



Current Articles 2004 – January

Changes to the Fine Arts and Personal Articles Floaters

Changes to the Fine Arts and Personal Articles Floaters Two months ago, the IBC approved revisions to the IBC Personal Articles Floater and the Fine Arts Floater.

These advisory wordings are at the discretion of each insurer and therefore may not be implemented in its entirety or partially by any one insurer. As a broker, care should be exercised in knowing what your insurer's wordings include and if any particular insurer offers a less restricted wording. Many of the changes are minor and in reality, tie in the plain language of the IBC Homeowners with the revised wordings for the above floaters.

The Fine Arts Endorsement (IBC 1113) has added Definitions for Fungi, Insured, Spores, Spouse & Terrorism which match those in the Habitational wordings. An "Agreed Value Basis" clause identified by "V" has been added. In addition to the previous exclusions, five new exclusions have been added and being: (1) Property at any fairground; (2) Faulty material or workmanship; (3) Rust, corrosion, fungi or spores; (4) Change in ownership' & (5) Terrorism.

The packing and unpacking clause that was previously shown as a "Special Condition" has been added as an exclusion. The exclusion reads: *"to articles while they are packed or being packed or unpacked unless the packing and unpacking is done by accredited and competent packers."* The word "accredited" has been added! Who may be an accredited packer?

The IBC wording has two schedules. The first being Section A will cover the listed fine arts at the specified location(s); in transit between specified locations' and any other location in Canada or the continental USA for not more than 10% of the scheduled total. The new Section B will provide worldwide coverage for the items listed similar to the coverage provided in the base Habitational personal property wordings.

The Personal Articles Endorsement (IBC 1114) has also had the same definitions added and the additional exclusions mentioned above.

A significant change to this form is the deletion of exclusion for "electrical currents". This can be major change if you are scheduling musical instruments and the electrical equipment and actual instruments. Before this change, a loss caused by a power surge would have been excluded. The new form has adopted the same coverage stance as the basic Homeowners wordings and NOT exclude loss or damage caused by electrical currents. A good move!

The Personal Articles only has added a Replacement Cost Clause and which requires the scheduled item(s) to have the words "replacement cost" to appear beside the item. The normal conditions for a replacement cost benefit have not been altered.

Both forms have added a "notice to authorities" clause. In addition both forms have added: (1) a Pair and Set Clause; (2) Parts Clause; (3) Deductible & (4) Amounts not Reduced clauses. (The previous Personal Articles did not contain a deductible clause but now, a provision has been made

for a deductible!) Both forms also have an Actual Cash Value clause to identify how losses will be settled for items not subject to the "Agreed Value" or Replacement Cost basis.

Not all companies will adopt these wordings and some may elect to amend only certain changes. Being aware of these changes and how your markets will adapt to the IBC Advisory Wordings may be of a significant importance when a claim occurs. If a claim is excluded but could have been covered by another insurer you can imagine the consequence!

Jim's Corner has appeared monthly in the IBAH bulletin since January 1998. Over 55 topics have been reviewed. It is getting extremely difficult to come up with new material every month. If you can suggest topics or have any ideas for topics to pursue, I would welcome your input. Without your ideas the column may be doomed!

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