

FORMS – IMPLEMENTATION

NOVEMBER 5, 2020

BUSINESSOWNERS

LI-BP-2020-141

MISSOURI BUSINESSOWNERS FORMS REVISION TO BE IMPLEMENTED

KEY MESSAGE

Forms filing BP-2020-OCH1 in Missouri to be implemented.

Effective Date: 05/01/2021

BACKGROUND

In circular [LI-BP-2019-185](#), we announced the implementation of forms filing BP-2014-OISFR in Missouri, which in part, introduced optional endorsements for use with the Businessowners Coverage Form, addressing coverage for cyber/data breach liability and related first-party expenses.

The Missouri Department of Insurance has provided the following comments in connection with the language "you must notify us in writing as soon as practicable, but not to exceed 30 days," under Paragraph M. Duties In The Event Of Claim Or Loss of Information Security Protection Endorsement BP 15 07 in forms filing BP-2014-OISFR:

"Per 20 CSR 100-1.020...insurers may not deny a claim due to the insured's failure to submit written notification within a specified time period following the loss unless the failure to submit such notice would result in prejudicing the rights of the insurer. Please show how you are in compliance. Commonly, compliance can be achieved by either removing the time frame requirement, or adding the following language, or language similar to the following, 'however, no claim will be denied based upon the insured's failure to provide notice within such specified time, unless this failure operates to prejudice the rights of the insurer, as per Missouri regulation 20 CSR 100-1.020.'"

ISO ACTION

In response to the comments of the Department of Insurance, we are adding new Paragraph E. to Endorsement BP 01 11, which revises Paragraph M. Duties In The Event Of Claim Or Loss of Endorsement BP 15 07. We are adding the language, "If you fail to notify us within the 30-day timeframe, such failure will not invalidate a claim under this endorsement unless such failure operates to prejudice our rights".

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

IMPORTANT NOTE

With respect to the insurability of punitive damages, the language in our policy form only allows punitive damages to be covered to the extent that they are insurable by the applicable law.

INSURANCE DEPARTMENT ACTION

The Missouri Insurance Department has acknowledged forms filing BP-2020-OCH1.

EFFECTIVE DATE

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

These changes are applicable to all policies written on or after May 1, 2021.

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 BP-2020-OCH1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

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

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-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 Portfolioholders with an edition date of 5-21 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-BP-2019-185](#) (12/13/2019) Missouri Businessowners Forms Revision To Be Implemented
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

ATTACHMENT(S)

- Filing BP-2020-OCH1
- Final copy of [BP 01 11 05 21](#)

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Missouri Forms Revision

About This Filing

This filing revises a Missouri-specific endorsement in response to comments presented by the Missouri Department of Insurance.

Revised Forms

We are revising the following forms:

- ◆ BP 01 11 11 13 – Missouri Changes

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced edition to the 05 21 edition. Concurrent with implementation, the 05 21 editions will supersede the prior edition.

Background

The Missouri Department of Insurance has provided the following comments in connection with the language "you must notify us in writing as soon as practicable, but not to exceed 30 days," under Paragraph M. Duties In The Event Of Claim Or Loss of Information Security Protection Endorsement BP 15 07 in forms filing BP-2014-OISFR:

"Per 20 CSR 100-1.020...insurers may not deny a claim due to the insured's failure to submit written notification within a specified time period following the loss unless the failure to submit such notice would result in prejudicing the rights of the insurer. Please show how you are in compliance. Commonly, compliance can be achieved by either removing the time frame requirement, or adding the following language, or language similar to the following, 'however, no claim will be denied based upon the insured's failure to provide notice within such specified time, unless this failure operates to prejudice the rights of the insurer, as per Missouri regulation 20 CSR 100-1.020.'"

Explanation of Changes

In response to the comments of the Department of Insurance, we are adding new paragraph E. to endorsement BP 01 11, which revises Paragraph M. Duties In The Event Of Claim Or Loss of Endorsement BP 15 07. We are adding the language, "If you fail to notify us within the 30-day timeframe, such failure will not

invalidate a claim under this Endorsement unless such failure operates to prejudice our rights".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

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

- a. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

- b. However, this exclusion will not apply to deny coverage to an innocent coinsured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this policy and the loss arose out of domestic violence. Such coverage will be provided only if the innocent coinsured files a police report and completes a sworn affidavit indicating both:

- (1) The cause of the loss; and
(2) A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss.

- c. If we pay a claim pursuant to Paragraph A.1.b., our payment to the innocent coinsured will be limited to that insured's ownership interest in the property as reduced by any payment to a mortgagee or other secured interest; however, we shall not be required to make any subsequent payment for any loss for which the innocent coinsured has received payment. In no event will we pay more than the Limit of Insurance.

2. Paragraph A.5. Additional Coverages is amended as follows:

The following is added to Paragraph a.(1) **Debris Removal** and Paragraph h. **Pollutant Cleanup And Removal** and relates only to the requirement to report expenses to us within 180 days of the specified occurrence:

If you fail to report the expenses to us within the 180-day time frame, such failure will not invalidate a claim under this coverage unless such failure operates to prejudice our rights.

3. Paragraph E. Property Loss Conditions is amended as follows:

- a. Paragraph 2. **Appraisal** is replaced by the following:

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, upon your or our request, an umpire shall be selected by a judge of a court of record in the state and county (or city if the city is not within a county) in which the property covered is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraisers' submissions of their differences. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and

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- b. Bear the other expenses of the appraisal and umpire equally.

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

- b. Paragraph **4. Legal Action Against Us** is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 10 years after the date on which the direct physical loss or damage occurred.

- c. Subparagraphs **5.a.** and **5.b. Loss Payment** are replaced by the following:

- a. In the event of partial loss or damage to Covered Property that is caused by or results from fire, and is covered by this policy, at your option, we will either:
 - (1) Pay you an amount of money equal to the damage done; or
 - (2) Repair the damage, so that the property is in as good a condition as before the fire.

But we will not pay more than the Limit of Insurance.

- b. In the event of any loss or damage covered by this policy, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:
 - (1) Accept your claim;
 - (2) Deny your claim; or
 - (3) Need more time to determine whether your claim should be accepted or denied.

If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason(s) why more time is needed.

If we have not completed our investigation, we will notify you again in writing, within 45 days after the date the initial notice is sent as provided in **b.(3)**, and thereafter every 45 days. The written notice shall state why more time is needed to investigate your claim.

- d. The following is added to Paragraph **5. Loss Payment** Property Loss Condition:

When the Replacement Cost Coverage applies, the following is added with respect to such coverage, and relates only to the requirement to notify us of your intent to submit an additional claim (for the difference between actual cash value and replacement cost) to us within 180 days after the loss or damage occurs:

If you fail to notify us of your intent to submit the additional claim to us within the 180-day time frame, such failure will not invalidate that claim, unless such failure operates to prejudice our rights.

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

Subparagraph **A.2.a.(3)(b) Medical Expenses** is replaced by the following:

- (b) The expenses are incurred and reported within one year of the date of the accident. However, expenses reported to us after one year of the date of the accident will not be denied solely because of the late submission, unless such late submission operates to prejudice our rights; and

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

- 1. Paragraph **A.2. Cancellation** is replaced by the following:
 - 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the actual reason for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

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- b. 30 days before the effective date of cancellation if cancellation is for one or more of the following reasons:
 - (1) Fraud or material misrepresentation affecting this policy or a claim filed under this policy or a violation of any of the terms or conditions of this policy;
 - (2) Changes in conditions after the effective date of this policy which have materially increased the risk assumed;
 - (3) We become insolvent; or
 - (4) We involuntarily lose reinsurance for this policy.
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.
2. Paragraph **A.5. Cancellation** is replaced by the following:
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:
- a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is:
 - (1) Cancelled by us or at our request;
 - (2) Cancelled because you no longer have a financial or insurable interest in the property or business operation that is the subject of this insurance;
 - (3) Cancelled but rewritten with us or in our company group; or
 - (4) Cancelled after the first year, if it is a prepaid policy written for a term of more than one year.
 - b. When this policy is cancelled at the request of the first Named Insured (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years.

The refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.

3. Paragraph **H. Other Insurance** is replaced by the following:

H. Other Insurance

We shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

4. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

If we pay an innocent coinsured for loss arising out of an act of domestic violence by another insured, the rights of the innocent coinsured to recover damages from the abuser are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the abuser.

5. Paragraph **L. Transfer Of Your Rights And Duties Under This Policy** is replaced by the following:

L. Transfer By Beneficiary Deed

If you convey real property insured under this policy to a person (known as a grantee beneficiary) designated under a beneficiary deed, which has been properly recorded prior to your death, that person will have your rights and duties with respect to the insured real property, but only for the period from the date of your death until the first of the following occurs:

- 1. A period of 30 days from the date of your death;
- 2. The date that alternative coverage is obtained on your property; or
- 3. The end of the policy period as shown in the Declarations.

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M. Transfer By Other Means Following Death

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties, but only with respect to that property. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

6. The following paragraph is added and supersedes any provision to the contrary:

N. Nonrenewal

1. We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the actual reason for nonrenewal, at least 60 days prior to the effective date of the nonrenewal.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. The following is added to the Businessowners Coverage Form:

Missouri Property And Casualty Insurance Guaranty Association Coverage Limitations

1. Subject to the provisions of the Missouri Property and Casualty Insurance Guaranty Association Act (to be referred to as the Act), if we are a member of the Missouri Property and Casualty Insurance Guaranty Association (to be referred to as the Association), the Association will pay claims covered under the Act if we become insolvent.

2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitations apply, subject to all other provisions of the Act:

- a. Claims covered by the Association do not include a claim by or against an insured of an insolvent insurer, if the insured has a net worth of more than \$25 million on the later of the end of the insured's most recent fiscal year or the December 31st of the year next preceding the date the insurer becomes insolvent, provided that an insured's net worth on such date shall be deemed to include the aggregate net worth of the insured and all of its affiliates as calculated on a consolidated basis.

- b. Payments made by the Association for covered claims will include only that amount of each claim which is less than \$300,000.

However, the Association will not:

- (1) Pay an amount in excess of the applicable Limit of Insurance of the policy from which a claim arises; or
- (2) Return to an insured any unearned premium in excess of \$25,000.

These limitations have no effect on the coverage we will provide under this policy.

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

The first paragraph in the **Duties In The Event Of Claim Or Loss** Condition under Paragraph M. is replaced by the following:

In the event of either an occurrence or offense that may result in a "claim" against an insured or a "loss" or situation that may result in a "loss" covered under this endorsement, you must notify us in writing as soon as practicable, but not to exceed 30 days, and cooperate with us in the investigation and settlement of the "claim" or "loss". If you fail to notify us within the 30-day timeframe, such failure will not invalidate a "claim" under this endorsement unless such failure operates to prejudice our rights. Additionally:

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

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

- a.** We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

- b.** However, this exclusion will not apply to deny coverage to an innocent coinsured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this policy and the loss arose out of domestic violence. Such coverage will be provided only if the innocent coinsured files a police report and completes a sworn affidavit indicating both:

- (1)** The cause of the loss; and
(2) A pledge to cooperate in any criminal prosecution of the person committing the act causing the loss.

- c.** If we pay a claim pursuant to Paragraph **A.1.b.**, our payment to the innocent coinsured will be limited to that insured's ownership interest in the property as reduced by any payment to a mortgagee or other secured interest; however, we shall not be required to make any subsequent payment for any loss for which the innocent coinsured has received payment. In no event will we pay more than the Limit of Insurance.

2. Paragraph **A.5. Additional Coverages** is amended as follows:

The following is added to Paragraph **a.(1) Debris Removal** and Paragraph **h. Pollutant Cleanup And Removal** and relates only to the requirement to report expenses to us within 180 days of the specified occurrence:

If you fail to report the expenses to us within the 180-day time frame, such failure will not invalidate a claim under this coverage unless such failure operates to prejudice our rights.

3. Paragraph **E. Property Loss Conditions** is amended as follows:

- a.** Paragraph **2. Appraisal** is replaced by the following:

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, upon your or our request, an umpire shall be selected by a judge of a court of record in the state and county (or city if the city is not within a county) in which the property covered is located. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. The umpire shall make an award within 30 days after the umpire receives the appraisers' submissions of their differences. A decision agreed to by any two will be binding. Each party will:

- a.** Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.

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

- b. Paragraph **4. Legal Action Against Us** is replaced by the following:

4. Legal Action Against Us

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

- a. There has been full compliance with all of the terms of this insurance; and
- b. The action is brought within 10 years after the date on which the direct physical loss or damage occurred.

- c. Subparagraphs **5.a.** and **5.b. Loss Payment** are replaced by the following:

- a. In the event of partial loss or damage to Covered Property that is caused by or results from fire, and is covered by this policy, at your option, we will either:

- (1) Pay you an amount of money equal to the damage done; or
- (2) Repair the damage, so that the property is in as good a condition as before the fire.

But we will not pay more than the Limit of Insurance.

- b. In the event of any loss or damage covered by this policy, we will give you notice, within 15 working days after we receive a properly executed proof of loss, that we:

- (1) Accept your claim;
- (2) Deny your claim; or
- (3) Need more time to determine whether your claim should be accepted or denied.

If we deny your claim, such notice will be in writing, and will state any policy provision, condition or exclusion used as a basis for the denial.

If we need more time to determine whether your claim should be accepted or denied, the written notice will state the reason(s) why more time is needed.

If we have not completed our investigation, we will notify you again in writing, within 45 days after the date the initial notice is sent as provided in **b.(3)**, and thereafter every 45 days. The written notice shall state why more time is needed to investigate your claim.

- d. The following is added to Paragraph **5. Loss Payment** Property Loss Condition:

When the Replacement Cost Coverage applies, the following is added with respect to such coverage, and relates only to the requirement to notify us of your intent to submit an additional claim (for the difference between actual cash value and replacement cost) to us within 180 days after the loss or damage occurs:

If you fail to notify us of your intent to submit the additional claim to us within the 180-day time frame, such failure will not invalidate that claim, unless such failure operates to prejudice our rights.

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

Subparagraph **A.2.a.(3)(b) Medical Expenses** is replaced by the following:

- (b) The expenses are incurred and reported within one year of the date of the accident. However, expenses reported to us after one year of the date of the accident will not be denied solely because of the late submission, unless such late submission operates to prejudice our rights; and

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

- 1. Paragraph **A.2. Cancellation** is replaced by the following:

- 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the actual reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

- b. 30 days before the effective date of cancellation if cancellation is for one or more of the following reasons:
 - (1) Fraud or material misrepresentation affecting this policy or a claim filed under this policy or a violation of any of the terms or conditions of this policy;
 - (2) Changes in conditions after the effective date of this policy which have materially increased the risk assumed;
 - (3) We become insolvent; or
 - (4) We involuntarily lose reinsurance for this policy.
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.
- 2. Paragraph **A.5. Cancellation** is replaced by the following:
 - 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:
 - a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is:
 - (1) Cancelled by us or at our request;
 - (2) Cancelled because you no longer have a financial or insurable interest in the property or business operation that is the subject of this insurance;
 - (3) Cancelled but rewritten with us or in our company group; or
 - (4) Cancelled after the first year, if it is a prepaid policy written for a term of more than one year.
 - b. When this policy is cancelled at the request of the first Named Insured (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years.

The refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.

- 3. Paragraph **H. Other Insurance** is replaced by the following:

H. Other Insurance

We shall not be liable for a greater proportion of any loss than the amount hereby insured shall bear to the whole insurance covering the property against the peril involved, whether collectible or not.

- 4. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

If we pay an innocent coinsured for loss arising out of an act of domestic violence by another insured, the rights of the innocent coinsured to recover damages from the abuser are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the abuser.

- 5. Paragraph **L. Transfer Of Your Rights And Duties Under This Policy** is replaced by the following:

L. Transfer By Beneficiary Deed

If you convey real property insured under this policy to a person (known as a grantee beneficiary) designated under a beneficiary deed, which has been properly recorded prior to your death, that person will have your rights and duties with respect to the insured real property, but only for the period from the date of your death until the first of the following occurs:

- 1. A period of 30 days from the date of your death;
- 2. The date that alternative coverage is obtained on your property; or
- 3. The end of the policy period as shown in the Declarations.

M. Transfer By Other Means Following Death

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties, but only with respect to that property. Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

6. The following paragraph is added and supersedes any provision to the contrary:

N. Nonrenewal

1. We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the actual reason for nonrenewal, at least 60 days prior to the effective date of the nonrenewal.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. The following is added to the Businessowners Coverage Form:

Missouri Property And Casualty Insurance Guaranty Association Coverage Limitations

1. Subject to the provisions of the Missouri Property and Casualty Insurance Guaranty Association Act (to be referred to as the Act), if we are a member of the Missouri Property and Casualty Insurance Guaranty Association (to be referred to as the Association), the Association will pay claims covered under the Act if we become insolvent.

2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitations apply, subject to all other provisions of the Act:

- a. Claims covered by the Association do not include a claim by or against an insured of an insolvent insurer, if the insured has a net worth of more than \$25 million on the later of the end of the insured's most recent fiscal year or the December 31st of the year next preceding the date the insurer becomes insolvent, provided that an insured's net worth on such date shall be deemed to include the aggregate net worth of the insured and all of its affiliates as calculated on a consolidated basis.

- b. Payments made by the Association for covered claims will include only that amount of each claim which is less than \$300,000.

However, the Association will not:

- (1) Pay an amount in excess of the applicable Limit of Insurance of the policy from which a claim arises; or
- (2) Return to an insured any unearned premium in excess of \$25,000.

These limitations have no effect on the coverage we will provide under this policy.

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

The first paragraph in the **Duties In The Event Of Claim Or Loss** Condition under Paragraph **M.** is replaced by the following:

In the event of either an occurrence or offense that may result in a "claim" against an insured or a "loss" or situation that may result in a "loss" covered under this endorsement, you must notify us in writing as soon as practicable, but not to exceed 30 days, and cooperate with us in the investigation and settlement of the "claim" or "loss". If you fail to notify us within the 30-day timeframe, such failure will not invalidate a "claim" under this endorsement unless such failure operates to prejudice our rights. Additionally: