

ROAD MAP TO HOMEOWNERS INSURANCE

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New Homeowners Multi-State Filing

Coming March 2022

***Eleven years since the last
Homeowners multi-state filing***

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- ISO has introduced 13 new forms and endorsements
- Revised 120 forms and endorsements; and
- Withdrew 11 forms and endorsements

3

"And"

ISO Introduced a NEW Homeowners form
Effective March 2022



HO 14



More on this later


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Homeowners Forms

- Hundreds of companies write HO coverage across the country
- Some have proprietary forms
- Many use ISO filed forms
- ISO establishes eligibility guidelines
 - Companies can vary based on risk tolerance

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Homeowners Forms

- Forms available from ISO
 - HO 2—broad form
 - HO 3—special form
 - HO 4—tenants form
 - HO 5—comprehensive form
 - HO 6—unit-owners form
 - HO 8—modified coverage form
- Differences include covered perils, loss settlement, and others
- NEW for 2022 HO14 !!! 

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New Homeowners Format

- For 2022 Homeowners revision the policy will now be converted from double-column text format to single-column format
- Easier to read text

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Change No. 1 Definitions-Motor Vehicle Liability Definition Revised



- Many carriers had interpreted this to exclude host liquor liability because the policy wording exclusion removes coverage for the use of a motor vehicle by **any person!**
- This has been changed to a new paragraph to show this exclusion applies to the **Insured!**
- Clarifies that if insured is held liable after a guest leaves a party after drinking that the homeowners policy will provide coverage for host liquor!

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Change No. 2 – Definitions – Business Revised to Address Mineral Rights

- There was never intended to provide coverage for this and this clarifies that the exclusion for business liability would include leasing of mineral rights!



(Clarification of intended exclusion)

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Change No. 3 – Definitions – Business Definition Revised to Increase Dollar Threshold



- Old policy limit was \$2,000
- New 2022 policy limit raised to \$5,000

(Broadening of Coverage)

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Change No. 4 – Coverage C Special Limits and Other Dollar Threshold Changes

- Let's talk about them 
- NOTICE: Credit Card Coverage is no longer automatic! 

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Change No. 5 – Model or Hobby Aircraft and Watercraft

- Model Aircraft is now limited to **\$2,000** on model and hobby aircraft because of the increasing cost (Drones)
- Higher limits are available by endorsement 
- There was an exception under the liability exclusion for aircraft to give coverage for model and hobby aircraft. There was no exception for watercraft. New 2022 form now provides coverage for liability. Note: No limitation on watercraft for property coverage like aircraft! 
- * (This is a reduction of coverage on hobby aircraft and
- * Increase of coverage for hobby watercraft)

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**Change No. 6 – Section 1 – Coverage C –
Personal Property – Property Not Covered –
Motor Vehicles Revised**

We do not cover:

c. "Motor Vehicles"

This includes a "motor vehicles" equipment and parts,
that are in or upon the "motor vehicle"

Gives coverage back coverage intent for such things as
a removable top or spare tire that might be stored in a
garage (Broadening of Coverage)

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**Change No. 7 – Virtual, Digital or Electronic
Currency**

• c. Coverage C – Personal Property

4. Property Not Covered

We do not cover:

m. Virtual currency of any kind, by whatever name
known, whether actual or fictitious including, but not limited
to, digital currency, crypto currency or any other type of
electronic currency.

* This is a reduction of coverage*

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**Change No. 8 – Section 1 – Coverage D – Loss
Of Use – Additional Living Expense Revised**

- Current language states that these expenses must be
"incurred by you" which suggests that only the named
insured is eligible for such coverage.
- Policy clarified that if the named insured dies as a result
of the loss that resident family members may receive
coverage for additional living expenses.
(Broadening of Coverage)

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Change No. 9 – Credit Card, Electronic Fund Transfer Card or Access Device, Forgery and Counterfeit Money Coverage

Current policy gives \$500 coverage. Most financial institutions either forgive unauthorized use or have a small amount insured is responsible for.



This is no longer covered in new policy. Endorsement can be purchased for \$1,000 to \$10,000 coverage by endorsement (Reduction of Coverage)

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Change No. 10 – Section 1 – Vacancy And Renovation, Remodeling or Repair

Policy states no coverage for vandalism, malicious mischief and loss to glass or safety glazing material if the dwelling has been vacant for more than 60 consecutive days immediately before the loss.

Does not apply to dwelling under construction This implies new ground up construction (continued next slide)

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New wording

Does not include loss on the "residence premises" if the dwelling has been vacant for 60 consecutive days immediately before the loss. A dwelling being constructed, remodeled, renovated or repaired is not considered vacant

Depending on current underwriting and claims practice of an individual insurer this revision may result in a broadening of coverage!!



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Change No. 11 – Section 1 – Conditions – Loss Settlement Revised

2011 revision took out “after application of any deductible”. This caused inconsistencies in application of the deductible, particularly with regards to the application of the 80% insurance to value requirements.

New policy will now state:

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- a. If at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, we will pay the cost to repair or relace, after application of any deductible and without deduction for depreciation.

(No change in intended coverage but a clarification)

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Change No. 12 – Section 1 – Conditions – Replacement Cost Loss Settlement Threshold Provision Revised

Coverage C: Contents cost to repair whether or not actual repair or replacement is complete if under
Old policy \$500 New policy \$1,000

Coverage A: building losses under
Old policy \$2,500 New policy \$5,000
(No holdback and increase in coverage)

How does policy read?????

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Replacement Cost Loss Settlement Condition

2. If the cost to repair or replace the property described in A. above is more than ~~(\$500 old policy)~~ \$1,000 we will pay no more than the actual cash value for the loss until the actual repair or replacement is complete

(Anything less would be paid at replacement cost with no holdback)

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Change No. 13 – Section II – Exclusions – Motor Vehicle Liability Revised to Address Riding Lawn Mowers Off Premises

2000 multistate revision took out reference to “insured’s” residence and replaced with used solely to service any residence. (This also became a problem because of the verbiage solely)

This became a potential problem for lawn mowers that might be used for vacant land or mowing at local church.



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New added language is

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Motor vehicle liability exclusion does not apply

- c. A riding lawn mower that, at the time of the “occurrence”, is being used to mow a lawn

Broadening of coverage

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Change No. 14 – Section II – Liability – Watercraft Exclusion Revised

Broadening of Coverage! No reference to any distinctions between water jet pumps and engine or motor types, such as outboard, inboard and inboard-outdrive engines or motors, as well as horsepower distinctions.

These changes include the following exceptions to the ISO watercraft liability exclusions

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- Watercraft that are not sailing vessels with engines or motors of 25 horsepower or less whether they are owned or non-owned.
- Watercraft that are not sailing vessels with engines or motors or more than 25 horsepower that are non-owned
- Newly acquired outboard engines or motors with 25 horsepower or more coverage so long as such engines or motors are reported to the insurer within the reporting requirements contained in the policy (45 days)

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Change No. 15 – Section I and II – Conditions - Subrogation

Policy now reads

F. Subrogation

An "insured" may waive in writing before a loss all rights of recovery against any person or organization.

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Change No. 16 – Earthquake Endorsement Revised

Some insureds relate percentages with those like health policies. The new form gives the insurance carriers the option of displaying the dollar amount of the earthquake deductible

No change in coverage

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Change No. 17 – Limited Theft Endorsements For Dwelling Under Construction

Endorsement HO 06 67 allows a carrier the opportunity to provide a dollar amount of coverage for theft to property under Coverage A and Coverage B while under construction for a limited dollar amount

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Change No. 18 – Broadened Water Back-Up And Sump Discharge or Overflow Coverage

New Broader form HO 06 95 give coverage for water damage that

- Backs up through sewers and drains; or
- Which overflows or is discharge from a sump, sump pump, or related equipment

But does not have to originate from from within the building like HO 04 95 (Broader Coverage however there may be a big E&O concern....what is it?

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E and O Concern

The HO 04 95 is still available. So the HO 06 95 is just a broader endorsement but the HO 04 95 is still available

Potential exposure if a loss occurs and you have not told the insured they could have purchased broader coverage!!



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Change No. 19 – New Replacement Cost Loss Settlement Options for Certain Structures

My favorite !!! I wonder why? ? ?

Currently homeowners policy only provide replacement cost loss settlement for buildings covered under Coverage A and Coverage B other structures on the residence premises

HO 04 91 Coverage B- Replacement Cost for Other Structures Away From Residence Premises

HO 04 92 Replacement Cost for Specific Structures Away From The Residence Premises (and Also.....)

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- Also revised HO 04 43 to be able to have replacement cost settlement for permanent, built-in outdoor kitchens and cooking facilities

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Change No. 20 – Other Insured Location(s) Endorsement

Currently no means to specifically identify or schedule other locations owned or rented by the insured with respect to Section II – Personal Liability Coverage. For example, land on which only structures other than dwellings may be present

This is a new Coverage Form

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Change No. 21 – Excluding Other Structures on the Residence Premises

Optional endorsement HO 06 21 that will allow insurers to specifically exclude a structure on the residence premises from property coverage and liability coverage, or property coverage only

Purpose is to allow increased underwriting flexibility to be able to insure a risk that might otherwise not be eligible based on company guidelines.

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This is an optional reduction in coverage

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Change No. 22 – Motorized Bicycles and Motorized Scooter

HO 24 13

Restatement of coverage with increased speed limitation from 15 mph to 28 mph. The revision now reads

Section II – Exclusion

d. Designed for recreational use off public roads and:

- (1) Not owned by an "Insured"; or
- (2) Owned by an "insured" provided the "occurrence" takes place (next slide)

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Continuation of exclusion

- (a) On an "insured location" as defined
- (b) Off an "insured location" but only if the "motor vehicle"
 - (i) Was not built or modified after manufacture to exceed a speed of (old was 15) 28 miles per hour on level ground
 - (ii) is not a Moped, or Motorized gold car, regardless of its speed capability

(Taken out was is not a motorized bicycle or scooter)

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New Form HO 24 03

This form will allow a carrier to exclude coverage for NON OWNED liability for motorized bicycles and scooters if they so desire

This will be a reduction of coverage

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Change No. 23 – Property and Liability Revision Addressing Cannabis

Kansas Insurance Department asked for this form to not be filed. Will not apply to Kansas

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Change No. 24 – New Contents
Comprehensive Coverage Form
Introduction to NEW HO 14 Homeowners



Similar to HO4 but with several differences
Both forms are available **was designed for the
millennial generation needs**

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- Open peril coverage on contents (Like HO5)
- Written on Replacement cost basis (no need to endorse)
- Automatic coverage for Home-Sharing activities
- New additional coverages for hard drive data recover \$300 and bed bug remediation \$500
- Certain kinds if personal property is covered under 10% of coverage C rather than embedded limits.

Next slide for lists

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- Covered under 10% of Coverage C
- Money, bank notes, etc.
- Theft of Jewelry
- Business property
- Antiques, fine arts
- Model or hobby aircraft

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Something are more narrow and not included

- Does not extend coverage for:
- Watercraft
- Trees, shrubs and plants
- Loss assessment
- Collapse
- Building additions
- Ordinance or Law
- Grave markers

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On the liability side

Does not extend protection for:

- Motor vehicles, other than vehicles designed to assist the handicap and motorized bicycles and motor scooters
- Watercraft
- Loss assessment; and
- "Residence employees"

HO 14 is broader in some ways and more restrictive in others compared to HO4

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