

RULES – IMPLEMENTATION

MAY 11, 2022

COMMERCIAL LINES

LI-CL-2022-018

WYOMING ROOF SURFACING RULES AMENDED AND TO BE IMPLEMENTED

KEY MESSAGE

Rules filing CL-2021-OCDE2, which revised Wyoming state exceptions to reflect the introduction of new a Wyoming-specific roof surfacing cosmetic damage exclusion, has been amended and is being implemented.

BACKGROUND

In circular [LI-CL-2021-048](#), we informed you that we submitted filing CL-2021-OCDE2, which revised the state exceptions to provide guidance on the usage of new roof surfacing cosmetic damage exclusions.

ISO ACTION

We amended the filing to further revise Rule 36. Farm Property Coverage to accommodate the introduction of Limitations On Windstorm Or Hail Coverage For Roof Surfacing FP 12 31, which was introduced at the request of the Wyoming Department of Insurance

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

INSURANCE DEPARTMENT ACTION

This filing as amended is acceptable for insurer use.

EFFECTIVE DATE

We do not establish an effective date for Commercial Lines revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

COMPANY ACTION

ISO has not filed this revision.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the Insurance Department.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Filing Number [CL-2021-OCDE2](#), 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-2022-006](#) 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 9-22 (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 approval of a corresponding forms revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CL-2022-017](#) (05/11/2022) Wyoming Roof Surfacing Endorsements Amended And Approved
 - [LI-CL-2022-006](#) (02/22/2022) Revised Lead Time Requirements Listing
 - [LI-CL-2021-048](#) (11/30/2021) Wyoming Roof Surfacing Rules Revised
 - [LI-CL-2017-014](#) (03/13/2017) Wyoming Insurance Department Memorandum Regarding Cosmetic Damage Exclusions Under Review
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[ATTACHMENT\(S\)](#)

Filing CL-2021-OCDE2 (Amendment No.1)

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Wyoming Exclusions Of Cosmetic Damage To Roof Surfacing Rules Amended

About This Filing

We are revising Rule 36. Farm Property Coverage to accommodate the introduction of Limitations On Windstorm Or Hail Coverage For Roof Surfacing (Unit-Owners) FP 12 31 06 22 which was created at the request of the Wyoming Department of Insurance

Revised Rules

We are revising the following rules:

- ◆ Division Four – Farm
 - Rule 36. Farm Property Coverage

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

Background

The Wyoming Department of Insurance (DOI) raised an objection to the cosmetic damage to metal roof surfacing exclusion being included among other provisions in the additional Wyoming – Unit-Owners Coverage endorsement because the DOI has expressed that could be difficult for the insured to opt out of this exclusion.

The DOI has requested that the cosmetic damage exclusion option be addressed in a separate endorsement.

Explanation of Changes

In response to the Wyoming Department of Insurances (DOI) request, we are adding an exception under Paragraph D.41.d. to instruct that Wyoming Limitations On Windstorm Or Hail Coverage For Roof Surfacing Endorsement (Unit-Owners) FP 12 31 may be attached to Wyoming – Unit-Owners Coverage Endorsement FP 05 77 to provide actual cash value and cosmetic damage to metal roof surfacing options. The exception instructs on the use of endorsement FP 12 31 and how to determine premium based on the applicability of the Actual

Cash Value- Windstorm Or Hail Losses To Roof Surfacing and/or Cosmetic
Damage To Metal Roof Surfacing Caused By Windstorm Or Hail options.

Related Filing(s)

The following companion filings are being filed with a concurrent effective date:

- ◆ Amendment Filing CL-2021-OCDE1

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36. FARM PROPERTY COVERAGE

Paragraph **D.36.** is replaced by the following:

D. Additional Or Reduced Premium Computation

36. Unit-owners Coverage

a. Description

Wyoming – Unit-owners Coverage Endorsement **FP 05 77** 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.

The endorsement provides both property and liability coverage and property and liability loss assessment coverage.

b. Coverages

(1) Coverage A – Dwellings

(a) Coverage A

Coverage **A** of the endorsement provides coverage for loss or damage to Covered Property.

The Minimum Limit of Insurance for Coverage **A** is \$5,000. If increased limits are not desired, enter \$5,000 under Coverage **A** in the Schedule of the endorsement. The Coverage **A** limit may be increased.

~~(b) Limitations On Windstorm Or Hail Coverage To Roof Surfacing Options – Wyoming~~

~~The following roof surfacing options, applicable to loss caused by windstorm or hail to the unit described in the Schedule of the endorsement, are available, if such option(s) are indicated in the Schedule:~~

~~(i) Actual Cash Value– Windstorm Or Hail Losses To Roof Surfacing~~

~~This option provides for actual cash value loss valuation instead of replacement cost.~~

~~(ii) Cosmetic Damage To Metal Roof Surfacing Caused By Windstorm Or Hail~~

~~This option excludes cosmetic damage to metal roof surfacing.~~

~~The named insured must acknowledge, in writing, the cosmetic damage to roof surfacing caused by windstorm or hail exclusion in Endorsement **FP 05 77**.~~

(2) Coverage B – Other Private Structures Appurtenant To Dwellings

Coverage **B** – Other Private Structures Appurtenant To Dwellings is not provided under the endorsement.

(3) Coverage C – Household Personal Property

The Minimum Limit of Insurance for Coverage **C** is \$5,000. If increased limits are not desired, enter \$5,000 under Coverage **C** in the Schedule of the endorsement.

(4) Coverage D – Loss Of Use

The Limit of Insurance is 50% of the Coverage **C** Limit. The limit for Coverage **D** may be increased subject to Rule **36.D.4**.

(5) Loss Assessment Coverage

The endorsement provides coverage for loss assessments charged during the policy period against the insured, as the owner of the condominium or cooperative dwelling unit, by the corporation or association of property owners when the assessment is made as a result of:

(a) Direct loss or damage to property owned by all members collectively; or

(b) Liability not otherwise excluded, or liability for an act of a director, officer or trustee that occurs while a person is engaged in such capacity.

A \$1,000 Limit of Insurance is provided and applies separately to assessments made under Paragraph **(5)(a)** or **(5)(b)**. If increased limits are not desired, enter \$1,000 under both the Property and Liability Loss Assessment Coverage in the Schedule of the endorsement. The Loss Assessments limits may be increased, up to a maximum of \$5,000, **separately** for property and liability loss assessments.

c. Form

Attach Endorsement **FP 05 77** to Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12** and Farm Liability Coverage Form **FL 00 20**.

d. Eligibility

The policy covering the condominium or cooperative dwelling unit must provide both first party property damage coverage and bodily injury and property damage liability coverage for the unit.

The unit must be either owner-occupied or owned by a partnership, a joint venture, or other organization and occupied by a member or stockholder of the partnership, joint venture or other organization and the insured must have an ownership interest in the partnership, joint venture or other organization that owns the unit. The unit may not be rented to others. However, covered structures other than the condominium or cooperative dwelling unit owned solely by the insured, and structures used solely as a private garage that are rented or held for rental, are covered under the endorsement.

The unit or the building in which the unit is located must have characteristics comparable to a Type 1 dwelling.

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 77**.

f. Exclusion Of Loss Due To By-products Of Production Or Processing Operations (Rental Properties) – Private Garages

(1) Coverage is excluded for loss or damage to any structure used as a private garage and that is rented or held for rental to any person who does not reside in the dwelling unit, including loss or damage to the contents of the structure, resulting from any substance released in the course of production operations or processing operations performed at that structure.

(2) If the loss or damage results in fair rental value loss, there is no coverage for such loss.

g. Premium Determination

(1) Basic Limit

For the condominium or cooperative dwelling unit:

(a) Use the Farm Combination Coverage Tenants Policy loss cost for the Coverage **C** Limit of Insurance selected for either the Basic or Broad Causes of Loss.

(b) Multiply the premium (as developed by the company from the loss cost) by modification factors based on construction and protection as appropriate.

(c) Multiply the result determined in Paragraph (b) by a factor of 0.80.

(2) Increased Limits

For increased limits for:

(a) Coverage **A** – Dwellings; or

(b) Loss Assessment Coverage;

refer to the multistate company rates/ISO loss costs.

(3) Limitations On Windstorm Or Hail Coverage To Roof Surfacing Options

~~(a) Determine the total Coverage **A** Limit of Insurance in thousands (including the basic limit of \$5,000 and any increased limit).~~

~~(b) Multiply the result of Paragraph (a) by the Coverage **A** – Dwellings multistate company rate/ISO loss cost in Table **36.D.36.g.(2)(a)(LC)**.~~

~~(c) If only the Actual Cash Value – Windstorm Or Hail Losses To Roof Surfacing option is selected, multiply the result of Paragraph (b) by 0.02.~~

~~(d) If only the Cosmetic Damage To Metal Roof Surfacing Caused By Windstorm or Hail option is selected, multiply the result of Paragraph (b) by 0.01.~~

~~(e) When both options described in Paragraphs (c) and (d) are selected, multiply the result of Paragraph (b) by 0.025.~~

~~The result is the discount for this optional limitation.~~

Paragraph **D.41.** is replaced by the following:

41. –Limitations On Windstorm Or Hail Coverage For Roof Surfacing

a. Description Of Coverage

Wyoming Limitations On Windstorm Or Hail Coverage For Roof Surfacing Endorsement **FP 12 21** may be used to:

(1) Provide for actual cash value loss valuation instead of replacement cost, applicable to described:

- (a) Buildings or structures covered under Coverage **A** – Dwellings or Coverage **B** – Other Private Structures Appurtenant To Dwellings of the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form **FP 00 12**; or
- (b) Buildings or structures covered under Coverage **G** – Barns, Outbuildings And Other Farm Structures of the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form **FP 00 14**, when the replacement cost option for Coverage **G** property other than improvements and betterments is indicated in the Declarations;

in the event of loss or damage to roof surfacing caused by windstorm or hail. Refer to the endorsement for further detail; and/or

- (2) Exclude cosmetic damage to metal roof surfacing, caused by windstorm or hail.

Refer to the endorsement for further detail.

b. Form

Use Endorsement **FP 12 21**.

In the Schedule of Endorsement **FP 12 21** identify the building(s) or structure(s) to which the endorsement is to apply and indicate applicability of the actual cash value provision and/or the cosmetic exclusion. Both options may be written to apply to the same building or structure.

The named insured must acknowledge, in writing, the cosmetic damage to roof surfacing caused by windstorm or hail exclusion in Endorsement **FP 12 21**.

c. Premium Determination

If the actual cash value provision is selected for a building or structure covered under:

- (1) Coverage **A** or **B**, with respect to:
 - (a) Farm Combination Coverage, multiply the otherwise applicable state company rate/ISO loss cost for the building or structure by 0.987.
 - (b) Other Than Farm Combination Coverage, multiply the otherwise applicable state company rate/ISO loss cost for the building or structure by 0.980.
- (2) Coverage **G**, multiply the otherwise applicable Coverage G building or structure state company rate/ISO loss cost by 0.980.

d. Description of Coverage for Wyoming – Unit-owners Coverage Endorsement

Wyoming Limitations On Windstorm Or Hail Coverage For Roof Surfacing Endorsement (Unit-owners) **FP 12 31** may be attached to Wyoming – Unit-owners Coverage Endorsement **FP 05 77** to provide the following roof surfacing options, applicable to loss caused by windstorm or hail to the unit described in the Schedule of the endorsement, are available, if such option(s) are indicated in the Schedule:

(1) Actual Cash Value- Windstorm Or Hail Losses To Roof Surfacing

This option provides for actual cash value loss valuation instead of replacement cost.

(2) Cosmetic Damage To Metal Roof Surfacing Caused By Windstorm Or Hail

This option excludes cosmetic damage to metal roof surfacing.

The named insured must acknowledge, in writing, the cosmetic damage to roof surfacing caused by windstorm or hail exclusion in Endorsement **FP 12 31**.

(3) Premium Determination

- (a) Determine the total Coverage **A** Limit of Insurance in thousands (including the basic limit of \$5,000 and any increased limit).
- (b) Multiply the result of Paragraph (a) by the Coverage **A** – Dwellings multistate company rate/ISO loss cost in Table **36.D.36.g.(2)(a)(LC)**.
- (c) If only the Actual Cash Value – Windstorm Or Hail Losses To Roof Surfacing option is selected, multiply the result of Paragraph (b) by 0.02.
- (d) If only the Cosmetic Damage To Metal Roof Surfacing Caused By Windstorm or Hail option is selected, multiply the result of Paragraph (b) by 0.01.
- (e) When both options described in Paragraphs (c) and (d) are selected, multiply the result of Paragraph (b) by 0.025.

The result is the discount for this optional limitation.