

DATE

February 3, 2021

BULLETIN NUMBER

5905 - NY

TO

New York Commercial Lines

Agents

SUBJECT

Commercial Umbrella

Limit Change

The effects of labor law claims, social inflation, and 3rd party litigation financing are driving up claims costs, and resulting in claims more frequently penetrating the Umbrella layer.

As a result and in partnership with our reinsurer, we will no longer offer Commercial Umbrella limits in excess of \$2 million for New York Contracting risks for new business effective March 1, 2021 if the contractor does **any work** in the five boroughs of New York City. At this time, we do **not** plan to reduce limits on existing policies over \$2 million at the next renewal.

Our quoting system will be updated soon to limit an agency's ability to quote a Contractor Umbrella to a maximum of \$2 million. Requests for limits greater than \$2 million for Contractors not performing work in the five New York City boroughs may be submitted to your underwriter for consideration.

For non-Contracting risks, you may continue to quote and issue Commercial Umbrella policies up to \$5 million. Please refer to the updated Agent Binding Authority, attached.

Please contact your Regional Vice President, Regional Marketing Specialist, Regional Underwriting Manager or Commercial Lines Underwriter for further information. As always, thank you for your business with Merchants Insurance Group.

Attachment: Updated Agents Binding Authority



As an Agent of **Merchants Insurance Group**, you are authorized to bind those lines of insurance for which a commission is specified in Schedule A – Commissions, attached to your Agency Agreement, subject to the provisions of your Agency Agreement and further subject to the following qualifications.

TERRITORY

You may bind only those risks located in the state(s) in which your agency is appointed with Merchants Insurance Group.

ALL LINES

- A. You may bind any risk that qualifies according to the rules and guidelines in Merchants Insurance Group product manuals and this document.
- B. Upon binding any risk, the Agent shall submit to Merchants Insurance Group, within ten (10) business days:
 1. A complete application;
 2. All appropriate underwriting information;
 3. The appropriate deposit or premium payment; and
 4. Any other information required or requested by Merchants Insurance Group with respect to the applicant or risk.
- C. Coverages that have been previously canceled, declined, or non-renewed by Merchants Insurance Group or another company must be submitted to the company for prior approval.
- D. Risks with high hazards or unusual exposures must be submitted to the company for prior approval. As a complete listing of referral risks is impractical, prior approval should be obtained in all cases of reasonable doubt.
- E. Binding authority is extended to the named insured only. Additional insureds should always be discussed with Merchants Insurance Group prior to binding. Certificates of Insurance, other than ACORD, should be discussed with the company prior to issuance.
- F. No property coverage can be bound on any risk located within 1 mile of coastal waters. Coastal water is defined as oceans, bays, the Long Island Sound and any other tidal waters.
- G. **Suspension of Authority**
Binding authority for new and/or additional property coverages, including automobile physical damage, is suspended automatically at the time of a hurricane watch or warning as designated by the National Weather Service, and/or when the National Weather Bureau plots a tropical storm or hurricane with winds in excess of 60 mph, west of longitude 55° and north of latitude 30°. Authority is automatically reinstated 24 hours after the hurricane watch or warning is lifted.
- H. All risks are subject to final approval by Merchants Insurance Group.



COMMERCIAL LINES

- A. Merchants Advantage Plus® Businessowners, Merchants Advantage Plus® Auto Repair/Collision, Merchants Advantage Plus® Contractors, Commercial Automobile Programs and Workers' Compensation:

You may bind any risk that qualifies according to the rules and guidelines in the Merchants Insurance Group Commercial Lines Product Manuals for these programs.

These documents are located on the Merchants' web site: www.merchantsgroup.com

- B. Commercial Umbrella – You may bind any risk that meets the following guidelines:
 1. Merchants must write the underlying General Liability and Commercial Automobile Liability coverage with minimum underlying limits of \$1,000,000. The underlying General Liability must be either a MAP® BOP, MAP® Contractor or MAP® Auto Repair policy.
 2. The Commercial Auto underlying policy can be a Merchants' Commercial Auto policy or Non-owned/Hired Car coverage on a Merchants' MAP® policy. The Commercial Auto underlying policy can cover up to four (4) power units. These power units can be light or medium trucks or private passenger type vehicles.
 3. Maximum Umbrella limit is \$5,000,000, except for NY Contracting risks the maximum Umbrella limit is \$2,000,000.
- C. All Other Product Lines

Policy limits in excess of the following require prior approval from Merchants Insurance Group

1. General Liability			
	Combined Single Limit:	\$1,000,000 \$2,000,000 \$2,000,000	per occurrence general aggregate products aggregate
2. Property		Frame	Other Than Frame
	Fire, other property coverages, including time element, but excluding flood and earthquake		
	Protection 1 – 7 Protection 8 – 10	Frame \$2,000,000 None	Other Than Frame \$4,000,000 None
	Auto Physical Damage	\$75,000	per vehicle
3. Crime			
	Includes employee dishonesty; money, securities and credit card slips; and forgery or alteration coverages (Written only as part of a CMP policy)	\$50,000	
4. Inland Marine		\$50,000 \$100,000	per item per schedule



COMMERCIAL LINES (CONTINUED)

- D. Coverage Exceptions – No authority is granted to bind the following:
1. Surety Bonds
 2. Fidelity Bonds
 3. Boiler & Machinery (excluding Equipment Breakdown on BOP)
 4. Professional Liability (except as part of BOP)
 5. Ocean Marine
 6. Monoline Inland Marine or Monoline Crime
 7. Pollution Coverage
 8. Workers' Compensation Coverages for the Jones Act, USL&H, and FELA
 9. Stacked Uninsured Motorists and Underinsured Motorist Coverages
 10. Risks located in ISO Public Protection Class 8, 9, or 10
 11. Earthquake Coverage
 12. Flood Coverage
 13. Unsupported Workers' Compensation Coverage
 14. For all coverages, any operations or premises related to:
 - a. Shipyards/Ship Building
 - b. Underground work greater than 10 feet, including Tunneling, Mining, Quarrying, and Excavation
 - c. Aircraft, Airports, or Aviation Products
 - d. Automotive Parts Manufacturing
 - e. Oil or Oil Refineries, Natural Gas, Gasoline, or Liquid Propane Gas
 - f. Railroads, including Railroad Protective Policies
 - g. Entertainment Venues including, but not limited to, Amusement Parks or Devices, Carnivals or Circuses, Sports or other Entertainment Events, Arenas, Grandstands, or Stadiums.
 - h. Wrecking or Demolition
 - i. Governmental Entities, not including Owners and Contractors Protective Policies
 - j. The manufacture or importation of:
 - i. Cosmetic, Hair, or Skin Products,
 - ii. Drugs, or Pharmaceuticals, and
 - iii. Chemicals
 - k. Explosives, Ammunition, Arms, Fireworks, or any other Explosive Devices
 - l. Asbestos Products, including removal
 15. Property Coverage for:
 - a. Difference in Conditions
 - b. Growing Crops
 - c. Mobile Homes
 - d. Mortgage Impairment
 16. Inland Marine Coverage for:
 - a. Animal Mortality
 - b. Bridges and Tunnels
 - c. Fine Arts
 - d. Furriers Block
 - e. Jewelers Block
 - f. Motor Truck Cargo
 - g. Towers
 - h. Watercraft



PERSONAL LINES

A. LIMITS – Policy amounts in excess of the following require prior approval from Merchants Insurance Group:

1. Automobile Liability			
	Bodily Injury	\$250,000	per person
		\$500,000	per occurrence
	Property Damage	\$250,000	per occurrence
	Combined Single Limit	\$500,000	per occurrence
	Maximum Vehicle Value	\$100,000	per vehicle
2. Homeowners			
	Coverage A	\$1,500,000	Protection 1 – 8
		\$375,000	Protection 9
		\$500,000	secondary residence
	Coverage E	\$500,000	per occurrence
3. Dwelling Fire		\$500,000	Protection 1 – 8
		\$375,000	Protection 9
4. Pleasure Craft (as part of Homeowners)		\$30,000	(subject to maximum length of 26')
5. Inland Marine (as part of Homeowners)		\$100,000	total schedule (subject to individual item limitations per Underwriting Guidelines)
6. Personal Umbrella		\$1,000,000	

B. COVERAGE EXCEPTIONS – No authority is granted to bind the following:

1. Personal Umbrella with limits \$2,000,000 and higher
2. Any Personal Umbrella with a Merchants Flexible Choice Auto® policy rated in tiers H through P.
3. Risks located in ISO Public Protection Class 10
4. Earthquake Coverage
5. Flood Coverage