

Standard Personal Lines Advisory Committee Meeting

Presented By:

American Association of Insurance Services

Deborah Summerlin, CPCU

Vice President, Insurance Lines

October 4, 2005

AAIS - Core Services

- **20+ Line of Insurance Programs:**
 - Forms and Endorsements
 - Manuals: Rules and Loss Costs
- **Statistical Reporting**
- **Licensed in All States and Puerto Rico**
- **Over 600 Affiliated Property and Casualty Insurers**

Standard Programs

○ **Personal Lines**

- Dwelling Properties/Personal Liability
- Farm Properties/Farm Personal Liability
- Homeowners/Home-Based Business
- Mobile-Homeowners
- Personal Inland Marine
- Personal Umbrella

○ **Commercial Lines**

- Artisans and Businessowners
- Commercial Liability/Commercial Umbrella
- Commercial Inland Marine/Filed and Non-filed Classes
- Commercial Properties - Class Rated Risks
- Crime
- Glass

Specialty Programs

- Agricultural Output
- Boatowners
- Commercial Output/Developers Output
- Farmowners
- Farm Umbrella

AAIS Homeowners Program

- **Primary Forms**

- Form 1 Basic Form
- Form 2 Broad Form
- Form 3 Special Form
- Form 4 Contents Broad Form
- Form 5 Special Building and Contents Form
- Form 6 Unit-Owners Form
- Form 8 Limited Form

- **All Forms Listed Above Cover:**

- Loss caused by Sinkhole Collapse and
- Up to \$500 per occurrence for spoilage of refrigerated food

- **Form 5 and Form 6 *not* filed under MHO Program**

AAIS Homeowners Program

● **Mandatory Endorsements**

- ML-118 Amendatory Endorsement – Florida
- ML-147 Punitive Damage Exclusion
- ML-223 Lead Liability Exclusion
- ML-257 Ordinance or Law (Form 5 Only)
- ML-435 Pollution Liability Exclusions
- ML-483 Calendar Date or Time Failure Exclusion

Changes pending for 1/1/06 effective date in response to FL SB 1486 will affect some of these endorsements

AAIS Homeowners Program

● **ML-118 FL Amendatory Endorsement**

- Valued Policy Law
- Payment of Loss or Claim within 20 days
- Waiver of company's rights of subrogation against individual condo unit owner
- Suit Against Company (Property) – Five Years
- Plus: Cancellation/Nonrenewal; Misrepresentation; Loss Settlement for Mobile Homes; and Flood Coverage for Mobile Homes (Form 3 Only)

Amendatory Endorsement revised in response to SB 1486; pending for 1/1/06 effective date

AAIS Homeowners Program

● **Other Florida-Specific Endorsements**

- ML-108 Windstorm – Exterior Paint and Waterproofing Exclusion
- ML-257 Ordinance or Law
- ML-411 Windstorm or Hail Exclusion
- ML-415 Windstorm Protective Devices
- ML 0689 Limited Fungi, Wet or Dry Rot, or Bacteria Coverage
- ML 0726 Hurricane Deductible (Calendar Year Application)

Revised endorsements pending for 1/1/06 effective date

AAIS Homeowners Program

● **Florida-Specific Notices**

- ML-265 Rejection or Selection of Important Additional Coverages (Replacement Cost & Ordinance or Law)
- Outline of Coverage
- Deductible Notice

Additional changes pending for 1/1/06 effective date

AAIS Homeowners Program

● **Policy Structure**

- Agreement
- Definitions
- Principal and Incidental Property Coverages
- Perils Insured Against
- Exclusions That Apply To Property Coverages
- Principal and Incidental Liability Coverages
- Exclusions That Apply To Liability Coverages
- What You Must Do in Case of Loss or Claim
- How Much We Pay for Loss or Claim
- Payment of Loss or Claim
- Policy Conditions

AAIS Policy Language

- **Coverages Compare Favorably with Industry Standards**
- **Defined Terms, including “you”, “your”, “we”, “us”, and “ours”, shown in quotations**
- **Familiar Coverage References**
 - Coverages A, B, C, and D (Property)
 - Coverages L and M (Personal Liability and Medical Payments to Others)
- **Ease of Understanding**
 - Meets all Readability Standards
 - Use of ‘Affirmative’ Statements in Liability Terms

AAIS Florida Homeowners Manual

- **Presently ‘Stand Alone’ manual addresses all FL specific requirements:**
 - Separate Wind and Non-Wind Loss Costs
 - Loss Cost Base Amounts and Relativity Factors also distributed via AAIS Bulletins
 - Calculation of Hurricane Premium
 - Hurricane Deductible Options
 - Building Code Effectiveness Grading
 - Building Features Loss Mitigation Factors
- **Separate ‘Stand Alone’ manual pertains to FL MHO Program**

Conclusion

- **How might AAIS assist the Standard Personal Lines Advisory Committee?**
 - Share our experiences regarding other states that have implemented standardized coverages
 - Grant permission to use AAIS copyrighted materials, without charge
 - Provide access to AAIS product development staff
 - Communicate FL DFS requirements to AAIS affiliates
 - Provide other assistance as the Committee may require