



PRODUCER BULLETIN

Limited Fungi, Wet or Dry Rot or Bacteria Coverage

The New Jersey Insurance Underwriting Association has followed the insurance industry in addressing the issue of mold related losses as a result of a covered peril under the dwelling fire policy.

Mold related claims for damage have received a large amount of attention from all insurance companies due to the rising number of claims and escalating payments. Rather than exclude coverage entirely, the industry has decided to limit the amount of coverage available for certain causes of mold related losses. By providing a limited amount of coverage, your insured's retain protection and the cost for insurance is contained.

Effective January 1, 2003 for new business and March 1, 2003 for renewal business the ISO Limited Fungi, Wet or Dry Rot or Bacteria Coverage Endorsement, DP 04 22, will become a part of all dwelling fire policies.

This endorsement will limit the first party coverage currently available for mold related losses when such loss resulted from most covered perils during the policy period.

Essentially, this endorsement will provide up to \$10,000 of coverage on an aggregate basis regardless of number of locations on a policy for:

- Loss to covered property caused by fungi, wet or dry rot or bacteria.
- The cost to remove fungi, wet or dry rot, or bacteria from the covered property.
- The cost to tear out and replace any part of the building or other covered property as needed to gain access to the mold.
- The cost of testing of air or property to confirm the presence, absence or level of mold. This testing will only be provided to the extent that there is reason to believe that mold exists.

This coverage does not increase the limit of liability to the covered property.

In addition to the \$10000 base limit included with the endorsement there are two optional limits available. The insured can choose a \$25000 limit for an additional premium of \$16 or \$50000 for \$27. If one of these options is selected, the amount requested should be indicated in the remarks section on the ACORD application. To establish the total policy premium when an optional amount is selected add the appropriate charge to your calculated premium done either manually or by the Electronic Insurance Office Program.

It is important to note that fungi, wet or dry rot, or bacteria that results from a fire or lightning loss is not subject to the \$10,000 cap or optional limit if selected. Full policy limits apply for fire and lightning losses.

For more information please visit our web site at www.njiua.org or call your Underwriter or Customer Service Representative.