching Michigan Changes – Exclusion Of Specific Accidents, Products, Work Or Locations Endorsement **CG 01 80** to a claims-made policy. This endorsement may not be used with renewal policies and may not be used with new policies if a previously established Retroactive Date is not advanced.

---

### **RULE 34. SPECIAL RULE FOR INDIVIDUAL RISK SITUATIONS**

---

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

**B. Filing Obligations**

When a particular risk is modified in accordance with Paragraph **A.** companies should maintain a complete file, including all details of the factors used in determining the modification and make the file available to state regulators on request. Except with respect to liquor liability coverage, such modifications need not be filed with the state regulator. All rates, rules, forms, or classifications for Liquor Liability Coverage must be filed and approved before use.

#### **Note**

Rates shall not be inadequate, excessive or unfairly discriminatory.

---

### **RULE 36. DESCRIPTION OF ADDITIONAL OPTIONAL ENDORSEMENTS**

---

Paragraph **D.7.** does not apply.

---

### **RULE 42. ELECTRONIC DATA LIABILITY COVERAGE**

---

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

- c.** Refer to Mandatory State Endorsements
  - (1)** Michigan Changes Endorsement **CG 01 68.**
  - (2)** Michigan Changes – Cancellation And Nonrenewal Endorsement **CG 33 02.**

---

### **RULE 43. EMPLOYEE BENEFITS LIABILITY COVERAGE**

---

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

- 2.** For details of coverage refer to Michigan Changes – Employee Benefits Liability Coverage Endorsement **CG 04 73.**

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

**B. Extended Reporting Period Option**

- 1.** This option is available if the Michigan Changes – Employee Benefits Liability Coverage endorsement is cancelled or not renewed by the company or the company renews or replaces the endorsement with insurance that has a Retroactive Date later than the date shown in the Schedule of the endorsement or does not apply to a negligent act, error or omission on a claims-made basis. It provides for a five-year extension for the reporting of claims for negligent acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the endorsement's Schedule. The Named Insured must request this endorsement in writing within 60 days after the end of the policy period.
- 2.** If the Extended Reporting Period is purchased, use Michigan Changes – Extended Reporting Period Endorsement For Employee Benefits Liability Coverage **CG 27 79.**
- 3.** Refer to company for rating. However, the premium charged for the Extended Reporting Period may not exceed 1.00 times the annual premium for the Michigan Changes – Employee Benefits Liability Coverage endorsement.

---

**RULE 43.**  
**EMPLOYEE BENEFITS LIABILITY COVERAGE (Cont'd)**

---

4. If the Extended Reporting Period is in effect, an Extended Reporting Period Aggregate Limit will be provided, but only for claims first received and recorded during the Extended Reporting Period. The Extended Reporting Period Aggregate Limit will be equal to the Aggregate Limit entered on the Schedule of the Michigan Changes – Employee Benefits Liability Coverage endorsement in effect at the end of the policy period.

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

**C. Retroactive Date**

The Retroactive Date is a specific date entered in the Schedule of the endorsement. Any negligent act, error or omission first committed prior to the Retroactive Date is not covered, even if a claim is first received and recorded during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for an insured, it can only be advanced with the written consent of the first Named Insured, and then only:

1. If there is a change in carrier;
2. If there is a substantial change in the insured's operations which results in the increased exposure to loss;
3. If the insured fails to provide the company with information:
  - a. The insured knew or should have known about the nature of the risk insured which would have been material to the insurer's acceptance of the risk; or
  - b. Which was requested by the company; or
4. At the request of the insured.

Prior to the advancement of the Retroactive Date under any of these conditions, the company must obtain the written acknowledgment of the first Named Insured acknowledging that the first Named Insured has been advised of the right to purchase the Michigan Changes – Extended Reporting Period Endorsement For Employee Benefits Liability Coverage.

If "none" is entered in the Schedule of the endorsement, there is no Retroactive Date. If there is no Retroactive Date, coverage may be afforded for damages because of negligent acts, errors or omissions occurring prior to the inception date of the endorsement.

---

**RULE 44.**  
**PRODUCT WITHDRAWAL COVERAGE**

---

Paragraph **A.1.b.(3)** is replaced by the following:

- (3) Refer to Mandatory State Endorsements
  - (a) Michigan Changes – Cancellation And Nonrenewal Endorsement **CG 33 02.**
  - (b) Michigan Changes Endorsement **CG 33 03.**

---

**SECTION III**  
**MISCELLANEOUS RULES**

---

---

**RULE 45.**  
**LIQUOR LIABILITY COVERAGE (Subline Code 332)**

---

Paragraphs **B.1.**, **B.2.** and **B.3.** are replaced by the following:

**B. Description Of Liquor Liability Coverage**

1. The standard coverage form available for Liquor Liability Insurance provides coverage for injury on an occurrence basis.
2. This coverage form provides coverage against claims for injury sustained by any person or organization if liability for such injury is imposed on the insured by reason of the selling, serving or furnishing of any alcoholic beverage.
3. For details of coverage:
  - a. Refer to coverage form:  
Liquor Liability Coverage Form (Occurrence Version) **CG 00 33.**
  - b. Refer to mandatory multistate endorsement:  
Broad Form Nuclear Exclusion Endorsement **IL 00 21.**
  - c. Refer to mandatory state endorsement:  
Michigan Changes – Liquor Liability Endorsement **CG 26 22.**

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

**C. Company Rates**

For rates, refer to company. All rates, rules, forms or classifications for Liquor Liability Coverage must be filed and approved before use.

**RULE 45.**  
**LIQUOR LIABILITY COVERAGE (Subline Code 332)**  
 (Cont'd)

Table 45.F. is replaced by the following:

Code No.	Description
70413	Clubs – retail selling, beer, wine and liquor consumed on premises
50881	Distributors – specially designated – selling liquor not consumed on premises
50882	Distributors and Merchants Combined – specially designated – selling beer, wine and liquor not consumed on premises
70114	Hotels – Class "A" license – retail selling beer and wine consumed on premises
70113	Hotels – Class "B" license – retail selling beer, wine and liquor consumed on premises
59212	Merchants – specially designated – selling beer and wine not consumed on premises
58151	Restaurants or Taverns – Class "C" license – retail selling beer, wine and liquor consumed on premises
58165	Restaurants – Bring Your Own Alcohol only – permitting any person to bring any alcoholic beverage on their premises, for consumption on their premises
58166	All Other Bring Your Own Alcohol Establishments – permitting any person to bring any alcoholic beverage on their premises, for consumption on their premises
58191	Taverns – retail selling beer and wine consumed on premises
58198	Temporary Licensees

**Table 45.F. Classifications**

Paragraph G.5. is replaced by the following:

**G. Liquor Liability Grades**

5. The Liquor Liability Numerical Grade is 5.

Citation of Statute: MICH. COMP. LAWS ANN.  
 Section 436.1801

**Comments:**

The statute provides, in part, that:

- An individual, or the spouse, child, parent or guardian of that individual, who suffers damage or is personally injured by a minor or visibly intoxicated person by reason of the unlawful selling, giving, or furnishing of alcoholic liquor to the minor or visibly intoxicated person, if the unlawful sale is proven to be a proximate cause of the injury or damage, shall have a right of action against the person who by selling, giving or furnishing the alcoholic liquor has caused or contributed to the intoxication of the person.
- The plaintiff has a right to recover actual damages in a sum not less than \$50.00 in each case in which the court or jury determines that intoxication was a proximate cause of injury.
- No action against a retail licensee may be commenced unless the minor or alleged intoxicated person is a named defendant in the action and is retained in the action until the litigation is concluded by trial or settlement.
- A licensee shall have the right to full indemnification from the alleged visibly intoxicated person for damages awarded against the licensee.
- The alleged visibly intoxicated person shall not have a cause of action pursuant to this section.

Paragraph H. does not apply.

Paragraph J.2. is replaced by the following:

**J. Deductibles**

**2. Application**

When deductible insurance is selected by the insured, either on a per claim or per common cause basis, the company is obligated under the Liquor Liability Coverage to pay damage on behalf of the insured from the first dollar of loss. The insured is then required to indemnify the company for any deductible amount stated as applicable.

**RULE 46.**  
**OWNERS AND CONTRACTORS PROTECTIVE**  
**LIABILITY INSURANCE AND PRINCIPALS PROTECTIVE**  
**LIABILITY INSURANCE (Subline Code 335)**

Paragraphs B.2.c. and B.6. are replaced by the following:

**B. Description Of Owners Or Contractors Protective Liability Coverage**

2. For details of coverage:

- c. Refer to Mandatory State Endorsements

Michigan Changes Endorsement **CG 28 38.**

---

**RULE 46.  
OWNERS AND CONTRACTORS PROTECTIVE  
LIABILITY INSURANCE AND PRINCIPALS PROTECTIVE  
LIABILITY INSURANCE (Subline Code 335) (Cont'd)**

---

6. Coverage may be extended to apply to injury arising out of false arrest, detention or imprisonment by attaching Michigan Changes – Personal Injury Liability Endorsement **CG 28 09**. When **CG 28 09** is used, do not attach Michigan Changes Endorsement **CG 28 38**.

Paragraph **C.3.** is replaced by the following:

**C. Company Rates And Minimum Premiums**

3. Minimum premiums apply for one year or less and to the term of the project.

---

**RULE 47.  
POLLUTION LIABILITY COVERAGE (Subline Code 350)**

---

Paragraph **B.2.c.** is replaced by the following:

- c. Refer to mandatory state endorsements:
- (1) Michigan Changes Endorsement **CG 01 68**.
  - (2) Michigan Changes – Cancellation And Nonrenewal Endorsement **CG 33 02**.

Paragraph **B.7.** does not apply.

---

**RULE 48.  
PRODUCTS/COMPLETED OPERATIONS LIABILITY  
COVERAGE (Subline Code 336)**

---

Paragraph **A.3.c.** is replaced by the following:

**A. Description Of Products/Completed Operations Liability Coverage**

3. For details of coverage:
- c. Refer to Mandatory State Endorsements
- (1) Michigan Changes Endorsement **CG 01 68**.
  - (2) Michigan Changes - Cancellation And Nonrenewal Endorsement **IL 02 86**.

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

**E. Special Rules Applicable To The Claims-Made Coverage Form**

**2. Exclusion Of Specific Accident(s), Products, Work Or Location(s)**

Coverage for bodily injury or property damage arising out of specific accidents, products, work or locations may be excluded by attaching Michigan Changes - Exclusion Of Specific Accidents, Products, Work Or Locations Endorsement **CG 29 91** to a claims-made policy. This endorsement may not be used with renewal policies and may only be used with new policies if a previously established Retroactive Date is not advanced.

Paragraph **E.3.** is replaced by the following:

**3. Retroactive Date**

The Retroactive Date is a specific date entered on the Declarations Page of the policy. Any bodily injury or property damage which occurred prior to the Retroactive Date is not covered, even if a claim for such injury or damage is first made during the policy period or any applicable Extended Reporting Period. Once a Retroactive Date is established for an insured by an insurer, it may not be changed by that insurer during a period of continuous coverage.

If "none" is entered on the Declarations Page of the policy, there is no Retroactive Date and coverage may be afforded for bodily injury or property damage occurring prior to the inception date of the policy.

---

**RULE 49.  
RAILROAD PROTECTIVE LIABILITY (Subline Code 335)**

---

Paragraph **B.2.c.** is replaced by the following:

**B. Description Of Railroad Protective Liability Coverage**

2. For details of coverage:
- c. Refer to Mandatory State Endorsement Michigan Changes Endorsement **CG 28 39**.

---

**RULE 52.  
COVERAGE FOR INSUREDS FOR INJURY TO LEASED WORKERS**

---

Paragraph **A.2.** does not apply.

---

**RULE 53.  
UNDERGROUND STORAGE TANK (UST) COVERAGE  
(Subline Code 350)**

---

Paragraph **B.2.c.** is replaced by the following:

- c. Refer to Mandatory State Endorsements:
- (1) Michigan Changes – Cancellation And Nonrenewal Endorsement **CG 30 10**.
  - (2) Michigan Changes – Underground Storage Tank Policy **CG 30 32**.

---

**SECTION IV  
INCREASED/DECREASED LIMITS**

---

**RULE 56.  
INCREASED LIMITS TABLES**

---

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

**B. Tables**

The increased limits tables follow.

**COMMERCIAL LINES MANUAL  
DIVISION FIFTEEN  
MANAGEMENT PROTECTION  
EXCEPTION PAGES**

**MICHIGAN (21)**

**SECTION I  
GENERAL RULES – MANAGEMENT PROTECTION  
POLICY**

---

**RULE 3.  
POLICY TERM**

---

The following is added to Paragraph **A.:**

In the case of continuous renewal policies, substitute at each anniversary date current editions of applicable forms if changed during the period of coverage.

**SECTION II  
GENERAL RULES – COVERAGE PARTS RATED IN  
DIVISION FIFTEEN**

---

**RULE 19.  
CANCELLATION**

---

Rule 19. is replaced by the following:

Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater.

---

**RULE 21.  
RESIDENT AGENT COUNTERSIGNATURE**

---

This rule does not apply.

**SECTION III  
EXECUTIVE LIABILITY COVERAGE PART**

---

**RULE 30.  
EXECUTIVE LIABILITY COVERAGE PART –  
DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

c. Michigan Changes Endorsement **MP 02 86.**

**SECTION IV  
FINANCIAL INSTITUTIONS EXECUTIVE LIABILITY  
COVERAGE PART**

---

**RULE 50.  
FINANCIAL INSTITUTIONS EXECUTIVE LIABILITY  
COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

c. Michigan Changes Endorsement **MP 02 86.**

**SECTION V  
NOT-FOR-PROFIT MANAGEMENT LIABILITY  
COVERAGE PART**

---

**RULE 70.  
NOT-FOR-PROFIT MANAGEMENT LIABILITY  
COVERAGE PART – DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

c. Michigan Changes Endorsement **MP 02 86.**

**SECTION VI  
FIDUCIARY LIABILITY COVERAGE PART**

---

**RULE 90.  
FIDUCIARY LIABILITY COVERAGE PART –  
DESCRIPTION OF COVERAGE**

---

The following is added to Paragraph **B.2.:**

c. Michigan Changes Endorsement **MP 02 86.**

**COMMERCIAL LINES MANUAL  
DIVISION FOURTEEN  
CAPITAL ASSETS PROGRAM (OUTPUT POLICY)  
EXCEPTION PAGES**

**MICHIGAN (21)**

**ADDITIONAL RULE(S)**

---

**RULE A1.  
RESERVED FOR FUTURE USE**

---

---

**RULE A2.  
TERRORISM OPTIONS – FEDERAL BACKSTOP**

---

Refer to the Terrorism Supplement to the CLM.

---

**RULE A3.  
TERRORISM PRICING – FEDERAL BACKSTOP**

---

Refer to the Terrorism Supplement to the CLM.

---

**SECTION I  
GENERAL RULES**

---

---

**RULE 2.  
REFERRALS TO COMPANY**

---

Rule 2. is replaced by the following:

Refer to company for:

- A.** Any applicable rating plan modification.
- B.** Rating or classifying any risk or exposure for which there is no manual rate or applicable classification. Rates shall not be inadequate, excessive or unfairly discriminatory.

Companies should maintain complete files, including all details of the factors used in determining the rate or classification for a particular risk and make these files available to state regulators on request. Such rates or classifications need not be filed with the state regulator.

However, the second paragraph of **B.** shall not apply when a company has developed or prepared a manual or schedule of rates which includes a classification applicable to a risk being written. To the extent that filing requirements apply to such a manual or schedule of rates, they must be followed.

---

**RULE 4.  
POLICY TERM**

---

Rule 4. is amended by the addition of the following:

For policies written on a continuous renewal basis, at each anniversary date substitute current editions of applicable forms if changed during the period of coverage. (All references to "continuous policies" in these rules are changed to "continuous renewal policies.")

---

**RULE 11.  
POLICY CANCELLATIONS**

---

Rule 11. is replaced by the following:

- A.** Compute return premium pro rata and round to the next higher whole dollar when a policy is cancelled. The minimum earned premium for a cancelled policy shall not be less than the pro rata premium for the expired time or \$25, whichever is greater.
- B.** Do not charge a premium if:
  - 1. The insured returns the policy to the company indicating it is not wanted; and
  - 2. The policy is received by the company within 30 days of its inception.

---

**RULE 13.  
BASIC FORM AND ENDORSEMENTS APPLICABLE**

---

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

**B. Mandatory State Endorsements**

Attach the following mandatory state endorsements to all policies:

- 1. Effective Time Changes – Replacement Of 12 Noon Endorsement **IL 00 22** to any policy which replaces an existing policy, if the existing policy expires at 12 noon; and
- 2. Michigan Changes Endorsement **OP 01 16**.

---

**SECTION IV  
COVERAGE FORM RULES – ENDORSEMENTS –  
OTHER THAN TIME ELEMENT**

---

---

**RULE 76.  
WAREHOUSE OPERATORS LEGAL LIABILITY  
COVERAGE**

---

Paragraphs **A.** and **B.** are replaced by the following:

**A. Description Of Coverage**

This endorsement provides coverage to the owners or operators of warehouses for the sums they may be legally obligated to pay as damages for loss or damage to goods that customers store in their warehouses when the damage is caused by negligence. Warehouse Operators Legal Liability Coverage – Michigan Endorsement **OP 04 37** also provides coverage for the insured's defense costs, the cost of appeal bonds, the insured's reasonable expenses (up to \$1,000 per day) incurred to assist the insurer in handling a claim, awards against the insured resulting from a suit, arbitration or other proceeding, and prejudgment and postjudgment interest in connection with an award.

**B. Form**

Use Endorsement **OP 04 37**.