

**VERMONT Department of Banking, Insurance, Securities & Health Care
Administration
INSURANCE DIVISION**

Mold Limitation / Exclusion Filing Guidelines

Please refer to **Bulletin 141**. Below are the Mold endorsement filing guidelines referenced in that Bulletin.

Personal Lines

With respect to ISO member and subscriber companies, be advised that this department has approved optional limited mold coverage endorsements for use with the 1991 Homeowners Program as well as specific optional endorsements for use with the 1989 Dwelling Fire and Dwelling Liability Lines, all with an effective date of November 1, 2002.

Non-ISO affiliated companies, as well as ISO member companies who choose to non-adopt the ISO offerings, may seek approval for independent mold related form, rule and rate filings. These filings will be approved based upon the following criteria:

- No mold Personal Lines total exclusions, except for Personal Umbrella, Boatowners, or Personal Inland Marine Policies / coverage endorsements
- Mold limitation endorsements will not apply to the fire or lightning perils. Mold losses following one of these events will continue to be covered with no sub-limit limitation.
- Mold limitation endorsements may exclude mold damage from constant or repeated leakage or seepage over a period of time only when the seepage was known to the insured.
- Mold limitation endorsements will provide a minimum \$10,000 aggregate all damages sub-limit for Property coverages
- Mold limitation endorsements will provide a minimum \$50,000 aggregate all damages sub-limit for Liability coverages
- Above are limit minimums for which no mold specific increased rate modifications may apply. Companies are encouraged to offer insureds higher limit options in conjunction with suitable rate / rule filings.
- The "Aggregate" property sub-limit definition may be inclusive of:
 - damage to property
 - removal cost
 - cost to tear out and replace covered property to access the mold
 - cost of testing prior to, during or after removal
- The "Aggregate" sub-limit for both property and liability coverages is annual. It may fall within and not increase the stated policy limit.

Commercial Lines:

With respect to ISO member and subscriber companies, be advised that this department has approved optional limited mold coverage and total exclusion endorsements for the following lines of business effective on February 1, 2003:

Commercial General Liability	Total Exclusion Limited Coverage
Commercial Umbrella Liability	Total Exclusion
Commercial Property	Limited Coverage
Business owners	Limited Coverage -- Property Limited Coverage -- Liability Total Exclusion -- Liability Total Exclusion -- Ordinance or Law
Farmowners	Limited Coverage --Farm Property Limited Coverage --Farm Dwelling Limited Coverage -- Farm Liability Total Exclusion -- Farm Liability Total Exclusion -- Farm Umbrella

Non-ISO affiliated companies, as well as ISO member companies who choose to non-adopt the ISO offerings, may seek approval for independent mold related form, rule and rate filings. These filings will be approved based upon the following criteria:

- The minimum sub-limit applicable to the limitation endorsements for **Commercial Property**, including Businessowners Property and Farmowners Property, is \$15,000 aggregate. The Farm Dwelling minimum property sub-limit is \$10,000 aggregate. **Except as noted below, these Commercial Property limitation endorsements are mandatory.** Companies are encouraged to offer insureds higher limit options in conjunction with suitable rate / rule filings. (NOTE: filings for total exclusions for Inland Marine property exposures as well as Boiler & Machinery or Equipment Breakdown coverages would be acceptable.

Additional premises or location coverage may be added for additional premium charges.

Coverage under a limitation endorsement is not expected to increase the applicable limit of insurance for any covered property.

Time element coverage options may be offered for Business Income / Extra Expense coverages.

If known to the insured, continuous or repeated seepage or leakage of water occurring for a period of 14 days or more is not required to be covered.

- The minimum sub-limit applicable to the limitation endorsement for **Farmowners Liability** is \$50,000 aggregate.
- Mold limitation endorsements will not apply to the fire or lightning perils. Mold losses following one of these events will continue to be covered with no sub-limit limitation.

- The “Aggregate” property sub-limit definition may be inclusive of:

- damage to property
- removal cost
- cost to tear out and replace covered property to access the mold
- cost of testing prior to, during or after removal

- With respect to optional **Commercial Liability** limited coverage endorsements, there is no minimum sub-limit requirement. However a range of limit offerings on a “refer to company” basis are encouraged.

Applicable to both Personal and Commercial Lines:

All individual Mold limitation or exclusion filings should be “single purpose” and limited to these forms only.

Exception: Mold limitation or exclusion endorsements will not apply to fungi that are related to goods intended for consumption.

Definitions: While all limitation and exclusion endorsements will need to contain a mold definition, this department is not proposing or endorsing a specific definition. As a guide, while not intended as an exhaustive or exclusive listing, inclusion of the following terms would be acceptable:

Mold, Fungi, Mildew, Wet or Dry Rot, Bacteria, Mycotoxins, Spores, Scents, by-Products released by a Fungus, Protists.

Additionally, this department does not consider mold to be a “pollutant” and therefore it is not included in the coverage requirements outlined in our departmental Bulletin 111.

Coverage: The limited coverage endorsements should clearly outline the extent of coverage provided.

Notification: Policyholder notification will be required when Mold Limitation or Exclusion endorsements are attached

Prior Filings: With respect to prior independent form filings that may currently be in a declined status, or more recent filings that have not yet received a response from the department, a company has the choice of responding to the decline with a revised endorsement which meets the above criteria, updating an “in process” filing with a revised endorsement, or providing a new filing. We will make every effort to expedite the review process and give priority to approval of mold filings that adhere to the above guidelines.