



State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
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JAMES E. MCGREEVEY
Governor

HOLLY C. BAKKE
Commissioner

BULLETIN NO. 03-24

TO: ALL NEW JERSEY PROPERTY AND CASUALTY INSURERS

FROM: HOLLY C. BAKKE, COMMISSIONER

RE: MOLD/FUNGUS EXCLUSION GUIDELINES FOR PERSONAL AND COMMERCIAL LINES AND HIGHER LIMITS OPTIONS

This Bulletin provides guidelines for Authorized Companies regarding Mold/Fungus Coverage for Personal and Commercial Lines. This bulletin will replace the previously issued Bulletin 02-14 that was issued July 8, 2002.

1. Personal Lines and Commercial Lines Property

Coverage should be offered at \$10,000, on an aggregate basis, with optional increased limits of \$25,000, and \$50,000 made available. The \$10,000 annual aggregate coverage should include loss to property caused by mold, fungi, wet or dry rot or bacteria, the cost to remove mold, fungi, wet or dry rot, or bacteria from property covered under Section 1, the cost to tear out and replace any part of the building or other covered property as needed to gain access to the mold, fungi, wet or dry rot, or bacteria; and, the cost of testing of air or property to confirm the absence, presence or level of mold, fungi, wet or dry rot, or bacteria. Coverage should apply only if such mold loss results from a "Peril Insured Against" that occurs during the policy period. The limitation does not apply to losses due to fire and lightning.

2. Personal Lines Liability

Liability coverage should apply, up to at least \$50,000, on an aggregate basis, for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any mold, fungi, wet or dry rot, or bacteria. Increased limits up to \$100,000 should be available, when requested by the insured.

3. Commercial Lines General Liability

Companies will be permitted to provide liability coverage for mold up to the policy limits, provide sublimits or exclude the coverage completely.

4. Statistics

The Department advises all companies to continue capturing Mold Data in the statistical format currently in use for other lines for premiums and losses.

5. Policyholder Notice

Notification should be sent to policyholders offering options to buy up to the higher limits.

All inquiries should be directed to:

Office of Property and Casualty
Department of Banking and Insurance
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9/8/03
Date

/s/ Holly C. Bakke
Holly C. Bakke
Commissioner

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