

FORMS – IMPLEMENTATION

MARCH 11, 2021

BUSINESSOWNERS

LI-BP-2021-034

FLORIDA NON-RESIDENTIAL BUSINESSOWNERS MULTISTATE FORMS REVISION TO BE IMPLEMENTED

KEY MESSAGE

New and revised non-residential Businessowners multistate and state-specific forms to be implemented in Florida.

Filing ID: BP-2018-ONRFR

Effective Date: 7/1/2021

UPGRADE TO WORD AND EXCEL DOCUMENTS

ISO is currently implementing changes to our authoring and delivery systems so that **newly created** documents will be delivered in Office 365 .docx/.xlsx format. These changes will be phased in by product/service tentatively beginning in second quarter 2021. We are providing advance notification so that you may prepare your internal systems. Products impacted include, but are not limited to, documents delivered/accessed via Circulars, CLM, EFD, ERC, Filings, FIRST, Forms Library (including PolicyWriting Support Forms Instructional Supplement), PRM, Statistical Plans and Suite +.

BACKGROUND

In circular [LI-BP-2019-004](#), we announced that we submitted new and revised Businessowners multistate and state-specific forms in Florida under filing BP-2018-ONRFR. We also announced that we would be submitting filing BP-2018-OF1 to withdraw ISO's Businessowners program from the Florida Businessowners Residential – Condominium Association and Residential – Excluding Condominium (Ex-Condo) Association programs.

Additionally, we are taking this opportunity to note that in filing BP-2018-ONRFR, we introduced multistate Windstorm Or Hail Exclusion Endorsement **BP 14 84**, which replaces Florida Windstorm Or Hail Exclusion Endorsement **BP 10 62**. Although the withdrawn version of **BP 10 62** was not attached to circular [LI-BP-2019-004](#), we did announce our intent to withdraw this endorsement in the Explanatory Memorandum attached to circular [LI-BP-2019-004](#), and we also separately communicated our intent to withdraw this endorsement to the Florida Office of Insurance Regulation (FLOIR).

INSURANCE DEPARTMENT ACTION

The Insurance Department has approved these revisions as filed.

EFFECTIVE DATE

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

These changes are applicable to all policies **effective** on or after July 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-2018-ONRFR and State File Number 18-13008, 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:

- Additional information will be required from a policyholder to complete a schedule on a form.
- New edition dates of existing form numbers are being introduced.
- Forms are being withdrawn.
- New forms are 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-2021-004](#) 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 7-21 (or the earliest possible subsequent date), along with any new and/or revised forms.

RELATED RULES AND LOSS COSTS REVISIONS

We are announcing in separate circulars the filing and implementation of corresponding rules and loss costs revisions. Please refer to the Reference(s) block for identification of those circulars.

RELATED RESIDENTIAL WITHDRAWAL INFORMATION

We are announcing in a separate circular the withdrawal of ISO's Businessowners program from the Florida Businessowners Residential Condo Association and Ex-Condo Association programs. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-BP-2021-037](#) (03/11/2021) Florida Withdrawal Of ISO's Businessowners Residential Condo Association And Ex-Condo Association Programs
- [LI-BP-2021-036](#) (03/11/2021) Florida Non-Residential Businessowners Multistate Loss Costs Revision Filed And To Be Implemented
- [LI-BP-2021-035](#) (03/11/2021) Florida Non-Residential Businessowners Multistate Manual Rules Revision Filed And To Be Implemented
- [LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing
- [LI-BP-2019-004](#) (01/14/2019) Florida Businessowners Forms Revision Filed; Withdrawal Of ISO's Businessowners Forms From The Florida Businessowners Residential Condo Association And Ex-Condo Association Programs To Be Submitted

ATTACHMENT(S)

Final copies of Florida-specific endorsements [BP 03 03 07 19](#) and [BP 10 63 07 19](#)

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CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Nathaniel Brown
Compliance & Product Services – Liability
201-469-2796
Nathaniel.Brown@verisk.com
liability@verisk.com

- Other issues for this circular, please contact Customer Support:

E-mail: info@verisk.com

Phone: 800-888-4476

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. The following provisions are added to Paragraph **E.3. Duties In The Event Of Loss Or Damage** Property Loss Condition:

- a.** A claim, supplemental claim or reopened claim for loss or damage caused by hurricane or other windstorm is barred unless notice of claim is given to us in accordance with the terms of this Policy within three years after the hurricane first made landfall or a windstorm other than hurricane caused the covered damage. (Supplemental claim or reopened claim means an additional claim for recovery from us for losses from the same hurricane or other windstorm which we have previously adjusted pursuant to the initial claim.)

This provision concerning time for submission of claim, supplemental claim or reopened claim does not affect any limitation for legal action against us as provided in this Policy under the Legal Action Against Us Condition including any amendment to that condition.

- b.** Any inspection or survey by us, or on our behalf, of property that is the subject of a claim, will be conducted with at least 48 hours' notice to you. The 48-hour notice may be waived by you.

2. Paragraph **E.4.b. Legal Action Against Us** Property Loss Condition is replaced by the following:

- b.** Legal action against us involving direct physical loss or damage to property must be brought within five years from the date the loss occurs.

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

- g.** Provided you have complied with all the terms of this Policy, we will pay for covered loss or damage upon the earliest of the following:

- (1)** Within 20 days after we receive the sworn proof of loss and reach written agreement with you;
- (2)** Within 30 days after we receive the sworn proof of loss and:
- (a)** There is an entry of a final judgment; or
- (b)** There is a filing of an appraisal award with us; or
- (3)** Within 90 days of receiving notice of an initial, reopened or supplemental claim, unless we deny the claim during that time or factors beyond our control reasonably prevent such payment. If a portion of the claim is denied, then the 90-day time period for payment of claim relates to the portion of the claim that is not denied.

Paragraph **(3)** applies only to a claim for building or contents coverage if the insured structure is 10,000 square feet or less and the Policy covers only locations in Florida.

4. Sinkhole Collapse Coverage Removed

Throughout the Policy, Sinkhole Collapse is deleted from the "specified causes of loss" and is no longer an exception to the Earth Movement Exclusion. Catastrophic Ground Cover Collapse is added instead as set forth in Paragraph A.6. of this Endorsement.

Further, this Policy does not insure against Sinkhole Loss as defined in Florida law unless an endorsement for Sinkhole Loss is made part of this Policy. However, if Sinkhole Loss causes Catastrophic Ground Cover Collapse, coverage is provided for the resulting Catastrophic Ground Cover Collapse even if an endorsement for Sinkhole Loss is not made part of this Policy.

5. If windstorm is a Covered Cause of Loss, and Covered Property is located in:

- a. Monroe County; or
- b. East of the west bank of the Intracoastal Waterway in:
 - (1) Broward County;
 - (2) Dade County;
 - (3) Indian River County;
 - (4) Martin County;
 - (5) Palm Beach County; or
 - (6) St. Lucie County;

the following applies:

If loss or damage to Covered Property is caused by or results from windstorm, the following exclusion applies:

Windstorm Exterior Paint Or Waterproofing Exclusion

We will not pay for loss or damage caused by windstorm to:

- a. Paint; or
- b. Waterproofing material;

applied to the exterior of Buildings unless the Building to which such loss or damage occurs also sustains other loss or damage by windstorm in the course of the same storm event. But such coverage applies only if windstorm is a Covered Cause of Loss.

When loss or damage to exterior paint or waterproofing material is excluded, we will not include the value of paint or waterproofing material to determine:

- a. The amount of the Windstorm or Hail Deductible; or
- b. The value of Covered Property.

6. The following is added to this Policy as a Covered Cause of Loss and as a "specified cause of loss". However, as a "specified cause of loss", the following does not apply to the Additional Coverage – Collapse.

Catastrophic Ground Cover Collapse

We will pay for direct physical loss or damage to Covered Property caused by or resulting from catastrophic ground cover collapse, meaning geological activity that results in all of the following:

- a. The abrupt collapse of the ground cover;
- b. A depression in the ground cover clearly visible to the naked eye;
- c. "Structural damage" to the building, including the foundation; and
- d. The insured structure being condemned and ordered to be vacated by the governmental agency authorized by law to issue such an order for that structure.

However, damage consisting merely of the settling or cracking of a foundation, structure or building does not constitute loss or damage resulting from a catastrophic ground cover collapse.

The Earth Movement Exclusion and the Collapse Exclusion do not apply to coverage for Catastrophic Ground Cover Collapse.

Coverage for Catastrophic Ground Cover Collapse does not increase the applicable Limit of Insurance. Regardless of whether loss or damage attributable to catastrophic ground cover collapse also qualifies as Sinkhole Loss or Earthquake (if either or both of those causes of loss are covered under this Policy), only one Limit of Insurance will apply to such loss or damage.

7. For the purposes of this Endorsement, the following is added to the **Definitions** in **Section I – Property**:

"Structural damage" means a covered building, regardless of the date of its construction, has experienced the following:

- a. Interior floor displacement or deflection in excess of acceptable variances as defined in ACI 117-90 or the Florida Building Code, which results in settlement related damage to the interior such that the interior building structure or members become unfit for service or represent a safety hazard as defined within the Florida Building Code;

- b. Foundation displacement or deflection in excess of acceptable variances as defined in ACI 318-95 or the Florida Building Code, which results in settlement related damage to the primary structural members or primary structural systems that prevents those members or systems from supporting the loads and forces they were designed to support to the extent that stresses in those primary structural members or primary structural systems exceed one and one-third the nominal strength allowed under the Florida Building Code for new buildings of similar structure, purpose or location;
- c. Damage that results in listing, leaning or buckling of the exterior load bearing walls or other vertical primary structural members to such an extent that a plumb line passing through the center of gravity does not fall inside the middle one-third of the base as defined within the Florida Building Code;
- d. Damage that results in the building, or any portion of the building containing primary structural members or primary structural systems, being significantly likely to imminently collapse because of the movement or instability of the ground within the influence zone of the supporting ground within the sheer plane necessary for the purpose of supporting such building as defined within the Florida Building Code; or
- e. Damage occurring on or after October 15, 2005, that qualifies as "substantial structural damage" as defined in the Florida Building Code.

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

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

2. Cancellation For Policies In Effect 90 Days Or Less

- a. If this Policy has been in effect for 90 days or less, we may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
 - (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

- (2) 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:

- (a) A material misstatement or misrepresentation; or
- (b) A failure to comply with underwriting requirements established by the insurer.

- b. We may not cancel:

- (1) On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
- (2) Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

- 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. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this Policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

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

7. Cancellation For Policies In Effect For More Than 90 Days

a. If this Policy has been in effect for more than 90 days, we may cancel this Policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The Policy was obtained by a material misstatement;
- (3) In the event of failure to comply, within 90 days after the effective date of coverage, with underwriting requirements established by us before the effective date of coverage;
- (4) There has been a substantial change in the risk covered by the Policy;
- (5) The cancellation is for all insureds under such policies for a given class of insureds;
- (6) On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;
- (7) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property; or
- (8) The cancellation of some or all of our policies is necessary to protect the best interests of the public or policyholders and such cancellation is approved by the Florida Office of Insurance Regulation.

b. If we cancel this Policy for any of these reasons, we will mail or deliver to the first Named Insured written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

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

- (2) 45 days before the effective date of cancellation if cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(8)** above.

4. The following paragraphs are added:

M. Nonrenewal

1. If we decide not to renew this Policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least 45 days prior to the expiration of the Policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. We may not refuse to renew this Policy:
 - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - b. On the basis of filing of claims for sinkhole loss. However, we may refuse to renew this Policy if:
 - (1) The total of such property insurance claim payments for this Policy equals or exceeds the policy limits in effect on the date of loss for property damage to the covered building; or
 - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
 - c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

4. Notwithstanding the provisions of Paragraph **B.4.M.3.**, we may refuse to renew this Policy if this Policy includes Sinkhole Loss Coverage. If we nonrenew this Policy for purposes of removing Sinkhole Loss Coverage, pursuant to section 627.706, Florida Statutes, we will offer you a policy that includes catastrophic ground cover collapse coverage.
 5. Notwithstanding the provisions of Paragraph **B.4.M.3.**, we may refuse to renew this Policy if nonrenewal of some or all of our policies is necessary to protect the best interests of the public or policyholders and such nonrenewal is approved by the Florida Office of Insurance Regulation.
- N.** The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:
1. Paragraph **(2)** of Insuring Agreement **d. Security Breach Liability** is replaced by the following:
 - (2)** We will pay for "defense expenses" as a result of a "claim" in the form of a "regulatory proceeding" first made against the insured during the "policy period" or during the applicable Extended Reporting Period, in response to a "wrongful act" or a series of "interrelated wrongful acts" covered under Paragraph **d.(1)**.
 2. Paragraph **d.** of the definition of "loss" in Paragraph **V.** is replaced by the following:
 - d.** With respect to Insuring Agreements **d. Security Breach Liability** and **g. Web Site Publishing Liability**:
Compensatory damages, settlement amounts and costs awarded pursuant to judgments or settlements.
"Loss" does not include:
 - (1)** Civil or criminal fines or penalties imposed by law;
 - (2)** Punitive or exemplary damages;
 - (3)** The multiplied portion of multiplied damages;
 - (4)** Taxes;
 - (5)** Royalties;
 - (6)** The amount of any disgorged profits; or
 - (7)** Matters that are uninsurable pursuant to law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA WINDSTORM OR HAIL EXCLUSION – DIRECT DAMAGE

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

Section I – Property is amended as follows:

- A.** The following is added to Paragraph **B.1. Exclusions** and is therefore **not** a Covered Cause of Loss:
- Windstorm Or Hail**
- We will not pay for loss or damage:
- (1)** Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
 - (2)** Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.
- But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.
- B.** The terms of the Windstorm Or Hail Exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Policy.
- C.** This endorsement does not apply to Paragraphs **A.5.f. Business Income**, **A.5.g. Extra Expense** and **A.5.i. Civil Authority Additional Coverages**.
- D.** In Paragraph **H.12. Property Definitions**, windstorm or hail is deleted from the "specified causes of loss".