

OREGON MUTUAL INSURANCE COMPANY

BULLETIN

TO: All OMI Oregon, Washington, & Idaho
Personal Lines Agents

DATE: May 16, 2018

BULLETIN NO: 2467

DEPT: Personal Lines

SUBJECT: Personal Lines Homeowner Coverage
Enhancement & Homeowner Form 5 Elite
Guideline Change – **Effective July 1, 2018**

Based on your feedback, we are pleased to announce a major change on our homeowner forms in regards to Water Backup Coverage in the states of Oregon, Washington, and Idaho.

Currently a Water Backup endorsement with a \$5,000 limit is automatically included in our HO5 and HO6 Elite forms.

You asked for additional coverage and as a result, effective July 1, 2018 on new and renewal business, **we are automatically including the Limited Water Backup and Sump Discharge or Overflow form on all HO5 and HO6 (Elite) and HO3 policies with a \$10,000 limit and a \$250 deductible.** A copy of the Policyholder Notices and sample forms are attached for your review.

As you know, our homeowner program has a lot to offer under a true HO5 Form that automatically includes Blanket Scheduled Personal Property with a \$35,000 limit, Water Backup, and Mortgage Protection. In order to maintain rate and program stability, we are implementing the following eligibility criteria on our HO5 Elite program for all new business:

1. Minimum Coverage A Limit of \$225,000
2. Property maintenance must be 'Very Good' or better

Please note that our current homeowner system will not decline accounts under our HO5 program falling outside of the criteria. Once the new Homeowner system goes live, scheduled in 2019, the eligibility criteria will also go live. Until then, please share this message with your team and utilize the recently updated [Homeowner Reference Guide](#), M1225 (7-18) for OR, WA & ID (this has now been combined into one guide for all three states) and [Homeowner Form 3 & 5 Coverage Comparison](#), M1102H (7-18), which can be found in the BizLink® Forms Library.

| Form | Description |
|----------------------------------|--|
| HO3 | Homeowner 3 |
| HO5 | Homeowner 5 |
| HO6 | Homeowner 6 |
| HO3 Elite | Homeowner 3 Elite |
| HO5 Elite | Homeowner 5 Elite |
| HO6 Elite | Homeowner 6 Elite |
| HO3 Elite (New) | Homeowner 3 Elite (New) |
| HO5 Elite (New) | Homeowner 5 Elite (New) |
| HO6 Elite (New) | Homeowner 6 Elite (New) |
| HO3 Elite (New) - Water Backup | Homeowner 3 Elite (New) - Water Backup |
| HO5 Elite (New) - Water Backup | Homeowner 5 Elite (New) - Water Backup |
| HO6 Elite (New) - Water Backup | Homeowner 6 Elite (New) - Water Backup |
| HO3 Elite (New) - Sump Discharge | Homeowner 3 Elite (New) - Sump Discharge |
| HO5 Elite (New) - Sump Discharge | Homeowner 5 Elite (New) - Sump Discharge |
| HO6 Elite (New) - Sump Discharge | Homeowner 6 Elite (New) - Sump Discharge |
| HO3 Elite (New) - Overflow | Homeowner 3 Elite (New) - Overflow |
| HO5 Elite (New) - Overflow | Homeowner 5 Elite (New) - Overflow |
| HO6 Elite (New) - Overflow | Homeowner 6 Elite (New) - Overflow |

You may be asking:

- Why is Oregon Mutual making this change?
 - The HO5 Elite Program was developed for above average accounts. We are committed to this program and want to continue offering the best value to our 'Preferred' business segment
- What happens if I submit an account falling outside of the guidelines?
 - Your underwriter will review the account and contact you to advise of possible action including offering an HO3 instead of the HO5

Please contact your Marketing Manager and/or request a visit from them via their [Portal](#) if you have any questions.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE

A. Coverage

We insure, up to \$10,000, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Originates from within the dwelling where you reside and backs up through sewers or drains; or
2. Overflows or is discharged from a:
 - a. Sump, sump pump; or
 - b. Related equipment;

even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This coverage does not increase the limits of liability for Coverages **A**, **B**, **C** or **D** stated in the Declarations.

B. Section I – Perils Insured Against

With respect to the coverage provided under this endorsement, Paragraphs:

- A.2.e.(2)** in Form **HO0005**;
A.2.c.(6)(b) in Form **HO0003**;
3.j.(2) in Endorsement **HO1731AA**; and
2.c.(6)(b) in Endorsement **HO1732AA**;

are replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

C. Special Deductible

The following replaces any other deductible provision in this policy with respect to loss covered under this endorsement.

We will pay only that part of the total of all loss payable under Section I that exceeds \$250. No other deductible applies to this coverage. This deductible does not apply with respect to Coverage **D** – Loss of Use.

The Section I Water Exclusion does not apply to the coverage provided under this endorsement.

All other provisions of this policy apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE – WASHINGTON

A. Coverage

We insure, up to \$10,000, for direct physical loss, not caused by the negligence of an "insured", to property covered under Section I caused by water, or waterborne material, which:

1. Originates from within the dwelling where you reside and backs up through sewers or drains; or
2. Overflows or is discharged from a:
 - a. Sump, sump pump; or
 - b. Related equipment;

even if such overflow or discharge results from mechanical breakdown. This coverage does not apply to direct physical loss of the sump pump, or related equipment, which is caused by mechanical breakdown.

This coverage does not increase the limits of liability for Coverages **A**, **B**, **C** or **D** stated in the Declarations.

B. Section I – Perils Insured Against

With respect to the coverage provided under this endorsement, Paragraphs:

A.2.e.(2) in Form **HO0005 – Washington**;

A.2.c.(6)(b) in Form **HO0003 – Washington**;

3.j.(2) in Endorsement **HO1731WA**; and

2.c.(6)(b) in Endorsement **HO1732WA**;

are replaced by the following:

Latent defect, inherent vice or any quality in property that causes it to damage or destroy itself;

C. Special Deductible

The following replaces any other deductible provision in this policy with respect to loss covered under this endorsement.

We will pay only that part of the total of all loss payable under Section I that exceeds \$250. No other deductible applies to this coverage. This deductible does not apply with respect to Coverage **D** – Loss of Use.

The Section I Water Exclusion does not apply to the coverage provided under this endorsement.

All other provisions of this policy apply.



IMPORTANT NOTICE TO POLICYHOLDERS

CAUTION: No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations Page for complete information on the coverages you are provided by your policy.

If there is any conflict between the policy (including its endorsements) and this summary, **THE PROVISIONS OF YOUR POLICY (INCLUDING ITS ENDORSEMENTS) SHALL PREVAIL.**

Dear Policyholder,

With your Homeowner – Form 3 Classic Policy renewal offer, we are pleased to inform you the following coverage is being added:

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE.

We will provide up to \$10,000 (subject to a \$250 deductible) for damage caused by water or water-borne material, which originates from within the dwelling where you reside and backs up through sewers or drains; or overflows or is discharged from a sump pump or related equipment.

Please review enclosed form **HO0495AA (7-18)** for Idaho or Oregon, or form **HO0495WA (7-18)** for Washington, for full details of this coverage.

Please contact your agent if you have any questions regarding this notice. Thank you for insuring with Oregon Mutual Insurance!



IMPORTANT NOTICE TO POLICYHOLDERS

CAUTION: No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations Page for complete information on the coverages you are provided by your policy.

If there is any conflict between the policy (including its endorsements) and this summary, **THE PROVISIONS OF YOUR POLICY (INCLUDING ITS ENDORSEMENTS) SHALL PREVAIL.**

Dear Policyholder,

With your Homeowner Policy renewal offer – Form 5 Elite, or Form 6 Condo Owners Elite, we are pleased to inform you the following coverage is being revised:

LIMITED WATER BACK-UP AND SUMP DISCHARGE OR OVERFLOW COVERAGE.

Currently your policy provides up to \$5,000 in coverage (subject to a \$250 deductible). With this policy renewal, the limit of coverage is being increased to \$10,000!

We will provide up to \$10,000 (subject to a \$250 deductible) for damage caused by water or water-borne material, which originates from within the dwelling where you reside and backs up through sewers or drains; or overflows or is discharged from a sump pump or related equipment.

Please review enclosed form **HO0495AA (7-18)** for Idaho or Oregon, or form **HO0495WA (7-18)** for Washington, for full details of this coverage.

Please contact your agent if you have any questions regarding this notice. Thank you for insuring with Oregon Mutual Insurance!