

TECHNICAL ADVISORY

INDEPENDENT INSURANCE AGENTS OF LOUISIANA

TA 175

January 11, 2001

SUBJECT: ISO CG 00 57 09 99 "Montrose" Endorsement

BACKGROUND: In 1999, ISO introduced a series of new "Montrose" endorsements designed to modify the Insuring Agreement of the Commercial General Liability (CGL) program occurrence forms. This revision was prompted by a California Supreme Court decision known as the Montrose case. The revised insuring agreement is contained in endorsement CG 00 57 90 99. This is a mandatory endorsement, meaning that the new Montrose wording will effectively be incorporated into all CGL policies written by ISO subscribing companies that follow CLM rules.

MAIN POINTS: The Montrose decision brought to a head two important insurance issues: 1) the "continuous trigger" theory of occurrences; and 2) the "known loss" doctrine. The attached paper prepared by the Independent Insurance Agents of America (IIAA) will analyze the Montrose decision and its impact on these issues.

The paper also describes ISO's reaction to the decision and the form changes that were effective in most states on November 1, 1999.

The Louisiana Department of Insurance (LDI) has **not** approved the form for use in Louisiana. Although LDI has no problem with insurance companies excluding truly known losses, LDI believes the coverage limitation is overly broad.

NECESSARY ACTION: Circulate this Technical Advisory and attached documentation to your agency's commercial lines personnel who deal with CG coverage.