



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

January 7, 2011

Local Government Property Insurance Fund
The ASU Group
559 D'Onofrio Drive, Ste 10
Madison, Wisconsin, 53719-2805
Phone: 608-833-1443 * Toll Free 877-229-0009
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**NOTICE OF ALTERED POLICY TERMS
FUNGUS, WET ROT, DRY ROT, AND BACTERIA ENDORSEMENT**

Dear Insured:

Wisconsin Statute 631.36 provides that policyholders be notified of any significant policy alterations "at least 60 days prior to any anniversary (*i.e.*, *renewal*) date" if the changes are to become effective on the renewal date. In the event the renewal is sent by first class mail less than 60 days prior to the anniversary date, the policy change becomes effective 60 days after the notice is mailed. As a policyholder, you have the right to cancel coverage without penalty within the prescribed 60 day time period. After 60 days, cancellation may be subject to customary short rate cancellation charges.

This notice is being sent to all policyholders who currently have the Fungus, Wet Rot, Dry Rot and Bacteria endorsement attached to their policy. This endorsement provides a limited coverage amount of \$15,000 for each covered loss, subject to a \$50,000 aggregate policy term limit, for claims arising from a covered peril that causes Fungus, Wet Rot, Dry Rot and Bacteria. Fungus, Wet Rot, Dry Rot and Bacteria is otherwise excluded unless provided by the limited additional coverage in the endorsement,

The reason for making the change to this endorsement is that our legal counsel has determined that a court could construe the language in our current endorsement so that we would provide broader coverage for Fungus, Wet Rot, Dry Rot and Bacteria than we intended. For this reason it was necessary that we revise the endorsement so that it is more in line with what is generally provided in the insurance industry. A copy of the new endorsement is attached for your review.

A brief description of the significant coverage changes is listed below.

Description of Endorsement Changes That Reduce, or Potentially Reduce, Coverage:

- Covered perils for the limited additional coverage for Fungus, Wet Rot, Dry Rot and Bacteria will now be limited to the "specified causes of loss". Previously the endorsement was intended to provide coverage for covered perils unless otherwise excluded by the policy. Please refer to the attached sample endorsement under Item C. 3. to review the definition of "specified causes of loss."

Description of Other Endorsement Changes:

- The Additional Coverage provided under Item B. in the attached sample endorsement is done by adding a new SECTION X to the policy. Previously it was done by adding the additional coverage to SECTION IV of the policy.
- Adds the following additional definitions that can be reviewed under Item C. on the attached endorsement:
 - "Specified causes of loss".
 - "Sinkhole collapse". This is one of the "specified causes of loss".
 - "Water damage". This is also one of the "specified causes of loss".

The Fund's Advisory Committee, which is comprised of 21 Fund insured members, worked with the Fund in reviewing these changes and has endorsed making the changes noted above. If you have questions about any of the above changes, please contact the Fund Administrator at 877-229-0009, or the undersigned at 608-264-8118, or email me at danielle.rogacki@wisconsin.gov.

Please review this new endorsement closely when you receive your renewal policy.

Sincerely,



Danielle Rogacki
Insurance Program Manager,
Office of the Commissioner of Insurance