

PRODUCER BULLETIN

NJIUA INTRODUCES ISO BROAD FORM DWELLING POLICY

The New Jersey Insurance Underwriting Association is pleased to announce the introduction of the 2002 edition of the ISO DP 02 Broad Form policy effective February 1, 2008 for property coverage only. The DP 2 policy offers several additional perils from those found in the DP 1 contract, including replacement cost settlement provisions. With this feature a replacement cost calculator will now be required with all DP 02 submissions. The coverage should be written at 100% of the calculated replacement cost, however, the policy's coinsurance requirement is 80%. To help you with this requirement the Association has contracted with **e 2 Value Inc.** of Stamford, Connecticut to provide replacement cost valuation information. This process will be easy to use but more about that later. The important news is that you and your customers in most instances now have a choice between a DP1 basic form policy and DP 2 broad form coverage.

WHO IS ELIGIBLE FOR DP2 COVERAGE?

The same application will be used for both DP1 and DP 2 and a check box has been added to select the appropriate policy form. **The DP2 policy will be offered to new applicants and inforce policyholders at renewal time. Mid term changes to the new form will not be allowed.** The eligibility guidelines will be very similar to the existing Association guidelines, however, properties fitting the criteria below are ineligible for DP 2 coverage and must be written as a DP 1.

- Vacant properties.
- Fire only coverage not eligible.
- 2 or more fire losses in a 5-year period.
- Coverage A below 80% of replacement value.
- 2 or more water losses in a 5 year period.
- Property adjacent to a vacant structure.
- Mobile homes.
- Flat roof not updated within the last 10 years.

COVERAGE HIGHLIGHTS

- Replacement cost settlement provision.
- Inflation guard protection.
- Vandalism coverage included in the policy
- Coverage for frozen pipes.
- Coverage for weight of ice and snow.
- Coverage for sudden and accidental water overflow.
- Coverage for additional living expenses.

- Ability to buy additional coverage for detached structures and loss of rents coverage.

In addition there are other additional coverages and exclusions not found or different from the DP 1 policy that you should become familiar with before offering this policy

How Much Does It Cost?

It will cost more than the DP1 policy and the additional cost will depend on the coverage amount selected. Rates have been filed and approved by the Department of Banking and Insurance and the EIO rating software program has been updated with the new rates. As mentioned above you can buy more coverage for detached structures and loss of rental income if you do not think the internal limits provided in the policy are inadequate for your customer.

How Are Replacement Cost Values Calculated?

This process should be very easy. As mentioned above, the association has contracted with **e 2 Value**, a premier company providing insurance tools to major carriers. You will need to call your NJIUA customer service representative at 973-622-3838 to obtain your initial e2Value username and temporary password. Then you can go to **www.e2value.com** where you will login and change the temporary password to one you choose. You will also be asked to reply to a few security questions. This login will become your permanent login access to e2Value for all future reports. From there you will select **Mainstreet PRO** and then **Residential**. The format and screen flow is easy to navigate and there are instructions and help menus available to guide you on how to complete the estimator **A copy of the replacement cost report must be sent in along with the application and any other required forms for DP 2 consideration. Only an e 2 Value calculator will be accepted with no exceptions and there is no charge for this service.** Questions on **e 2 Value** can also be directed to our customer service center at 973-622-3838.

This is the first new product introduction for the Association since its inception in 1968 and we are pleased to now offer more coverage to eligible applicants. A policyholder notice about the introduction of this product will be included with expiration notices beginning February 1,2008. If you have any questions on this bulletin please call your underwriter or customer service representative.