



PHILADELPHIA INSURANCE COMPANIES

A Member of the Tokio Marine Group

One Bala Plaza, Suite 100, Bala Cynwyd, Pennsylvania 19004
610.617.7900 • Fax 610.617.7940 • PHLY.com

09/19/2012

School Family Media, Inc.
All Its Member Certificate Holders &
Their Officers, Directors and Volunteers
100 Stonewall Blvd Ste 3
Wrentham, MA 02093-2207

Re: PHSD757627

Dear Valued Customer:

Thank you very much for choosing Philadelphia Insurance Companies (PHLY) for your insurance needs. Our first class customer service, national presence and A++ (Superior) A.M. Best financial strength rating have made us the selection by over 150,000 policyholders nationwide. I realize you have a choice in insurance companies and truly appreciate your business.

I wish you much success this year and look forward to building a mutually beneficial business partnership which will prosper for years to come. Welcome to PHLY and please visit PHLY.com to learn more about our Company!

Sincerely,

Sean S. Sweeney
President
Philadelphia Insurance Companies

SSS/sm



Making Things Easier for You!

PHLY CUSTOMER SERVICE

Did you know...

- PHLY has a dedicated National Processing Center to efficiently and effectively process endorsements
- The Loss Assistance Hotline provides Management & Professional Liability policyholders with 2 FREE HOURS of legal consultation with knowledgeable attorneys on any matter that could potentially result in a claim under a PHLY policy
- You can review billing and payment history online
For example: Payment verifications go to My PHLY on PHLY.com
- You can pull up and print your invoices and policy documents online
- You can update your profile online
For example: Billing address changes and contact information
- We offer live help within seconds: No complicated phone systems
- 97.3% of our policyholders would refer us to prospective customers*
- 48 hour turnaround time on small business quotes and policy issuance in less than 10 days
- We provide interest free installments for accounts that generate at least \$2,000 in premium

Frequently Asked Questions

How can I get information about my insurance?

There are 5 different ways to contact Customer Service

- Customer Service 877.438.7459
- Customer Service Fax 866.847.4046
- Customer Service Email: custserv@phlyins.com
- Customer Service Online chat
- PHLY.com – “Contact Us”

When can I contact Customer Service?

Customer Service is available Monday - Friday 8:30 am - 8:00 pm EST

What forms of payment does PHLY accept?

PHLY accepts 3 forms of payment:

- Checks sent to the lock box
- Check by phone payments through our IVR (877.438.7459 – Option 1), web site, or contact center representatives
- Credit card payments through our live contact center representatives (Visa, MasterCard and American Express)

A Passion for Service!

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Coverage(s) described may not be available in all states and are subject to Underwriting and certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. © 2007-2011 Philadelphia Insurance Companies, All Rights Reserved.

*All statistics contained herein were generated via an internal company survey of active policy holders.



Claims

- Average policyholder first party automobile losses settled in 10 days or less
- Same or next business day acknowledgements of newly reported and opened claims
- Claims representation nationally, with Commercial Liability Claims Examiner Niche expertise
- 24/7 Claims Service. Staff efficiencies with paperless and industry leading systems
- Staff of Subrogation and Recovery Examiners exclusively dedicated to recovery efforts for policyholder paid losses
- Experienced, consistent staff and department structure

Loss Control

- Product specific web-based loss control solutions through PHLY.com
- Free online interactive Defensive Driver Training course and examination
- Regular e-flyer communications on current Loss Control issues and Large Loss Lessons Learned
- Strategic partnership with best in class vendor for discounted background & motor vehicle record (MVR) checks

Automatically included on most accounts

PHLY Bell endorsement - Includes \$50,000 limits each for Business Travel Accident Benefit, Donation Assurance, Emergency Real Estate Consulting Fee, Identity Theft Expense, Image Restoration and Counseling, Key Individual Replacement Expenses, Kidnap Expense, Terrorism Travel Reimbursement, Workplace Violence Counseling. \$25,000 limits for each Conference Cancellation, Fundraising Event Blackout, Political Unrest (\$5,000 per employee), Temporary Meeting Space Reimbursement and \$1,500 Travel Delay Reimbursement.

Honors, Awards and Ratings

- Nationally recognized as a member of Ward's Top 50 Benchmark group of Property/Casualty Insurance companies for outstanding achievement in the areas of financial strength, claims performance and consistently favorable underwriting results
- Forbes Magazine has recognized Philadelphia Insurance Companies as one of the 400 Best Big Companies in America
- A++ (Superior) rated by A.M. Best Company
- A+ rated by Standard & Poor's for counterparty credit and financial strength
- Business Insurance's Best Places to Work in Insurance program identifies and recognizes Philadelphia Insurance Companies as a high-quality workplaces in the commercial insurance industry.

PHLY.com





LOSS CONTROL

PHLY LOSS CONTROL SERVICES

Welcome to PHLY Loss Control Services, PHLY is familiar with the unique Loss Control programming needs of your organization and has achieved superior results in this area. We are committed to delivering quality and timely loss prevention services and risk control products to your organization. Customer satisfaction through the delivery of these professional products to achieve measurable risk improvement results is our goal. We know the fulfillment of our Loss Control commitment is not complete until we deliver upon our promises.

OUR MISSION: We welcome the opportunity to demonstrate how we can tailor a risk management program suitable to our customer's needs. We are committed to providing our customers with improved communications, quicker implementation of loss control servicing initiatives, and specific benchmarking goals that help us quantify the true value of our services.

OUR MOTTO: "Innovative Services Producing Optimum Results:" This mantra reflects our commitment to utilize innovative products and solutions to help our customers achieve measurable results. Customer satisfaction through the delivery of these quality professional products is our goal. We know the fulfillment of our loss control commitment is not complete until we deliver upon our promises.

In order to gain full access to these resources and others, please take a moment to [register](#) on our [website](#). If you already have an id to PHLY.com, please [login](#) to access loss control resources.

Risk Management Resources

- [IntelliCorp Records, Inc.](#)
- [Accountants Resources](#)
- [WEMED Loss Assistance Hotline](#)
- [in2vate: Web-enabled EPLI \(employment practices liability insurance\) Risk Management Services](#)

Proprietary Risk Management Services

- [PHLY Loss Control E-flyers](#)
- [Responding to Loss Control Recommendations](#)

Contact

- For more information please contact: [Customer Service](#)

800.873.4552

IMPORTANT NOTICE - The information and suggestions presented by Philadelphia Indemnity Insurance Company in this e-brochure is for your consideration in your loss prevention efforts. They are not intended to be complete or definitive in identifying all hazards associated with your business, preventing workplace accidents, or complying with any safety related, or other, laws or regulations. You are encouraged to alter them to fit the specific hazards of your business and to have your legal counsel review all of your plans and company policies.

Philadelphia Insurance Companies is the marketing name for the insurance company subsidiaries of the Philadelphia Consolidated Holding Corp., a Member of the Tokio Marine Group. Your insurance policy, and not the information contained in this document, forms the contract between you and your insurance company. If there is a discrepancy or conflict between the information contained herein and your policy, your policy takes precedence. All coverages are not available in all states due to state insurance regulations. Certain coverage(s) may be provided by a surplus lines insurer. Surplus lines insurers do not generally participate in state guaranty funds and insureds are therefore not protected by such funds. | © 2007-2012 Philadelphia Insurance Companies, All Rights Reserved.



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INSURANCE COMPANIES

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One Bala Plaza, Suite 100
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Philadelphia Indemnity Insurance Company

Commercial Lines Policy

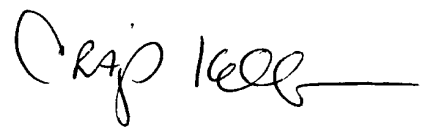
THIS POLICY CONSISTS OF:

- DECLARATIONS
- COMMON POLICY CONDITIONS
- ONE OR MORE COVERAGE PARTS. A COVERAGE PART CONSISTS OF:
 - ONE OR MORE COVERAGE FORMS
 - APPLICABLE FORMS AND ENDORSEMENTS

IN WITNESS WHEREOF, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Handwritten signature of Sean A. Sweeney in cursive script.

President

Handwritten signature of Craig Lee in cursive script, followed by a horizontal line.

Secretary



LOSS CONTROL

POLICYHOLDER NOTICE (LOSS ASSISTANCE HOTLINE)

As a free loss control benefit to its policyholders, PHLI has partnered with nationally recognized law firm Wilson, Elser, Moskowitz, Edelman & Dicker LLP (WEMED), to offer a toll-free Loss Assistance Hotline. The telephone number is 877.742.2201 or you can contact a WEMED attorney online at: apps.wilsonelser.com/pic/. This hotline provides you with 2 free hours of legal consultation with a knowledgeable attorney on any matter that you feel could result in a Claim under your professional or management liability policy. The Loss Assistance Hotline is NOT a Claim reporting service. To report a Claim, follow the Claim reporting instructions in your policy and also notify your insurance agent. If you have any questions concerning the Loss Assistance Hotline, please contact us at 800.759.4961 x2967.



800.873.4552

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INSURANCE COMPANIES**

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One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
610.617.7900 Fax 610.617.7940
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**Philadelphia Indemnity Insurance Company
COMMON POLICY DECLARATIONS**

Policy Number: PHSD757627

Named Insured and Mailing Address:
School Family Media, Inc.
All Its Member Certificate Holders &
Their Officers, Directors and Volunteers
100 Stonewall Blvd Ste 3
Wrentham, MA 02093-2207

Producer: 3998
BENE-MARC INC
6301 SOUTHWEST BLVD., STE. 101
FORT WORTH, TX 76132

Policy Period From: 07/01/2012 **To:** 07/01/2014

at 12:01 A.M. Standard Time at your mailing
address shown above.

Business Description: For Profit Organization

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

- Commercial Property Coverage Part
- Commercial General Liability Coverage Part
- Commercial Crime Coverage Part
- Commercial Inland Marine Coverage Part
- Commercial Auto Coverage Part
- Businessowners
- Workers Compensation

FORM (S) AND ENDORSEMENT (S) MADE A PART OF THIS POLICY AT THE TIME OF ISSUE
Refer To Forms Schedule

*Omits applicable Forms and Endorsements if shown in specific Coverage Part/Coverage Form Declarations

CPD- PIIC (01/07)

Countersignature Date

Authorized Representative

Philadelphia Indemnity Insurance Company

Form Schedule – Policy

Policy Number: PHSD757627

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CSNotice-1	1011	Making Things Easier
BJP-190-1	1298	Commercial Lines Policy Jacket
LAH-Notice	0211	Policyholder Notice (Loss Assistance Hotline)
CPD-PIIC	0107	Common Policy Declarations
PP 0701	0701	Privacy Policy Notice
IL0017	1198	Common Policy Conditions
IL0985	0108	Disclosure Pursuant to Terrorism Risk Ins Act of 2002

Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHSD757627

COMMERCIAL CRIME
CR DS 01 07 02

COMMERCIAL CRIME COVERAGE PART DECLARATIONS

The Commercial Crime Coverage Part consists of this Declarations Form and the Commercial Crime Coverage Form.

EMPLOYEE BENEFIT PLAN(S) INCLUDED AS INSUREDS: None

INSURING AGREEMENTS, LIMITS OF INSURANCE AND DEDUCTIBLES:

INSURING AGREEMENTS	LIMIT OF INSURANCE Per Occurrence	DEDUCTIBLE AMOUNT Per Occurrence
1. Employee Theft		See Schedule
2. Forgery Or Alteration		See Schedule
3. Inside The Premises - Theft Of Money And Securities		See Schedule
4. Inside The Premises - Robbery Or Safe Burglary Of Other Property		Not Covered
5. Outside The Premises		See Schedule
6. Computer Fraud		See Schedule
7. Funds Transfer Fraud		Not Covered
8. Money Orders And Counterfeit Paper Currency		Not Covered

If Added by Endorsement, Insuring Agreement(s):

IF APPLICABLE, SEE SCHEDULE ATTACHED

If "Not Covered" is inserted above opposite any specified Insuring Agreement, such Insuring Agreement and any other reference thereto in this policy is deleted.

ENDORSEMENTS FORMING PART OF THIS COVERAGE PART WHEN ISSUED:

SEE SCHEDULE ATTACHED

CANCELLATION OF PRIOR INSURANCE ISSUED BY US:

By acceptance of this Coverage Part you give us notice cancelling prior policy Nos. None ;
the cancellation to be effective at the time this Coverage Part becomes effective.

COUNTERSIGNED _____

(Date)

BY: _____

(Authorized Representative)

Philadelphia Indemnity Insurance Company

Form Schedule – Crime

Policy Number: PHSD757627

Forms and Endorsements applying to this Coverage Part and made a part of this policy at time of issue:

Form	Edition	Description
CRDS01	0702	Commercial Crime Coverage Part Declarations
Crime Schedule	0204	Schedule of Insuring Agreements
CR0021	0506	Commercial Crime Coverage Form (Loss Sustained Form)
CR2012	0702	Binding Arbitration
PI-MANU-1	0100	Premium Schedule
Various		State Amendatory Endorsements as applicable

Philadelphia Indemnity Insurance Company

POLICY NUMBER: PHSD757627

SCHEDULE OF INSURING AGREEMENTS

INSURING AGREEMENT(S)	LIMIT OF INSURANCE Per Occurrence	NUMBER OF PREMISES	DEDUCTIBLE Per Occurrence	PREMIUM
EMPLOYEE THEFT	\$ Per Schedule			
FORGERY OR ALTERATION	\$ Per Schedule			
INSIDE PREMISES-THEFT OF M&S OUTSIDE THE PREMISES	\$ Per Schedule			
COMPUTER FRAUD	\$ Per Schedule			

PHILADELPHIA INSURANCE COMPANIES

PRIVACY POLICY NOTICE

Philadelphia Insurance Company & Philadelphia Indemnity Insurance Company

The Philadelphia Insurance Companies values your privacy and we are committed to protecting personal information that we collect during the course of our business relationship.

The collection, use and disclosure of certain nonpublic personal information are regulated by law.

This notice is for your information only and requires no action on your part. It will inform you about the types of information we collect and how it may be disclosed. This does not reflect a change in the way we do business or handle your information.

Information We Collect:

We collect personal information about you from the following sources:

- Applications or other forms such as claims forms or underwriting questionnaires completed by you;
- Information about your transactions with us, our affiliates or others; and
- Depending on the type of transaction you are conducting with us, information may be collected from consumer reporting agencies, health care providers, employers and other third parties.

Information We Disclose:

We will only disclose the information described above, as permitted by law, to our affiliates and non-affiliated third parties when necessary to conduct our normal business activities.

For example, we may make disclosures to the following types of third parties:

- Your agent or broker;
- Parties who perform a business, professional or insurance function for our company, including our reinsurance companies;
- Independent claims adjusters, investigators, other insurers, medical care institutions and attorneys who need the information to investigate, defend or settle a claim involving you;
- Insurance regulatory agencies in connection with the regulation of our business; and
- Lienholders, mortgagees, lessors or other persons shown on our records as having legal or beneficial interest in your policy.

We do not sell your information to others for marketing purposes.

We do not disclose the personal information of persons who have ceased to be our customers.

Protection of Information:

The Philadelphia Insurance Companies maintains physical, electronic and procedural safeguards that comply with state and federal regulations to protect the confidentiality of your personal information. We also limit employee access to personally identifiable information to those with a business reason for knowing such information.

How to Contact Us:

Feel free to call or write to us for additional information.

Philadelphia Insurance Companies
One Bala Plaza, Suite 100
Bala Cynwyd, Pennsylvania 19004
(877)-438-7459

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ 0

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(s):

Additional information, if any, concerning the terrorism premium:

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

COMMERCIAL CRIME COVERAGE FORM (LOSS SUSTAINED FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations and applies to loss that you sustain resulting directly from an "occurrence" taking place during the Policy Period shown in the Declarations, except as provided in Condition E.1.k. or E.1.l., which is "discovered" by you during the Policy Period shown in the Declarations or during the period of time provided in the Extended Period To Discover Loss Condition E.1.g.:

1. Employee Theft

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Insuring Agreement, "theft" shall also include forgery.

2. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(1) Made or drawn by or drawn upon you; or

(2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

For the purposes of this Insuring Agreement, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

b. If you are sued for refusing to pay any instrument covered in Paragraph 2.a., on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

3. Inside The Premises – Theft Of Money And Securities

a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises":

(1) Resulting directly from "theft" committed by a person present inside such "premises" or "banking premises"; or

(2) Resulting directly from disappearance or destruction.

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.

c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

4. Inside The Premises – Robbery Or Safe Burglary Of Other Property

a. We will pay for loss of or damage to "other property":

(1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or

(2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".

b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.

- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

5. Outside The Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

6. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

7. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

8. Money Orders And Counterfeit Money

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit money" that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for all loss resulting directly from an "occurrence" is the applicable Limit of Insurance shown in the Declarations.

If any loss is covered under more than one Insuring Agreement or Coverage, the most we will pay for such loss shall not exceed the largest Limit of Insurance available under any one of those Insuring Agreements or Coverages.

C. Deductible

We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

D. Exclusions

1. This insurance does not cover:

a. Acts Committed By You, Your Partners Or Your Members

Loss resulting from "theft" or any other dishonest act committed by:

- (1) You; or
- (2) Any of your partners or "members"; whether acting alone or in collusion with other persons.

b. Acts Of Employees Learned Of By You Prior To The Policy Period

Loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.

c. Acts Of Employees, Managers, Directors, Trustees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreement **A.1.**

d. Confidential Information

Loss resulting from:

- (1) The unauthorized disclosure of your confidential information including, but not limited to, patents, trade secrets, processing methods or customer lists; or

- (2) The unauthorized use or disclosure of confidential information of another person or entity which is held by you including, but not limited to, financial information, personal information, credit card information or similar non-public information.

e. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

f. Indirect Loss

Loss that is an indirect result of an "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

g. Legal Fees, Costs And Expenses

Fees, costs and expenses incurred by you which are related to any legal action, except when covered under Insuring Agreement **A.2.**

h. Nuclear Hazard

Loss or damage resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

i. Pollution

Loss or damage caused by or resulting from pollution. Pollution means the discharge, dispersal, seepage, migration, release or escape of any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

j. War And Military Action

Loss or damage resulting from:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

2. Insuring Agreement **A.1. does not cover:**

a. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

b. Trading

Loss resulting from trading, whether in your name or in a genuine or fictitious account.

c. Warehouse Receipts

Loss resulting from the fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

3. Insuring Agreements **A.3., **A.4.** and **A.5.** do not cover:**

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss or damage resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

- (1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":
 - (a) On the basis of unauthorized instructions;
 - (b) As a result of a threat to do bodily harm to any person;
 - (c) As a result of a threat to do damage to any property;
 - (d) As a result of a threat to introduce a denial of service attack into your computer system;
 - (e) As a result of a threat to introduce a virus or other malicious instruction into your computer system which is designed to damage, destroy or corrupt data or computer programs stored within your computer system;
 - (f) As a result of a threat to contaminate, pollute or render substandard your products or goods; or
 - (g) As a result of a threat to disseminate, divulge or utilize:
 - (i) Your confidential information; or
 - (ii) Weaknesses in the source code within your computer system.

(2) But, this Exclusion does not apply under Insuring Agreement **A.5.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- (a) Had no knowledge of any threat at the time the conveyance began; or
- (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement A.6. does not cover:

a. Credit Card Transactions

Loss resulting from the use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

5. Insuring Agreement A.7. does not cover:

COMPUTER FRAUD

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

The following Conditions apply in addition to the Common Policy Conditions:

1. Conditions Applicable To All Insuring Agreements

a. Additional Premises Or Employees

If, while this insurance is in force, you establish any additional "premises" or hire additional "employees", other than through consolidation or merger with, or purchase or acquisition of assets or liabilities of, another entity, such "premises" and "employees" shall automatically be covered under this insurance. Notice to us of an increase in the number of "premises" or "employees" need not be given and no additional premium need be paid for the remainder of the Policy Period shown in the Declarations.

b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This insurance;
- (2) The property covered under this insurance;
- (3) Your interest in the property covered under this insurance; or
- (4) A claim under this insurance.

c. Consolidation – Merger Or Acquisition

If you consolidate or merge with, or purchase or acquire the assets or liabilities of, another entity:

- (1) You must give us written notice as soon as possible and obtain our written consent to extend the coverage provided by this insurance to such consolidated or merged entity or such purchased or acquired assets or liabilities. We may condition our consent by requiring payment of an additional premium; but

- (2) For the first 90 days after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities, the coverage provided by this insurance shall apply to such consolidated or merged entity or such purchased or acquired assets or liabilities, provided that all "occurrences" causing or contributing to a loss involving such consolidation, merger or purchase or acquisition of assets or liabilities, must take place after the effective date of such consolidation, merger or purchase or acquisition of assets or liabilities.

d. Cooperation

You must cooperate with us in all matters pertaining to this insurance as stated in its terms and conditions.

e. Duties In The Event Of Loss

After you "discover" a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreement **A.1.** or **A.2.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Produce for our examination all pertinent records.
- (4) Give us a detailed, sworn proof of loss within 120 days.
- (5) Cooperate with us in the investigation and settlement of any claim.

f. Employee Benefit Plans

- (1) The "employee benefit plans" shown in the Declarations (hereinafter referred to as Plan) are included as Insureds under Insuring Agreement **A.1.**
- (2) If any Plan is insured jointly with any other entity under this insurance, you or the Plan Administrator must select a Limit of Insurance for Insuring Agreement **A.1.** that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.

- (3) With respect to loss sustained or "discovered" by any such Plan, Insuring Agreement **A.1.** is replaced by the following:

We will pay for loss of or damage to "funds" and "other property" resulting directly from fraudulent or dishonest acts committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

- (4) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.
- (5) If two or more Plans are insured under this insurance, any payment we make for loss:
- (a) Sustained by two or more Plans; or
 - (b) Of commingled "funds" or "other property" of two or more Plans;
- resulting directly from an "occurrence" will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.
- (6) The Deductible Amount applicable to Insuring Agreement **A.1.** does not apply to loss sustained by any Plan.

g. Extended Period To Discover Loss

We will pay for loss that you sustained prior to the effective date of cancellation of this insurance, which is "discovered" by you:

- (1) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
- (2) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".

h. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured, or partner, "member" or officer of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages is cancelled as to any Insured, loss sustained by that Insured is covered only if it is "discovered" by you:
- (a) No later than 1 year from the date of that cancellation. However, this extended period to "discover" loss terminates immediately upon the effective date of any other insurance obtained by that Insured, whether from us or another insurer, replacing in whole or in part the coverage afforded under this insurance, whether or not such other insurance provides coverage for loss sustained prior to its effective date.
 - (b) No later than 1 year from the date of that cancellation with regard to any "employee benefit plans".
- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all such loss had been sustained by one Insured.
- (6) Payment by us to the first Named Insured for loss sustained by any Insured, other than an "employee benefit plan", shall fully release us on account of such loss.

i. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you "discovered" the loss.

If any limitation in this Condition is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

j. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the Policy Period shown in the Declarations, the broadened coverage will immediately apply to this insurance.

k. Loss Sustained During Prior Insurance Issued By Us Or Any Affiliate

(1) Loss Sustained Partly During This Insurance And Partly During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place:

- (a) Partly during the Policy Period shown in the Declarations; and
- (b) Partly during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest;

and this insurance became effective at the time of cancellation of the prior insurance, we will first settle the amount of loss that you sustained during this Policy Period. We will then settle the remaining amount of loss that you sustained during the Policy Period(s) of the prior insurance.

(2) Loss Sustained Entirely During Prior Insurance

If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place entirely during the Policy Period(s) of any prior cancelled insurance that we or any affiliate issued to you or any predecessor in interest, we will pay for the loss, provided:

- (a) This insurance became effective at the time of cancellation of the prior insurance; and
- (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".

We will first settle the amount of loss that you sustained during the most recent prior insurance. We will then settle any remaining amount of loss that you sustained during the Policy Period(s) of any other prior insurance.

(3) In settling loss subject to this Condition:

- (a) The most we will pay for the entire loss is the highest single Limit of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior insurance issued by us.
- (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under this insurance. If no loss was sustained under this insurance, we will apply the Deductible Amount shown in the Declarations to the amount of loss sustained under the most recent prior insurance.

If the Deductible Amount is larger than the amount of loss sustained under this insurance, or the most recent prior insurance, we will apply the remaining Deductible Amount to the remaining amount of loss sustained during the prior insurance.

We will not apply any other Deductible Amount that may have been applicable to the loss.

(4) The following examples demonstrate how we will settle losses subject to this Condition E.1.k.:

EXAMPLE NO. 1:

The insured sustained a covered loss of \$10,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

POLICY A

The current policy. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

POLICY B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$50,000 and a Deductible Amount of \$5,000.

The amount of loss sustained under Policy **A** is \$2,500 and under Policy **B** is \$7,500.

The highest single Limit of Insurance applicable to this entire loss is \$50,000 written under Policy **A**. The Policy **A** Deductible Amount of \$5,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$2,500) is settled first. The amount we will pay is nil (\$0.00) because the amount of loss is less than the Deductible Amount (i.e., \$2,500 loss - \$5,000 deductible = \$0.00).
2. The remaining amount of loss sustained under Policy **B** (\$7,500) is settled next. The amount recoverable is \$5,000 after the remaining Deductible Amount from Policy **A** of \$2,500 is applied to the loss (i.e., \$7,500 loss - \$2,500 deductible = \$5,000).

The most we will pay for this loss is \$5,000.

EXAMPLE NO. 2:

The insured sustained a covered loss of \$250,000 resulting directly from an "occurrence" taking place during the terms of Policy **A** and Policy **B**.

POLICY A

The current policy. Written at a Limit of Insurance of \$125,000 and a Deductible Amount of \$10,000.

POLICY B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$150,000 and a Deductible Amount of \$25,000.

The amount of loss sustained under Policy **A** is \$175,000 and under Policy **B** is \$75,000.

The highest single Limit of Insurance applicable to this entire loss is \$150,000 written under Policy **B**. The Policy **A** Deductible Amount of \$10,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$175,000) is settled first. The amount we will pay is the Policy **A** Limit of \$125,000 because \$175,000 loss - \$10,000 deductible = \$165,000 which is greater than the \$125,000 policy limit.
2. The remaining amount of loss sustained under Policy **B** (\$75,000) is settled next. The amount we will pay is \$25,000 (i.e., \$150,000 Policy **B** limit - \$125,000 paid under Policy **A** = \$25,000).

The most we will pay for this loss is \$150,000.

EXAMPLE NO. 3:

The insured sustained a covered loss of \$2,000,000 resulting directly from an "occurrence" taking place during the terms of Policies **A**, **B**, **C** and **D**.

POLICY A

The current policy. Written at a Limit of Insurance of \$1,000,000 and a Deductible Amount of \$100,000.

POLICY B

Issued prior to Policy **A**. Written at a Limit of Insurance of \$750,000 and a Deductible Amount of \$75,000.

POLICY C

Issued prior to Policy **B**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

POLICY D

Issued prior to Policy **C**. Written at a Limit of Insurance of \$500,000 and a Deductible Amount of \$50,000.

The amount of loss sustained under Policy **A** is \$350,000, under Policy **B** is \$250,000, under Policy **C** is \$600,000 and under Policy **D** is \$800,000.

The highest single Limit of Insurance applicable to this entire loss is \$1,000,000 written under Policy **A**. The Policy **A** Deductible Amount of \$100,000 applies. The loss is settled as follows:

1. The amount of loss sustained under Policy **A** (\$350,000) is settled first. The amount we will pay is \$250,000 (i.e., \$350,000 loss - \$100,000 deductible = \$250,000).
2. The amount of loss sustained under Policy **B** (\$250,000) is settled next. The amount we will pay is \$250,000 (no deductible is applied).
3. The amount of loss sustained under Policy **C** (\$600,000) is settled next. The amount we will pay is \$500,000, the policy limit (no deductible is applied).
4. We will not make any further payment under Policy **D** as the maximum amount payable under the highest single Limit of Insurance applying to the loss of \$1,000,000 under Policy **A** has been satisfied.

The most we will pay for this loss is \$1,000,000.

I. Loss Sustained During Prior Insurance Not Issued By Us Or Any Affiliate

- (1) If you "discover" loss during the Policy Period shown in the Declarations, resulting directly from an "occurrence" taking place during the Policy Period of any prior cancelled insurance that was issued to you or a predecessor in interest by another company, and the period of time to discover loss under that insurance had expired, we will pay for the loss under this insurance, provided:
 - (a) This insurance became effective at the time of cancellation of the prior insurance; and
 - (b) The loss would have been covered under this insurance had it been in effect at the time of the "occurrence".
- (2) In settling loss subject to this Condition:
 - (a) The most we will pay for the entire loss is the lesser of the Limits of Insurance applicable during the period of loss, whether such limit was written under this insurance or was written under the prior cancelled insurance.
 - (b) We will apply the applicable Deductible Amount shown in the Declarations to the amount of loss sustained under the prior cancelled insurance.
- (3) The insurance provided under this Condition is subject to the following:
 - (a) If loss covered under this Condition is also partially covered under Condition **E.1.k.**, the amount recoverable under this Condition is part of, not in addition to, the amount recoverable under Condition **E.1.k.**
 - (b) For loss covered under this Condition that is not subject to Paragraph **(3)(a)**, the amount recoverable under this Condition is part of, not in addition to, the Limit of Insurance applicable to the loss covered under this insurance and is limited to the lesser of the amount recoverable under:
 - (i) This insurance as of its effective date; or
 - (ii) The prior cancelled insurance had it remained in effect.

m. Other Insurance

If other valid and collectible insurance is available to you for loss covered under this insurance, our obligations are limited as follows:

(1) Primary Insurance

When this insurance is written as primary insurance, and:

- (a) You have other insurance subject to the same terms and conditions as this insurance, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance shown in the Declarations bears to the total limit of all insurance covering the same loss.

- (b) You have other insurance covering the same loss other than that described in Paragraph **(1)(a)**, we will only pay for the amount of loss that exceeds:

- (i) The Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not; or

- (ii) The Deductible Amount shown in the Declarations;

whichever is greater. Our payment for loss is subject to the terms and conditions of this insurance.

(2) Excess Insurance

- (a) When this insurance is written excess over other insurance, we will only pay for the amount of loss that exceeds the Limit of Insurance and Deductible Amount of that other insurance, whether you can collect on it or not. Our payment for loss is subject to the terms and conditions of this insurance.

- (b) However, if loss covered under this insurance is subject to a Deductible, we will reduce the Deductible Amount shown in the Declarations by the sum total of all such other insurance plus any Deductible Amount applicable to that other insurance.

n. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

- (1) That you own or lease; or
- (2) That you hold for others whether or not you are legally liable for the loss of such property.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss that is covered under this insurance must be presented by you.

o. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

p. Recoveries

- (1) Any recoveries, whether effected before or after any payment under this insurance, whether made by us or you, shall be applied net of the expense of such recovery:
 - (a) First, to you in satisfaction of your covered loss in excess of the amount paid under this insurance;
 - (b) Second, to us in satisfaction of amounts paid in settlement of your claim;
 - (c) Third, to you in satisfaction of any Deductible Amount; and
 - (d) Fourth, to you in satisfaction of any loss not covered under this insurance.
- (2) Recoveries do not include any recovery:
 - (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
 - (b) Of original "securities" after duplicates of them have been issued.

q. Territory

This insurance covers loss that you sustain resulting directly from an "occurrence" taking place within the United States of America (including its territories and possessions), Puerto Rico and Canada.

r. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

s. Valuation – Settlement

- (1) The value of any loss for purposes of coverage under this policy shall be determined as follows:
 - (a) Loss of "money" but only up to and including its face value. We will, at your option, pay for loss of "money" issued by any country other than the United States of America:
 - (i) At face value in the "money" issued by that country; or
 - (ii) In the United States of America dollar equivalent determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".
 - (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was "discovered". We may, at our option:
 - (i) Pay the market value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or
 - (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Market value of the "securities" at the close of business on the day the loss was "discovered"; or
 - ii. The Limit of Insurance applicable to the "securities".

(c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

(i) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose;

(ii) The amount you actually spend that is necessary to repair or replace the lost or damaged property; or

(iii) The Limit of Insurance applicable to the lost or damaged property.

With regard to Paragraphs **s.(1)(c)(i)** through **s.(1)(c)(iii)**, we will not pay on a replacement cost basis for any loss or damage:

i. Until the lost or damaged property is actually repaired or replaced; and

ii. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

(2) We will, at your option, settle loss or damage to property other than "money":

(a) In the "money" of the country in which the loss or damage occurred; or

(b) In the United States of America dollar equivalent of the "money" of the country in which the loss or damage occurred determined by the rate of exchange published in *The Wall Street Journal* on the day the loss was "discovered".

(3) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreement A.1.

a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors, or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.q.** for a period of not more than 90 consecutive days.

3. Conditions Applicable To Insuring Agreement A.2.

a. Deductible Amount

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.2.**

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.2.**

4. Conditions Applicable To Insuring Agreements A.4. And A.5.

a. Armored Motor Vehicle Companies

Under Insuring Agreement **A.5.**, we will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and
- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to:

- (1) Precious metals, precious or semi-precious stones, pearls, furs, or completed or partially completed articles made of or containing such materials that constitute the principal value of such articles; or
- (2) Manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.6.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss that you sustain resulting directly from an "occurrence" taking place anywhere in the world. Territory Condition **E.1.q.** does not apply to Insuring Agreement **A.6.**

F. Definitions

- 1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.

- 2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.

- 3. "Custodian" means you, or any of your partners or "members", or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.

- 4. "Discover" or "discovered" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this insurance has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details of loss may not then be known.

"Discover" or "discovered" also means the time when you first receive notice of an actual or potential claim in which it is alleged that you are liable to a third party under circumstances which, if true, would constitute a loss under this insurance

- 5. "Employee":

a. "Employee" means:

- (1) Any natural person:

- (a) While in your service and for the first 30 days immediately after termination of service, unless such termination is due to "theft" or any dishonest act committed by the "employee";
- (b) Who you compensate directly by salary, wages or commissions; and
- (c) Who you have the right to direct and control while performing services for you;

- (2) Any natural person who is furnished temporarily to you:

- (a) To substitute for a permanent "employee" as defined in Paragraph **a.(1)**, who is on leave; or
- (b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph **a.(2)**;
- (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any "employee benefit plan"; and
 - (b) A director or trustee of yours while that person is engaged in handling "funds" or "other property" of any "employee benefit plan";
- (5) Any natural person who is a former "employee", partner, "member", "manager", director or trustee retained as a consultant while performing services for you;
- (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises";
- (7) Any "employee" of an entity merged or consolidated with you prior to the effective date of this policy; or
- (8) Any of your "managers", directors or trustees while:
 - (a) Performing acts within the scope of the usual duties of an "employee"; or
 - (b) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.
- b. "Employee" does not mean:

Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph **5.a**.
- 6. "Employee benefit plan" means any welfare or pension benefit plan shown in the Declarations that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
- 7. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- 8. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described in Insuring Agreement **A.2.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
- 9. "Funds" means "money" and "securities".
- 10. "Manager" means a person serving in a directorial capacity for a limited liability company.
- 11. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
- 12. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the "premises".
- 13. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
- 14. "Occurrence" means:
 - a. Under Insuring Agreement **A.1.:**
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or

- (3) A series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- b. Under Insuring Agreement **A.2.**:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- c. Under All Other Insuring Agreements:
 - (1) An individual act or event;
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations, except as provided under Condition **E.1.k.** or **E.1.l.**
- 15. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
- 16. "Premises" means the interior of that portion of any building you occupy in conducting your business.
- 17. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
 - a. Caused or threatened to cause that person bodily harm; or
 - b. Committed an obviously unlawful act witnessed by that person.
- 18. "Safe burglary" means the unlawful taking of:
 - a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b. A safe or vault from inside the "premises".
- 19. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
 - a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
- 20. "Theft" means the unlawful taking of property to the deprivation of the Insured.
- 21. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":
 - a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b. By means of written instructions (other than those described in Insuring Agreement **A.2.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
- 22. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

BINDING ARBITRATION

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

PROVISIONS

If you and we disagree on the amount of loss, both parties may by mutual consent agree to arbitration of the disagreement.

If both parties agree to arbitrate, each party will select an arbitrator. The two arbitrators will select an umpire. If they cannot agree within 30 days upon such umpire, both parties must request that selection of the umpire be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the umpire equally.

If the arbitrators fail to agree on the amount of the loss, they will submit their differences to the umpire. A decision agreed to by any two will be binding.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

Premium Schedule

In consideration of the premium charged, it is hereby understood and agreed that the following premium and limit options apply per insured member organization:

	Coverage	Limit of Insurance
Option 1:	Employee Theft	\$25,000
	Forgery or Alteration	\$25,000
	Inside the Premises- Theft of M&S	\$25,000
	Outside the Premises	\$25,000
	Computer Fraud	\$25,000
Option 2:	Employee Theft	\$50,000
	Forgery or Alteration	\$50,000
	Inside the Premises- Theft of M&S	\$50,000
	Outside the Premises	\$50,000
	Computer Fraud	\$50,000

All other terms and conditions of this Policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALABAMA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALASKA CHANGES – APPRAISAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL AUTO COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART*
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART

* This endorsement does not apply to coverage provided for forgery or alteration (Coverage Form **B**)

A. The APPRAISAL FOR PHYSICAL DAMAGE LOSS Loss Condition in the Commercial Auto Coverage Part is replaced by the following:

If you and we fail to agree on the amount of "loss", either may make a written demand for an appraisal of the "loss". In this event, within 10 days of the demand, each party will choose a competent appraiser and will notify the other of the appraiser selected. The two appraisers will promptly choose a competent and impartial umpire. Not later than 15 days after the umpire has been chosen, unless this time period is extended by the umpire, each appraiser will separately state, in writing, the actual cash value and the amount of "loss". If the appraisers submit a written report of an agreement on the actual cash value and the amount of "loss" to us, that agreement will be binding. If they fail to agree, they will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding as to the actual cash value and the amount of "loss". Each party will:

1. Pay its own counsel and adjuster fees; and
2. Bear those other expenses and fees which are incurred as a result of the appraisal, either in entirety or proportionately, as determined by the umpire.

If we submit to an appraisal, we still retain our right to deny the claim.

B. Except as provided in **C.** below, the following replaces the APPRAISAL Conditions in the Boiler and Machinery Coverage Part, the Commercial Inland Marine Coverage Part, the Commercial Property Coverage Part and the Farm Coverage Part, and is added to the Commercial Crime Coverage Part:

If you and we fail to agree on the value of the property or the amount of loss ("loss"), either may make a written demand for an appraisal of the loss. In this event, within 10 days of the demand, each party will choose a competent appraiser and will notify the other of the appraiser selected. The two appraisers will promptly choose a competent and impartial umpire. If they cannot agree, either may request that the choice be made by a judge of a court having jurisdiction. Not later than 15 days after the umpire has been chosen, unless this time period is extended by the umpire, each appraiser will separately state, in writing, the value of the property and the amount of loss ("loss"). If the appraisers submit a written report of an agreement on the value of the property and the amount of loss ("loss"), that agreement will be binding. If they fail to agree, they will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding. Each party will:

1. Pay its own counsel and adjuster fees; and
2. Bear those other expenses and fees which are incurred as a result of the appraisal, either in entirety or proportionately, as determined by the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

C. The APPRAISAL Condition in:

1. Business Income Coverage Form (And Extra Expense) **CP 00 30**; and

2. Business Income Coverage Form (Without Extra Expense) CP 00 32;

is replaced by the following:

If you and we fail to agree on the amount of Net Income and operating expense or the amount of loss, either may make a written demand for an appraisal of the loss. In this event, within 10 days of the demand, each party will choose a competent appraiser and will notify the other of the appraiser selected. The two appraisers will promptly choose a competent and impartial umpire. If they cannot agree, either may request that the choice be made by a judge of a court having jurisdiction. Not later than 15 days after the umpire has been chosen, unless this time period is extended by the umpire, each appraiser will separately state, in writing, the amount of Net Income and operating expense or the amount of loss. If the appraisers submit a written report of an agreement on the amount of Net Income and operating expense or the amount of loss, that agreement will be binding. If they fail to agree, they will promptly submit their differences to the umpire. A decision agreed to by one of the appraisers and the umpire will be binding. Each party will:

1. Pay its own counsel and adjuster fees; and
2. Bear those other expenses and fees which are incurred as a result of the appraisal, either in entirety or proportionately, as determined by the umpire.

If there is an appraisal, we will still retain our right to deny the claim.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALASKA CHANGES – ATTORNEYS FEES

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES
COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT
BOX COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY – LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY – MORTGAGE HOLDER'S ERRORS AND OMISSIONS
COVERAGE FORM
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

SCHEDULE

Attorney's Fees for a Judgment of \$	Additional Premium \$
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(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

In any "suit" we defend in Alaska, our obligation under SUPPLEMENTARY PAYMENTS to pay all costs taxed against the "insured" is amended by the following:

- A.** We will pay that portion of the attorney's fees awarded as costs which does not exceed the amount allowed for a contested case in the schedule of attorney's fees contained in Alaska Civil Rule 82 for a judgment equal to the applicable Limit of Insurance.
- B.** However, if a premium and a judgment amount are shown in the Schedule, we will pay, instead of the attorney's fees provided in paragraph **A.** above, that portion of the attorney's fees awarded as costs which do not exceed the amount allowed for a contested case in Civil Rule 82 for the judgment amount shown in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALASKA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** The **Cancellation** Common Policy Condition is replaced by the following:
1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
 2. We may cancel this policy by mailing to you and the agent or broker of record written notice of cancellation. Such notice, stating the reason for cancellation, must be sent by first class mail at least:
 - a. 10 days before the effective date of cancellation if we cancel for:
 - (1) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against; or
 - (2) Fraud or material misrepresentation by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under this policy; or
 - b. 20 days before the effective date of cancellation if we cancel for:
 - (1) Nonpayment of premium; or
 - (2) Failure or refusal of the insured to provide the information necessary to confirm exposure or determine the policy premium; or
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.
 3. We will mail our notice to your last known address and the last known address of the agent or broker of record.
 4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 5. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

6. If this policy is cancelled, we will return any premium refund due to the agent or broker of record, or directly to the first Named Insured, or, if applicable, to the premium finance company. If:

a. We cancel, the refund will be the pro rata unearned premium. The refund will be returned or credited before the effective date of cancellation. However, if cancellation is for:

- (1) Nonpayment of premium;
- (2) Conviction of the insured of a crime having as one of its necessary elements an act increasing a hazard insured against;
- (3) Discovery of fraud or material misrepresentation made by the insured or a representative of the insured in obtaining the insurance or by the insured in pursuing a claim under the policy; or
- (4) Failure or refusal of the insured to provide the information necessary to confirm exposure or necessary to determine the policy premium;

any unearned premium shall be returned or credited within 45 days after the cancellation notice is given; or

b. The first Named Insured cancels, the refund:

(1) Will be the pro rata unearned premium minus a cancellation fee of 7.5% of the pro rata unearned premium. However, we will not retain this cancellation fee if this policy is cancelled:

- (a) And rewritten with us or in our company group;
- (b) At our request;
- (c) Because you no longer have a financial or insurable interest in the property or business operation that is the subject of this insurance; or
- (d) After the first year for a prepaid policy written for a term of more than one year; or

(2) Will be returned or credited:

- (a) By the effective date of cancellation; or

(b) Within 45 days of your request to cancel;

whichever is later.

If the policy is selected for audit, we will complete the audit within 45 days of receipt of the request for cancellation. The refund will be returned within 45 days of completion of an audit, or the effective date of cancellation, whichever is later.

B. The following is added and supersedes any provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail written notice of nonrenewal, by first class mail, to you and the agent or broker of record at least 45 days before:

- a. The expiration date; or
- b. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.

2. We need not mail notice of nonrenewal if:

- a. We have manifested in good faith our willingness to renew; or
- b. The first Named Insured has failed to pay any premium required for this policy; or
- c. The first Named Insured fails to pay the premium required for renewal of this policy.

3. Any notice of nonrenewal will be mailed to your last known address and the last known address of the agent or broker of record. A post office certificate of mailing or certified mail receipt will be sufficient proof of mailing of notice.

C. The following Condition is added:

Notice Of Premium Or Coverage Changes On Renewal

If the premium to renew this policy increases more than 10% for a reason other than an increase in coverage or exposure basis, or if after the renewal there will be a material restriction or reduction in coverage not specifically requested by the insured, we will mail written notice to your last known address and the last known address of the agent or broker of record at least 45 days before:

1. The expiration date; or
2. The anniversary date if this policy has been written for more than one year or with no fixed expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ALASKA CHANGES – TERMINATION OF EMPLOYEE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

In the Commercial Crime Coverage Form, Commercial Crime Policy and Employee Theft And Forgery Policy, Paragraph **E.2.a.** of the **Termination As To Any Employee** Condition is replaced by the following:

a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

- (1) As soon as:
 - (a) You; or
 - (b) Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

- (2) For reasons other than dishonest acts on the date specified in a notice mailed to the first Named Insured. That date will be at least 60 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

In the Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, Paragraph **E.2.b.** of the **Termination As To Any Employee** Condition is replaced by the following:

b. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

- (1) As soon as:
 - (a) You; or
 - (b) Any of your officials or employees authorized to manage, govern or control your "employees" not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

- (2) For reasons other than dishonest acts on the date specified in a notice mailed to the first Named Insured. That date will be at least 60 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

ARIZONA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The following is added to the **Cancellation** Common Policy Condition (and applies except in situations where **B.**, below, applies):

7. Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a.** Nonpayment of premium;
- b.** Your conviction of a crime arising out of acts increasing the hazard insured against;
- c.** Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this policy, in continuing this policy or in presenting a claim under this policy;
- d.** Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- e.** Substantial breach of contractual duties or conditions;

f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

g. Determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or

h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this policy based on one or more of the above reasons, we will mail by certified mail to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b.** 45 days before the effective date of cancellation if we cancel for any of the other reasons.

B. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **A.** above) with respect to cancellation of such coverage:

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the policy, continuing the policy or presenting a claim under the policy;
- d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
- e. Substantial change in the risk assumed by us, since the policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- f. A determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state; or
- g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any of the other reasons.

C. The following is added and supersedes any provision to the contrary (and applies except in situations where **D.**, below, applies):

Nonrenewal

1. If we elect not to renew this policy, we will mail by certified mail to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 45 days prior to the expiration of this policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this policy, and neither **3.a.** or **3.b.** applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this policy shall be considered pro rata based upon the previous year's rate.

D. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **C.** above) with respect to nonrenewal of such coverage:

1. If we elect not to renew, we will mail written notice of nonrenewal to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof of mailing will be sufficient proof of notice.
2. If either one of the following occurs, we are not required to provide notice of nonrenewal:
 - a. You have agreed to nonrenewal; or
 - b. You have accepted replacement coverage.

3. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective conditions.

E. The following condition is added:

Renewal

1. If we elect to renew this policy and the renewal is subject to any of the following:

- a. Increase in premium;
- b. Change in deductible;
- c. Reduction in limits of insurance; or
- d. Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the policy.

2. If renewal is subject to any condition described in 1.a. through 1.d. above, and we fail to provide notice 30 days before the anniversary or expiration date of this policy, the following procedures apply:

a. The present policy will remain in effect until the earlier of the following:

(1) 30 days after the date of mailing or delivery of the notice; or

(2) The effective date of replacement coverage obtained by the first Named Insured.

b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:

(1) The rates applicable to the terminated policy; or

(2) The rates presently in effect.

c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this policy's anniversary or expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A. The Concealment, Misrepresentation Or Fraud**
Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been made known to us as required either by the application for the policy or otherwise, we in good faith would either:
 - a. Not have issued the policy;
 - b. Not have issued the policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The following is added to the **Cancellation Of Policy** Condition:

(7) Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (a)** Nonpayment of premium;
- (b)** Your conviction of a crime arising out of acts increasing the hazard insured against;
- (c)** Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this policy, in continuing this policy or in presenting a claim under this policy;
- (d)** Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- (e)** Substantial breach of contractual duties or conditions;
- (f)** Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;
- (g)** Determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or
- (h)** Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this policy based on one or more of the above reasons, we will mail by certified mail to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reasons for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- (a)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- (b)** 60 days before the effective date of cancellation if we cancel for any of the other reasons.

B. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

- a.** If we elect not to renew this policy, we will mail by certified mail to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 60 days prior to the expiration of this policy.
- b.** If notice is mailed, proof of mailing will be sufficient proof of notice.
- c.** If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - (1)** We or a company within the same insurance group has offered to issue a renewal policy; or
 - (2)** You have obtained replacement coverage or agreed in writing to do so.

2. Renewal

- a. If we elect to renew this policy and the renewal is subject to any of the following:

- (1) Increase in premium;
- (2) Change in deductible;
- (3) Reduction in limits of insurance; or
- (4) Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 60 days before the anniversary or expiration date of the policy.

- b. If renewal is subject to any condition described in Paragraphs **a.(1)** through **a.(4)**, and we fail to provide notice 60 days before the anniversary or expiration date of this policy, the following procedures apply:

- (1) The present policy will remain in effect until the earlier of the following:
 - (a) 60 days after the date of mailing or delivery of the notice; or
 - (b) The effective date of replacement coverage obtained by the first Named Insured.
- (2) If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
 - (a) The rates applicable to the terminated policy; or
 - (b) The rates presently in effect.

- (3) If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this policy's anniversary or expiration date.

- C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been made known to us as required either by the application for the policy or otherwise, we in good faith would either:
 - a. Not have issued the policy;
 - b. Not have issued the policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:
- 5.a.** If this policy is cancelled, we will send the first Named Insured any premium refund due.
 - b.** We will refund the pro rata unearned premium if the policy is:
 - (1)** Cancelled by us or at our request;
 - (2)** Cancelled but rewritten with us or in our company group;
 - (3)** Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
 - (4)** Cancelled after the first year of a pre-paid policy that was written for a term of more than one year.
 - c.** If the policy is cancelled at the request of the first Named Insured, other than a cancellation described in **b.(2), (3)** or **(4)** above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.
 - d.** The cancellation will be effective even if we have not made or offered a refund.
 - e.** If the first Named Insured cancels the policy, we will retain no less than \$100 of the premium, subject to the following:
 - (1)** We will retain no less than \$250 of the premium for the Equipment Breakdown Coverage Part.
 - (2)** We will retain the premium developed for any annual policy period for the General Liability Classifications, if any, shown in the Declarations.
 - (3)** If the Commercial Auto Coverage Part covers only snowmobiles or golfmobiles, we will retain \$100 or the premium shown in the Declarations, whichever is greater.
 - (4)** If the Commercial Auto Coverage Part covers an "auto" with a mounted amusement device, we will retain the premium shown in the Declarations for the amusement device and not less than \$100 for the auto to which it is attached.

B. The following is added to the **Cancellation Common Policy Condition**:

7. Cancellation Of Policies In Effect More Than 60 Days

- a. If this policy has been in effect more than 60 days or is a renewal policy, we may cancel only for one or more of the following reasons:
- (1) Nonpayment of premium;
 - (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
 - (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
 - (5) Nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
 - (6) A material violation of a material provision of the policy.
- b. Subject to Paragraph 7.c., if we cancel for:
- (1) Nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the policy at least 10 days before the effective date of cancellation.
 - (2) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the policy at least 20 days before the effective date of cancellation.

c. The following applies to the Farm Umbrella Liability Policy, Commercial Liability Umbrella Coverage Part and the Commercial Automobile Coverage Part:

- (1) If we cancel for nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the policy, and any lessee of whom we have received notification prior to the loss, at least 10 days before the effective date of cancellation;
- (2) If we cancel for any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the policy, and any lessee of whom we have received notification prior to the loss, at least 20 days before the effective date of cancellation.

C. Paragraph g. of the **Mortgageholders Condition**, if any, is replaced by the following:

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder:
- (1) As soon as practicable if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal; or
 - (2) At least 60 days before the expiration date of this policy if we nonrenew for any other reason.

D. The following Condition is added and supersedes any other provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail to the first Named Insured shown in the Declarations, and to any lienholder or loss payee named in the policy, written notice of nonrenewal at least 60 days before:
 - a. Its expiration date; or
 - b. Its anniversary date, if it is a policy written for a term of more than one year and with no fixed expiration date.

However, we are not required to send this notice if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal.

The provisions of this Paragraph 1. do not apply to any mortgageholder.

2. We will mail our notice to the first Named Insured's mailing address last known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES – CANCELLATION

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 BUSINESSOWNERS POLICY
 COMMERCIAL AUTO COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART

- A.** Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 5.a.** If this policy is cancelled, we will send the first Named Insured any premium refund due.
 - b.** We will refund the pro rata unearned premium if the policy is:
 - (1)** Cancelled by us or at our request;
 - (2)** Cancelled but rewritten with us or in our company group;
 - (3)** Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
 - (4)** Cancelled after the first year of a prepaid policy that was written for a term of more than one year.
 - c.** If the policy is cancelled at the request of the first Named Insured, other than a cancellation described in **b.(2), (3)** or **(4)** above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.
 - d.** The cancellation will be effective even if we have not made or offered a refund.
 - e.** If the first Named Insured cancels the policy, we will retain no less than \$100 of the premium, subject to the following:
 - (1)** We will retain no less than \$250 of the premium for the Boiler And Machinery Coverage Part.
 - (2)** We will retain the premium developed for any annual policy period for the General Liability Classifications, if any, shown in the Declarations.
 - (3)** If the Commercial Auto Coverage Part covers only snowmobiles or golfmobiles, we will retain \$100 or the premium shown in the Declarations, whichever is greater.
 - (4)** If the Commercial Auto Coverage Part covers an "auto" with a mounted amusement device, we will retain the premium shown in the Declarations for the amusement device and not less than \$100 for the auto to which it is attached.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Cancellation Of Policies In Effect More Than 60 Days

- a. If this policy has been in effect more than 60 days or is a renewal policy, we may cancel only for one or more of the following reasons:
- (1) Nonpayment of premium;
 - (2) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3) The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
 - (4) Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
 - (5) Nonpayment of membership dues in those cases where our by-laws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
 - (6) A material violation of a material provision of the policy.

b. Subject to Paragraph 7.c., if we cancel for:

- (1) Nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the policy at least 10 days before the effective date of cancellation.
- (2) Any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the policy at least 20 days before the effective date of cancellation.

c. The following applies to the Commercial Liability Umbrella Coverage Part and the Commercial Auto Coverage Part:

- (1) If we cancel for nonpayment of premium, we will mail or deliver written notice of cancellation, stating the reason for cancellation, to the first Named Insured and any lienholder or loss payee named in the policy, and any lessee of whom we have received notification prior to the loss, at least 10 days before the effective date of cancellation;
- (2) If we cancel for any other reason, we will mail or deliver notice of cancellation to the first Named Insured and any lienholder or loss payee named in the policy, and any lessee of whom we have received notification prior to the loss, at least 20 days before the effective date of cancellation.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The following is added to the Common Policy Conditions:

MULTI-YEAR POLICIES

We may issue this policy for a term in excess of twelve months with the premium adjusted on an annual basis in accordance with our rates and rules.

- C.1.** Except as provided in **C.2.** below, the **Appraisal** Condition, if any, is replaced by the following:
- a.** If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make a written request for an appraisal of the loss ("loss"). However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss ("loss") appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire.
 - b.** An appraisal decision will not be binding on either party.
 - c.** If there is an appraisal, we will still retain our right to deny the claim.

- d.** Each party will:

- (1)** Pay its chosen appraiser; and
- (2)** Bear the other expenses of the appraisal and umpire equally.

- C.2.** The **Appraisal** Condition in Business Income Coverage Form (And Extra Expense) **CP 00 30** Business Income Coverage Form (Without Extra Expense) **CP 00 32** and Capital Assets Program Coverage Form (Output Policy), **OP 00 01**, Paragraph **A.7.** Business Income And Extra Expense is replaced by the following:

- a.** If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make a written request for an appraisal of the loss. However, an appraisal will be made only if both we and you agree, voluntarily, to have the loss appraised. If so agreed, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire.
- b.** An appraisal decision will not be binding on either party.
- c.** If there is an appraisal, we will still retain our right to deny the claim.
- d.** Each party will:
 - (1)** Pay its chosen appraiser; and
 - (2)** Bear the other expenses of the appraisal and umpire equally.

D.1. This Paragraph, **D.2.**, does not apply to the following:

Farm Liability Coverage Form

Legal Liability Coverage Form

2. The 2-year limitation in the Legal Action Against Us Condition is changed to 5 years.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES – ESCROW AGENT

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY

A. The following is added to Section F. Definitions:

1. "Employee" also includes any:

- a.** Officer, director or employee of yours who is not compensated when performing acts coming within the scope of the usual duties of an officer or employee of yours; and
- b.** Member of any of your committees duly elected or appointed to examine or audit or have custody of your property.

The ownership of all or a portion of the shares of the Named Insured by any "employee" shall not be a defense to any suit, action or other legal proceeding against us.

B. The following is added to the Cancellation Of Policy Condition:

NOTICE OF CANCELLATION

No cancellation of this policy, whether at your request or our request, shall take effect prior to the expiration of 30 days after written notice of such cancellation has been filed with the Commissioner of Corporations.

C. Exclusion D.1.a. Acts Committed By You, Your Partners Or Your Members is deleted if you are licensed as an escrow agent by the Commissioner of Corporations of the State of California.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALIFORNIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** apply only to the Commercial Crime Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraphs **(2)** and **(3)** of the **Cancellation Of Policy** Condition are replaced by the following:

(2) All Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- (a)** 10 days before the effective date of cancellation if we cancel for:
 - (i)** Nonpayment of premium; or
 - (ii)** Discovery of fraud by:
 - i.** Any insured or his or her representative in obtaining this policy; or
 - ii.** You or your representative in pursuing a claim under this policy.
- (b)** 30 days before the effective date of cancellation if we cancel for any other reason.

(3) All Policies In Effect For More Than 60 Days

- (a)** If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
 - (i)** Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
 - (ii)** Discovery of fraud or material misrepresentation by:
 - i.** Any insured or his or her representative in obtaining this policy; or
 - ii.** You or your representative in pursuing a claim under this policy.
 - (iii)** A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.
 - (iv)** Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.

- (v) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
 - (vi) A determination by the Commissioner of Insurance that the:
 - i. Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
 - ii. Continuation of the policy coverage would:
 - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
 - (ii) Threaten our solvency.
 - (vii) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- (b) We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph (3)(a).
- B.** The following is added and supersedes any other provision to the contrary:
- Nonrenewal**
1. Subject to the provisions of Paragraph **B.2.**, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date. We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.
 2. We are not required to send notice of nonrenewal in the following situations:
 - a. If the transfer or renewal of a policy, without any changes in terms, conditions or rates, is between us and a member of our insurance group.
 - b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph **B.1.**
 - c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
 - d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
 - e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
 - f. If we have made a written offer to the first Named Insured, in accordance with the time frames shown in Paragraph **B.1.**, to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.
- C.** Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the following is added to the **Valuation – Settlement** Condition:
- Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property, regardless of whether that property has sustained partial or total loss or damage.
- The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

- 2.** If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b.** 30 days before the effective date of cancellation if we cancel for any other reason.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Cancellation Of Policies In Effect For 60 Days Or More

- a.** If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the first Named Insured written notice of cancellation:
 - (1)** Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - (2)** At least 45 days before the effective date of cancellation if we cancel for any other reason.

We may only cancel this policy based on one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** A false statement knowingly made by the insured on the application for insurance; or
- (3)** A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

C. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following condition is added:

INCREASE IN PREMIUM OR DECREASE IN COVERAGE

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

1. Nonpayment of premium;
2. A false statement knowingly made by the insured on the application for insurance; or
3. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COLORADO CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:
- (2)** If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (a)** 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
 - (b)** 30 days before the effective date of cancellation if we cancel for any other reason.
- B.** The following is added to the **Cancellation Of Policy** Condition:
- (7) Cancellation Of Policies In Effect For 60 Days Or More**
- (a)** If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy by mailing through first-class mail to the first Named Insured written notice of cancellation:
 - (i)** Including the actual reason, at least 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - (ii)** At least 45 days before the effective date of cancellation if we cancel for any other reason.
- We may only cancel this policy based on one or more of the following reasons:
- (i)** Nonpayment of premium;
 - (ii)** A false statement knowingly made by the Insured on the application for insurance; or
- (iii)** A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.
- C.** The following are added and supersede any other provisions to the contrary:
- 1. Nonrenewal**

If we decide not to renew this policy, we will mail through first-class mail to the first Named Insured shown in the Declarations written notice of the nonrenewal at least 45 days before the expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.
 - 2. Increase In Premium Or Decrease In Coverage**

We will not increase the premium unilaterally or decrease the coverage benefits on renewal of this policy unless we mail through first-class mail written notice of our intention, including the actual reason, to the first Named Insured's last mailing address known to us, at least 45 days before the effective date.

Any decrease in coverage during the policy term must be based on one or more of the following reasons:

 - a.** Nonpayment of premium;
 - b.** A false statement knowingly made by the Insured on the application for insurance; or

- c. A substantial change in the exposure or risk other than that indicated in the application and underwritten as of the effective date of the policy unless the first Named Insured has notified us of the change and we accept such change.

If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to Section E. Conditions:

Loss Payment

- 1. We will give you notice of our intentions within 60 days after we receive the sworn proof of loss; and

- 2. We will pay for covered loss or damage within 60 days after we receive the sworn proof of loss, if you have complied with all the terms of this policy and:
 - a. We have reached agreement with you on the amount of loss; or
 - b. An appraisal award has been made.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONNECTICUT CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
STANDARD PROPERTY POLICY

A. The **Cancellation** Common Policy Condition is replaced by the following:

Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. Cancellation of policies in effect for less than 60 days.
If this policy has been in effect for less than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason by giving you written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. Cancellation of policies in effect for 60 days or more.

- a. If this policy has been in effect for 60 days or more or this is a renewal of a policy we issued, we may cancel this policy by giving you written notice of cancellation at least:
 - (1) 10 days before the effective date of cancellation if we cancel for one or more of the following reasons:
 - (a) Nonpayment of premium;
 - (b) Conviction of a crime arising out of acts increasing the hazard insured against;
 - (c) Discovery of fraud or material misrepresentation by you in obtaining the policy or in perfecting any claim thereunder;
 - (d) Discovery of any willful or reckless act or omission by you increasing the hazard insured against; or

- (e) A determination by the Commissioner that continuation of the policy would violate or place us in violation of the law; or
 - (2) 60 days before the effective date of cancellation if we cancel for one or more of the following reasons:
 - (a) Physical changes in the property which increase the hazard insured against;
 - (b) A material increase in the hazard insured against; or
 - (c) A substantial loss of reinsurance by us affecting this particular line of insurance.
 - b. We may not cancel policies in effect for 60 days or more or renewal policies for any reason other than the reasons described in Paragraph 3.a. above.
 - c. If we cancel for nonpayment of premium, you may continue the coverage and avoid the effect of the cancellation by payment in full at any time prior to the effective date of cancellation.
 - d. Notice of cancellation will be delivered or sent by:
 - (1) Registered mail;
 - (2) Certified mail; or
 - (3) Mail evidenced by a United States Post Office certificate of mailing.
 - 4. We will give notice to you at your last mailing address known to us.
 - 5. Notice of cancellation will state the specific reason for the cancellation and the effective date of cancellation. The policy period will end on that date.
 - 6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
 - 7. If notice is mailed, proof of mailing will be sufficient proof of notice.
- B.** The following is added and supersedes any other provision to the contrary:
- Nonrenewal**
- 1. If we decide not to renew this policy, we will mail or deliver to you a written notice of nonrenewal, stating the specific reason for nonrenewal, at least 60 days before the expiration date of this policy. The notice will be sent to your address last known to us.
 - 2. This notice will be delivered or sent by:
 - a. Registered mail;
 - b. Certified mail; or
 - c. Mail evidenced by a certificate of mailing.
 If notice is mailed, proof of mailing is sufficient proof of notice.
 - 3. However, we are not required to send this notice if nonrenewal is due to your failure to pay any advance premium required for renewal.
 - 4. With respect to automobile liability insurance policies only, your policy shall terminate on the effective date of any other insurance policy you purchase with respect to any automobile designated in both policies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONNECTICUT CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The **Cancellation** Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. Cancellation of policies in effect for less than 60 days.

If this policy has been in effect for less than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason by giving you written notice of cancellation at least:

a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

b. 30 days before the effective date of cancellation if we cancel for any other reason.

3. Cancellation of policies in effect for 60 days or more.

a. If this policy has been in effect for 60 days or more or this is a renewal of a policy we issued, we may cancel this policy by giving you written notice of cancellation at least:

(1) 10 days before the effective date of cancellation if we cancel for one or more of the following reasons:

(a) Nonpayment of premium;

(b) Conviction of a crime arising out of acts increasing the hazard insured against;

(c) Discovery of fraud or material misrepresentation by you in obtaining the policy or in perfecting any claim thereunder;

(d) Discovery of any willful or reckless act or omission by you increasing the hazard insured against; or

(e) A determination by the Commissioner that continuation of the policy would violate or place us in violation of the law; or

(2) 60 days before the effective date of cancellation if we cancel for one or more of the following reasons:

(a) Physical changes in the property which increase the hazard insured against;

(b) A material increase in the hazard insured against; or

(c) A substantial loss of reinsurance by us affecting this particular line of insurance.

b. We may not cancel policies in effect for 60 days or more or renewal policies for any reason other than the reasons described in Paragraph **3.a.** above.

c. If we cancel for nonpayment of premium, you may continue the coverage and avoid the effect of the cancellation by payment in full at any time prior to the effective date of cancellation.

- d. Notice of Cancellation will be delivered or sent by:
 - (1) Registered mail;
 - (2) Certified mail; or
 - (3) Mail evidenced by a United States Post Office certificate of mailing.
- 4. We will give notice to you at your last mailing address known to us.
- 5. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- 6. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- 7. If notice is mailed, proof of mailing will be sufficient proof of notice.

- B. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

- 1. If we decide not to renew this policy, we will mail or deliver to you a written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date of this policy. The notice will be sent to your address last known to us.
- 2. This notice will be delivered or sent by:
 - a. Registered mail;
 - b. Certified mail; or
 - c. Mail evidenced by a certificate of mailing.If notice is mailed, proof of mailing is sufficient proof of notice.
- 3. However, we are not required to send this notice if nonrenewal is due to your failure to pay any advance premium required for renewal.
- 4. With respect to automobile liability insurance policies only, your policy shall terminate on the effective date of any other insurance policy you purchase with respect to any automobile designated in both policies.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONNECTICUT CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A.** Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 3 years from the date you "discover" the loss.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 3 years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONNECTICUT CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

The words cancelled and cancellation are replaced with the terms cancelled/nonrenewed and cancellation/nonrenewal wherever these words appear in the **Extended Period To Discover Loss** Condition or the **Joint Insured** Condition.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELAWARE CHANGES – CIVIL UNION

This endorsement modifies insurance provided under the following:

KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

All references to spouse shall include a party to a civil union recognized under Delaware law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DELAWARE CHANGES – TERMINATION PROVISIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM M
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM L
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX COVERAGE FORM K
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. With respect to the:

Farm Property-Farm Dwellings, Appurtenant Structures and Household Personal Property Coverage Form; and Commercial Property Coverage Part;

if the policy covers a building that contains no more than 4 dwelling units, one of which is the insured's principal place of residence, or covers the insured's household personal property in a residential building, the following applies:

1. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation along with the reasons for cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 60 days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1) Nonpayment of premium;

- (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3) Discovery of willful or reckless acts or omissions on your part that increase any hazard insured against;
- (4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;
- (6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the Delaware insurance laws; or
- (7) Real property taxes owing on the insured property have been delinquent for two or more years and continue delinquent at the time notice of cancellation is issued.

2. The following Condition is added:

NONRENEWAL

- a. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 30 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
- b. Any notice of nonrenewal will include the reason(s) for nonrenewal and will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

3. If CANCELLATION CHANGES CP 02 99 is attached to the Commercial Property Coverage Part, Paragraph E.2. of that form is replaced by the following:

- 2. Pay property taxes that are owing and have been outstanding for more than two years following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.

B. With respect to the:

COMMERCIAL SAFE DEPOSITORY
 CRIME – LIABILITY COVERAGE
 FORM M;
 COMMERCIAL LIABILITY FOR GUESTS'
 CRIME – PROPERTY PREMISES
 COVERAGE FORM L;

COMMERCIAL LIABILITY FOR GUESTS'
 CRIME – PROPERTY SAFE DEPOSIT
 BOX COVERAGE FORM
 K;
 COMMERCIAL GENERAL LIABILITY
 COVERAGE FORM;
 COMMERCIAL LEGAL LIABILITY
 PROPERTY – COVERAGE FORM;
 COMMERCIAL MORTGAGE HOLDER'S
 PROPERTY – ERRORS AND OMISSIONS
 COVERAGE FORM;
 EMPLOYMENT-RELATED PRACTICES
 LIABILITY COVERAGE FORM;
 FARM LIABILITY COVERAGE FORM;
 LIQUOR LIABILITY COVERAGE FORM;
 POLLUTION LIABILITY COVERAGE FORM;
 PRODUCTS/COMPLETED OPERATIONS
 COVERAGE FORM; and
 PROFESSIONAL LIABILITY COVERAGE
 FORM;

the following Condition is added and supersedes any other condition to the contrary:

NONRENEWAL

- 1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, at least 60 days before the expiration date, or the anniversary date if this is a policy written for a term of more than one year or with no fixed expiration date.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- 3. If notice of nonrenewal is mailed, it will be sent by certified mail.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISTRICT OF COLUMBIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation Common Policy Condition is replaced by the following:**

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation. At least five days before sending notice to the first Named Insured, we will notify the agent or broker, if any, who wrote the policy.

If this policy has been in effect for 30 days or less and is not a renewal of a policy we issued, we may cancel this policy for any reason.

If this policy has been in effect more than 30 days, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. You have refused or failed to pay a premium due under the terms of the policy;
2. You have made a material and willful misstatement or omission of fact to us or our employees, agents or brokers in connection with any application to or claim against us;

3. You have transferred your property or other interest to a person other than you or your beneficiary, unless the transfer is permitted under the terms of the policy; or

4. The property, interest or use of the property or interest has materially changed with respect to its insurability.

B. The following is added:

NONRENEWAL

We may elect not to renew this policy by mailing or delivering written notice of nonrenewal to the first Named Insured's last mailing address known to us. We will mail or deliver the notice at least 30 days before the expiration of the policy. At least five days before sending notice to the first Named Insured, we will notify the agent or broker, if any, who wrote the policy. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DISTRICT OF COLUMBIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A. Paragraph (2) of the Cancellation Of Policy** Condition is replaced by the following:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation. At least five days before sending notice to the first Named Insured, we will notify the agent or broker, if any, who wrote the policy.

If this policy has been in effect for 30 days or less and is not a renewal of a policy we issued, we may cancel this policy for any reason.

If this policy has been in effect more than 30 days, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

1. You have refused or failed to pay a premium due under the terms of the policy;
2. You have made a material and willful misstatement or omission of fact to us or our employees, agents or brokers in connection with any application to or claim against us;

3. You have transferred your property or other interest to a person other than you or your beneficiary, unless the transfer is permitted under the terms of the policy; or

4. The property, interest or use of the property or interest has materially changed with respect to its insurability.

- B. The following is added and supersedes any other provision to the contrary:**

Nonrenewal

We may elect not to renew this policy by mailing or delivering written notice of nonrenewal to the first Named Insured's last mailing address known to us. We will mail or deliver the notice at least 30 days before the expiration of the policy. At least five days before sending notice to the first Named Insured, we will notify the agent or broker, if any, who wrote the policy. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation For Policies In Effect 90 Days Or Less

- a.** If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the Named Insured(s) written notice of cancellation, accompanied by the specific reasons for cancellation, at least:
- (1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (2)** 20 days before the effective date of cancellation if we cancel for any other reason, except we may cancel immediately if there has been:
 - (a)** A material misstatement or misrepresentation; or
 - (b)** A failure to comply with underwriting requirements established by the insurer.
- b.** However, Paragraph **2.a.(2)** does not apply to a Named Insured whose residential structure has been insured by us or an affiliated insurer for at least a five-year period immediately prior to the date of written notice. Instead, refer to Paragraph **C.7.b.(4)** of this endorsement.

c. We may not cancel:

- (1)** On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
- (2)** On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole or clay shrinkage claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may cancel this policy if:
 - (a)** The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (b)** You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
- (3)** Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

B. Paragraph 5. of the Cancellation Common Policy Condition is replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect, unless this is an audit policy.

If this is an audit policy, then, subject to your full cooperation with us or our agent in securing the necessary data for audit, we will return any premium refund due within 90 days of the date cancellation takes effect. If our audit is not completed within this time limitation, then we shall accept your own audit, and any premium refund due shall be mailed within 10 working days of receipt of your audit.

The cancellation will be effective even if we have not made or offered a refund.

C. The following is added to the Cancellation Common Policy Condition:

7. Cancellation For Policies In Effect For More Than 90 Days

a. If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** The policy was obtained by a material misstatement;
- (3)** There has been a failure to comply with underwriting requirements established by us within 90 days of the effective date of coverage;
- (4)** There has been a substantial change in the risk covered by the policy;
- (5)** The cancellation is for all insureds under such policies for a given class of insureds;
- (6)** On the basis of property insurance claims that are the result of an act of God, if we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property;

(7) On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, or on the basis of the risk associated with the occurrence of such a claim, if:

- (a)** The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
- (b)** You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based; or

(8) On the basis of a single property insurance claim which is the result of water damage, if we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.

b. If we cancel this policy for any of these reasons, we will mail or deliver to the Named Insured(s) written notice of cancellation, accompanied by the specific reasons for cancellation, at least:

- (1)** 10 days before the effective date of cancellation if cancellation is for nonpayment of premium; or
- (2)** 45 days before the effective date of cancellation if:
 - (a)** Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(8)** above; and
 - (b)** This policy does not cover a residential structure or its contents; or
- (3)** 100 days before the effective date of cancellation if:
 - (a)** Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(8)** above; and
 - (b)** This policy covers a residential structure or its contents, unless Paragraph **7.b.(4)** applies.

However, if cancellation is to become effective between June 1 and November 30, we will mail or deliver to the Named Insured(s) written notice of cancellation at least 100 days prior to the effective date of cancellation or by June 1, whichever is earlier. Therefore, when cancellation is to become effective between September 9 and November 30, we will mail or deliver to the Named Insured(s) written notice of cancellation by June 1.

- (4) 180 days before the effective date of cancellation if:
 - (a) Cancellation is for one or more of the reasons stated in Paragraphs **7.a.(2)** through **7.a.(8)** above; and
 - (b) The Named Insured's residential structure has been insured by us or an affiliated insurer for at least a five-year period immediately prior to the date of the written notice.

D. The following is added:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the Named Insured(s) written notice of nonrenewal, accompanied by the specific reason for nonrenewal, at least:
 - a. 45 days prior to the expiration of the policy if this policy does not cover a residential structure or its contents; or
 - b. 100 days prior to the expiration of the policy if this policy covers a residential structure or its contents, unless Subsection **c.** or **d.** applies.
 - c. If this policy covers a residential structure or its contents and nonrenewal is to become effective between June 1 and November 30, we will mail or deliver to the Named Insured(s) written notice of nonrenewal at least 100 days prior to the effective date of nonrenewal or by June 1, whichever is earlier. Therefore, when nonrenewal is to become effective between September 9 and November 30, we will mail or deliver to the Named Insured(s) written notice of nonrenewal by June 1. If nonrenewal is due to a revision to this policy's coverage for sinkhole losses or catastrophic ground cover collapse pursuant to the 2007 changes in the Florida Insurance Laws concerning such coverage, then this subsection, **c.**, does not apply. Therefore, in such a case, Subsection **b.** or **d.** applies.
- d. 180 days prior to the effective date of nonrenewal if the Named Insured's residential structure has been insured by us or an affiliated insurer for at least a five-year period immediately prior to the date of the written notice.
2. Any notice of nonrenewal will be mailed or delivered to the Named Insured(s) at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. We may not refuse to renew this policy:
 - a. On the basis of property insurance claims that are the result of an act of God, unless we can demonstrate, by claims frequency or otherwise, that you have failed to take action reasonably necessary as requested by us to prevent recurrence of damage to the insured property; or
 - b. On the basis of filing of claims for partial loss caused by sinkhole damage or clay shrinkage, regardless of whether this policy has been the subject of a sinkhole or clay shrinkage claim, or on the basis of the risk associated with the occurrence of such a claim. However, we may refuse to renew this policy if:
 - (1) The total of such property insurance claim payments for this policy exceeds the current policy limits of coverage for property damage; or
 - (2) You have failed to repair the structure in accordance with the engineering recommendations upon which any loss payment or policy proceeds were based.
 - c. Solely on the basis of a single property insurance claim which is the result of water damage, unless we can demonstrate that you have failed to take action reasonably requested by us to prevent a future similar occurrence of damage to the insured property.
4. Notwithstanding the provisions of Paragraph **D.3.**, we may refuse to renew this policy if this policy includes Sinkhole Loss coverage on property located in Pasco County or Hernando County. If we nonrenew this policy for purposes of removing Sinkhole Loss coverage, pursuant to 2009 changes in the Florida Insurance Laws, we will offer you a policy that includes catastrophic ground cover collapse coverage.

E. Limitations On Cancellation And Nonrenewal In The Event Of Hurricane Or Wind Loss – Residential Property

1. The following provisions apply to a policy covering a residential structure or its contents, if such property has sustained damage as a result of a hurricane or windstorm that is the subject of a declaration of emergency by the Governor and filing of an order by the Commissioner of Insurance Regulation:

- a. Except as provided in Paragraph **E.1.b.**, we may not cancel or nonrenew the policy until at least 90 days after repairs to the residential structure or its contents have been substantially completed so that it is restored to the extent that it is insurable by another insurer writing policies in Florida. If we elect to not renew the policy, we will provide at least 100 days' notice that we intend to nonrenew 90 days after the substantial completion of repairs.
- b. We may cancel or nonrenew the policy prior to restoration of the structure or its contents for any of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Material misstatement or fraud related to the claim;

(3) We determine that you have unreasonably caused a delay in the repair of the structure; or

(4) We have paid the policy limits.

If we cancel or nonrenew for nonpayment of premium, we will give you 10 days' notice. If we cancel or nonrenew for a reason listed in Paragraph **b.(2)**, **b.(3)** or **b.(4)**, we will give you 45 days' notice.

- 2. With respect to a policy covering a residential structure or its contents, any cancellation or nonrenewal that would otherwise take effect during the duration of a hurricane will not take effect until the end of the duration of such hurricane, unless a replacement policy has been obtained and is in effect for a claim occurring during the duration of the hurricane. We may collect premium for the period of time for which the policy period is extended.
- 3. With respect to Paragraph **E.2.**, a hurricane is a storm system that has been declared to be a hurricane by the National Hurricane Center of the National Weather Service (hereafter referred to as NHC). The hurricane occurrence begins at the time a hurricane watch or hurricane warning is issued for any part of Florida by the NHC and ends 72 hours after the termination of the last hurricane watch or hurricane warning issued for any part of Florida by the NHC.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A.** Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 5 years from the date you "discover" the loss.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 5 years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FLORIDA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (2) of the Cancellation Of Policy
Condition is replaced by the following:

(2) Cancellation Of Policies In Effect

(a) 90 Days Or Less

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- (i) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium;
- (ii) 20 days before the effective date of cancellation, if we cancel for any other reason, except we may cancel immediately if there has been:
 - i. A material misstatement or misrepresentation; or
 - ii. A failure to comply with underwriting requirements established by the insurer.

(b) For More Than 90 Days

If this policy has been in effect for more than 90 days, we may cancel this policy only for one or more of the following reasons:

- (i) Nonpayment of premium;
- (ii) The policy was obtained by a material misstatement;
- (iii) There has been a failure to comply with underwriting requirements established by the insurer within 90 days of the effective date of coverage;

(iv) There has been a substantial change in the risk covered by the policy; or

(v) The cancellation is for all Insureds under such policies for a given class of Insureds.

If we cancel this policy for any of these reasons, we will mail or deliver to the Named Insured written notice of cancellation, accompanied by the reasons for cancellation, at least:

- i. 10 days before the effective date of cancellation if cancellation is for the reason stated in (b)(i) above; or
- ii. 45 days before the effective date of cancellation if cancellation is for the reasons stated in (b)(ii), (iii), (iv) or (v) above.

B. Paragraph (5) of the Cancellation Of Policy
Condition is replaced by the following:

- (5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. If the return premium is not refunded with the notice of cancellation or when this policy is returned to us, we will mail the refund within 15 working days after the date cancellation takes effect. The cancellation will be effective even if we have not made or offered a refund.

- C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the Named Insured written notice of nonrenewal, accompanied by the reason for nonrenewal, at least 45 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. Under the Commercial Crime Policy, Government Crime Policy, Employee Theft And Forgery Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;

2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within five years from the date you "discover" the loss.

- E. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within five years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GEORGIA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph **A.1.** of the CANCELLATION Common Policy Condition is replaced by the following:

- 1.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation stating a future date on which the policy is to be cancelled, subject to the following:
 - a.** If only the interest of the first Named Insured is affected, the effective date of cancellation will be either the date we receive notice from the first Named Insured or the date specified in the notice, whichever is later. However, upon receiving a written notice of cancellation from the first Named Insured, we may waive the requirement that the notice state the future date of cancellation, by confirming the date and time of cancellation in writing to the first Named Insured.
 - b.** If by statute, regulation or contract this policy may not be cancelled unless notice is given to a governmental agency, mortgagee or other third party, we will mail or deliver at least 10 days notice to the first Named Insured and the third party as soon as practicable after receiving the first Named Insured's request for cancellation.

Our notice will state the effective date of cancellation, which will be the later of the following:

- (1)** 10 days from the date of mailing or delivering our notice, or
- (2)** The effective date of cancellation stated in the first Named Insured's notice to us.

B. Paragraph **A.5.** of the CANCELLATION Common Policy Condition is replaced by the following:

5. Premium Refund

- a.** If this policy is cancelled, we will send the first Named Insured any premium refund due.
- b.** If we cancel, the refund will be pro rata, except as provided in **c.** below.
- c.** If the cancellation results from failure of the first Named Insured to pay, when due, any premium to us or any amount, when due, under a premium finance agreement, then the refund may be less than pro rata. Calculation of the return premium at less than pro rata represents a penalty charged on unearned premium.
- d.** If the first Named Insured cancels, the refund may be less than pro rata.
- e.** The cancellation will be effective even if we have not made or offered a refund.

- C.** The following is added to the CANCELLATION Common Policy condition and supersedes any other provisions to the contrary:

If we decide to:

1. Cancel or nonrenew this policy; or
2. Increase current policy premium by more than 15% (other than any increase due to change in risk, exposure or experience modification or resulting from an audit of auditable coverages); or
3. Change any policy provision which would limit or restrict coverage;

Then:

We will mail or deliver notice of our action (including the dollar amount of any increase in renewal premium of more than 15%) to the first Named Insured and lienholder, if any, at the last mailing address known to us. Except as applicable as described in Paragraph **D.** below, we will mail or deliver notice at least:

1. 10 days before the effective date of cancellation if this policy has been in effect less than 60 days or if we cancel for nonpayment of premium; or
2. 45 days before the effective date of cancellation if this policy has been in effect 60 or more days and we cancel for a reason other than nonpayment of premium; or
3. 45 days before the expiration date of this policy if we decide to nonrenew, increase the premium or limit or restrict coverage.

- D.** The following provisions apply to insurance covering residential real property only provided under the:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART;

COMMERCIAL PROPERTY COVERAGE PART;

FARM COVERAGE PART;

if the named insured is a natural person.

With respect to such insurance, the following is added to the CANCELLATION Common Policy Condition and supersedes any provisions to the contrary:

1. When this policy has been in effect for 60 days or less and is not a renewal with us, we may cancel for any reason by notifying the first named insured at least 10 days before the date cancellation takes effect.

2. When this policy has been in effect for more than 60 days, or at any time if it is a renewal with us, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium, whether payable to us or to our agent;
- b. Upon discovery of fraud, concealment of a material fact, or material misrepresentation made by or with the knowledge of any person insured under this policy in obtaining this policy, continuing this policy or presenting a claim under this policy;
- c. Upon the occurrence of a change in the risk which substantially increases any hazard insured against; or
- d. Upon the violation of any of the material terms or conditions of this policy by any person insured under this policy.

We may cancel by providing notice to the first named insured at least:

- 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- 45 days before the effective date of cancellation if we cancel for any of the reasons listed in **b.**, **c.** or **d.** above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GEORGIA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

A. The Concealment, Misrepresentation Or Fraud
Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or

2. Fraud;

committed by you or any other insured, at any time, and relating to coverage under this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

GEORGIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** Paragraph **(1)** of the **Cancellation Of Policy** Condition is replaced by the following:
- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation stating a future date on which the policy is to be cancelled, subject to the following:
 - (a)** If only the interest of the first Named Insured is affected, the effective date of cancellation will be either the date we receive notice from the first Named Insured or the date specified in the notice, whichever is later. However, upon receiving a written notice of cancellation from the first Named Insured, we may waive the requirement that the notice state the future date of cancellation, by confirming the date and time of cancellation in writing to the first Named Insured.
 - (b)** If by statute, regulation or contract this policy may not be cancelled unless notice is given to a governmental agency or other third party, we will mail or deliver at least 10 days' notice to the first Named Insured and the third party as soon as practicable after receiving the first Named Insured's request for cancellation.

Our notice will state the effective date of cancellation, which will be the later of the following:
 - (i)** 10 days from the date of mailing or delivering our notice; or
 - (ii)** The effective date of cancellation stated in the first Named Insured's notice to us.
- B.** Paragraph **(5)** of the **Cancellation Of Policy** Condition is replaced by the following:
- (5) Premium Refund**
 - (a)** If this policy is cancelled, we will send the first Named Insured any premium refund due.
 - (b)** If we cancel, the refund will be pro rata, except as provided in Paragraph **B.(5)(c)**.
 - (c)** If the cancellation results from failure of the first Named Insured to pay, when due, any premium to us or any amount, when due, under a premium finance agreement, then the refund may be less than pro rata. Calculation of the return premium at less than pro rata represents a penalty charged on unearned premium.
 - (d)** If the first Named Insured cancels, the refund may be less than pro rata.
 - (e)** The cancellation will be effective even if we have not made or offered a refund.
- C.** The following is added to the **Cancellation Of Policy** Condition:
- (7)** If we decide to:
 - (a)** Cancel or nonrenew this policy; or
 - (b)** Increase current policy premium by more than 15% (other than any increase due to change in risk, exposure or experience modification or resulting from an audit of auditable coverages); or

- (c) Change any policy provision which would limit or restrict coverage;

Then:

We will mail or deliver notice of our action (including the dollar amount of any increase in renewal premium of more than 15%) to the first Named Insured, if any, at the last mailing address known to us. We will mail or deliver notice at least:

- (i) 10 days before the effective date of cancellation if this policy has been in effect less than 60 days or if we cancel for nonpayment of premium;
- (ii) 45 days before the effective date of cancellation if this policy has been in effect 60 or more days and we cancel for a reason other than nonpayment of premium; or

- (iii) 45 days before the expiration date of this policy if we decide to nonrenew, increase the premium or limit or restrict coverage.

- D. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
 2. Fraud;
- committed by you or any other insured, at any time, and relating to coverage under this policy.

GOVERNMENT CRIME COVERAGE FORM (DISCOVERY FORM)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is or is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Insuring Agreements

Coverage is provided under the following Insuring Agreements for which a Limit of Insurance is shown in the Declarations:

1. Employee Theft – Per Loss Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by an "employee", whether identified or not, acting alone or in collusion with other persons.

2. Employee Theft – Per Employee Coverage

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from "theft" committed by each "employee", whether identified or not, acting alone or in collusion with other persons.

3. Forgery Or Alteration

a. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

- (1) Made or drawn by or drawn upon you; or
- (2) Made or drawn by one acting as your agent;

or that are purported to have been so made or drawn.

b. If you are sued for refusing to pay any instrument covered in Paragraph a. above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the Limit of Insurance applicable to this Insuring Agreement.

4. Inside The Premises – Theft Of Money And Securities

- a. We will pay for loss of "money" and "securities" inside the "premises" or "banking premises" resulting directly from "theft", disappearance or destruction.
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "theft" of "money" and "securities", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe, vault, cash register, cash box or cash drawer located inside the "premises" resulting directly from an actual or attempted "theft" of or unlawful entry into those containers.

5. Inside The Premises – Robbery Or Safe Burglary Of Other Property

- a. We will pay for loss of or damage to "other property":
 - (1) Inside the "premises" resulting directly from an actual or attempted "robbery" of a "custodian"; or
 - (2) Inside the "premises" in a safe or vault resulting directly from an actual or attempted "safe burglary".
- b. We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "safe burglary" of "other property", if you are the owner of the "premises" or are liable for damage to it.
- c. We will pay for loss of or damage to a locked safe or vault located inside the "premises" resulting directly from an actual or attempted "robbery" or "safe burglary".

6. Outside The Premises

- a. We will pay for loss of "money" and "securities" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from "theft", disappearance or destruction.

- b. We will pay for loss of or damage to "other property" outside the "premises" in the care and custody of a "messenger" or an armored motor vehicle company resulting directly from an actual or attempted "robbery".

7. Computer Fraud

We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":

- a. To a person (other than a "messenger") outside those "premises"; or
- b. To a place outside those "premises".

8. Funds Transfer Fraud

We will pay for loss of "funds" resulting directly from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

9. Money Orders And Counterfeit Paper Currency

We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:

- a. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
- b. "Counterfeit" paper currency that is acquired during the regular course of business.

B. Limit Of Insurance

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Declarations.

C. Deductible

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance. In the event more than one Deductible Amount could apply to the same loss, only the highest Deductible Amount may be applied.

D. Exclusions

1. This insurance does not apply to:

a. Acts Committed By You

Loss resulting from "theft" or any other dishonest act committed by you, whether acting alone or in collusion with other persons.

b. Acts Of Officials, Employees Or Representatives

Loss resulting from "theft" or any other dishonest act committed by any of your officials, "employees" or authorized representatives:

- (1) Whether acting alone or in collusion with other persons; or
- (2) While performing services for you or otherwise;

except when covered under Insuring Agreements **A.1.** or **A.2.**

c. Governmental Action

Loss resulting from seizure or destruction of property by order of governmental authority.

d. Indirect Loss

Loss that is an indirect result of any act or "occurrence" covered by this insurance including, but not limited to, loss resulting from:

- (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
- (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this insurance.
- (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this insurance.

e. Legal Expenses

Expenses related to any legal action, except when covered under Insuring Agreement **A.3.**

f. Nuclear

Loss resulting from nuclear reaction, nuclear radiation or radioactive contamination, or any related act or incident.

g. War And Similar Actions

Loss resulting from war, whether or not declared, warlike action, insurrection, rebellion or revolution, or any related act or incident.

2. Insuring Agreements **A.1.** and **A.2.** do not apply to:

a. Bonded Employees

Loss caused by any "employee" required by law to be individually bonded.

b. Employees Cancelled Under Prior Insurance

Loss caused by any "employee" of yours, or predecessor in interest of yours, for whom similar prior insurance has been cancelled and not reinstated since the last such cancellation.

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

d. Trading

Loss resulting directly or indirectly from trading, whether in your name or in a genuine or fictitious account.

e. Treasurers Or Tax Collectors

Loss caused by any treasurer or tax collector by whatever name known.

3. Insuring Agreements **A.4.**, **A.5.** and **A.6.** do not apply to:

a. Accounting Or Arithmetical Errors Or Omissions

Loss resulting from accounting or arithmetical errors or omissions.

b. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

c. Fire

Loss resulting from fire, however caused, except:

- (1) Loss of or damage to "money" and "securities"; and
- (2) Loss from damage to a safe or vault.

d. Money Operated Devices

Loss of property contained in any money operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

e. Motor Vehicles Or Equipment And Accessories

Loss of or damage to motor vehicles, trailers or semi-trailers or equipment and accessories attached to them.

f. Transfer Or Surrender Of Property

(1) Loss of or damage to property after it has been transferred or surrendered to a person or place outside the "premises" or "banking premises":

- (a) On the basis of unauthorized instructions;
- (b) As a result of a threat to do bodily harm to any person; or
- (c) As a result of a threat to do damage to any property.

(2) But, this Exclusion does not apply under Insuring Agreement **A.6.** to loss of "money", "securities" or "other property" while outside the "premises" in the care and custody of a "messenger" if you:

- (a) Had no knowledge of any threat at the time the conveyance began; or
- (b) Had knowledge of a threat at the time the conveyance began, but the loss was not related to the threat.

g. Vandalism

Loss from damage to the "premises" or its exterior, or to any safe, vault, cash register, cash box, cash drawer or "other property" by vandalism or malicious mischief.

h. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

4. Insuring Agreement **A.7.** does not apply to:

a. Exchanges Or Purchases

Loss resulting from the giving or surrendering of property in any exchange or purchase.

b. Funds Transfer Fraud

Loss resulting from a "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".

c. Inventory Shortages

Loss, or that part of any loss, the proof of which as to its existence or amount is dependent upon:

- (1) An inventory computation; or
- (2) A profit and loss computation.

d. Voluntary Parting Of Title To Or Possession Of Property

Loss resulting from your, or anyone acting on your express or implied authority, being induced by any dishonest act to voluntarily part with title to or possession of any property.

5. Insuring Agreement **A.8.** does not apply to:

COMPUTER FRAUD

Loss resulting from the use of any computer to fraudulently cause a transfer of "money", "securities" or "other property".

E. Conditions

The following conditions apply in addition to the Common Policy Conditions:

1. Conditions Applicable To All Insuring Agreements

a. Cancellation As To Any Employee

This insurance is cancelled as to any "employee":

- (1) Immediately upon discovery by:
 - (a) You; or
 - (b) Any official or employee authorized to manage, govern or control your "employees" who is not in collusion with the "employee";

of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

- (2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 30 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

b. Concealment, Misrepresentation Or Fraud

This insurance is void in any case of fraud by you as it relates to this insurance at any time. It is also void if you or any other Insured, at any time, intentionally conceal or misrepresent a material fact concerning:

- (1) This insurance;
- (2) The property covered under this insurance;
- (3) Your interest in the property covered under this insurance; or
- (4) A claim under this insurance.

c. Discovery

- (1) We will pay for loss that you sustain through acts committed or events occurring at any time and discovered by you:

- (a) During the policy period shown in the Declarations; or
- (b) During the period of time provided in the Extended Period To Discover Loss Condition **E.1.f.**

- (2) Discovery of loss occurs when you first become aware of facts which would cause a reasonable person to assume that a loss covered by this insurance has been or will be incurred, even though the exact amount or details of loss may not then be known.

Discovery also occurs when you receive notice of an actual or potential claim against you alleging facts that if true would constitute a loss covered under this insurance.

d. Duties In The Event Of Loss

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- (1) Notify us as soon as possible. If you have reason to believe that any loss (except for loss covered under Insuring Agreements **A.1.**, **A.2.** or **A.3.**) involves a violation of law, you must also notify the local law enforcement authorities.
- (2) Submit to examination under oath at our request and give us a signed statement of your answers.
- (3) Give us a detailed, sworn proof of loss within 120 days.
- (4) Cooperate with us in the investigation and settlement of any claim.

e. Employee Benefit Plan(s)

- (1) The employee benefit plan(s) shown in the Declarations are included as Insureds under Insuring Agreements **A.1.** or **A.2.**
- (2) Any payment we make to you for loss sustained by any Plan will be held by you for the use and benefit of the Plan(s) sustaining the loss.
- (3) The Deductible Amount applicable to Insuring Agreements **A.1.** or **A.2.** does not apply to loss sustained by any employee benefit plan(s).

f. Extended Period To Discover Loss

- (1) We will pay for loss that you sustained prior to the effective date of termination or cancellation of this insurance, which is discovered by you no later than 60 days from the date of that termination or cancellation.
- (2) However, this extended period to discover loss terminates immediately upon the effective date of any other insurance obtained by you replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

g. Joint Insured

- (1) If more than one Insured is named in the Declarations, the first Named Insured will act for itself and for every other Insured for all purposes of this insurance. If the first Named Insured ceases to be covered, then the next Named Insured will become the first Named Insured.
- (2) If any Insured or official of that Insured has knowledge of any information relevant to this insurance, that knowledge is considered knowledge of every Insured.
- (3) An "employee" of any Insured is considered to be an "employee" of every Insured.
- (4) If this insurance or any of its coverages is cancelled or terminated as to any Insured, loss sustained by that Insured is covered only if discovered by you during the period of time provided in the Extended Period To Discover Loss Condition **E.1.f.**

However, this extended period to discover loss terminates as to that Insured immediately upon the effective date of any other insurance obtained by that Insured replacing in whole or in part the insurance afforded hereunder, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) We will not pay more for loss sustained by more than one Insured than the amount we would pay if all the loss had been sustained by one Insured.

h. Legal Action Against Us

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with all the terms of this insurance;
- (2) Until 90 days after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you discover the loss.

If any limitation is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

i. Liberalization

If we adopt any revision that would broaden the coverage under this insurance without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this insurance.

j. Loss Covered Under More Than One Coverage Of This Insurance

If two or more coverages of this insurance apply to the same loss, we will pay the lesser of:

- (1) The actual amount of loss; or
- (2) The sum of the Limits of Insurance applicable to those coverages.

k. Non-Cumulation Of Limit Of Insurance

Regardless of the number of years this insurance remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or policy period to policy period.

l. Other Insurance

This insurance does not apply to loss recoverable or recovered under other insurance or indemnity. If the limit of the other insurance or indemnity is insufficient to cover the entire amount of the loss, this insurance will apply to that part of the loss, other than that falling within any Deductible Amount, not recoverable or recovered under the other insurance or indemnity.

However, this insurance will not apply to the amount of loss that is more than the applicable Limit of Insurance shown in the Declarations.

m. Ownership Of Property; Interests Covered

The property covered under this insurance is limited to property:

- (1) That you own or lease;
- (2) That you hold for others; or
- (3) For which you are legally liable.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization. Any claim for loss under this insurance must be presented by you.

n. Records

You must keep records of all property covered under this insurance so we can verify the amount of any loss.

o. Recoveries

(1) Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this insurance will be distributed as follows:

- (a) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible Amount, if any;
- (b) Then to us, until we are reimbursed for the settlement made; and
- (c) Then to you, until you are reimbursed for that part of the loss equal to the Deductible Amount, if any.

(2) Recoveries do not include any recovery:

- (a) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (b) Of original "securities" after duplicates of them have been issued.

p. Territory

This insurance covers acts committed or events occurring within the United States of America (including its territories and possessions) and Puerto Rico.

q. Transfer Of Your Rights Of Recovery Against Others To Us

You must transfer to us all your rights of recovery against any person or organization for any loss you sustained and for which we have paid or settled. You must also do everything necessary to secure those rights and do nothing after loss to impair them.

r. Valuation – Settlement

(1) Subject to Section B. Limit Of Insurance, we will pay for:

- (a) Loss of "money" but only up to and including its face value.
- (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:

- (i) Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in and to those "securities"; or

- (ii) Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of the "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the:
 - i. Value of the "securities" at the close of business on the day the loss was discovered; or
 - ii. Limit of Insurance.
- (c) Loss of or damage to "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:
 - (i) The Limit of Insurance applicable to the lost or damaged property;
 - (ii) The cost to replace the lost or damaged property with property of comparable material and quality and used for the same purpose; or
 - (iii) The amount you actually spend that is necessary to repair or replace the lost or damaged property.

We will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced; and
 - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.
- If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.
- (2) Any property that we pay for or replace becomes our property.

2. Conditions Applicable To Insuring Agreements A.1. And A.2.

a. Indemnification

We will indemnify any of your officials who are required by law to give bonds for the faithful performance of their duties against loss through "theft" committed by "employees" who serve under them, subject to the applicable Limit of Insurance.

b. Territory

We will pay for loss caused by any "employee" while temporarily outside the territory specified in the Territory Condition **E.1.p.** for a period of not more than 90 days.

3. Conditions Applicable To Insuring Agreement A.3.

a. Deductible

The Deductible Amount does not apply to legal expenses paid under Insuring Agreement **A.3.**

b. Electronic And Mechanical Signatures

We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.

c. Proof Of Loss

You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.

d. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.3.**

4. Conditions Applicable To Insuring Agreements A.5. And A.6.

a. Armored Motor Vehicle Companies

Under Insuring Agreement **A.6.**, we will only pay for the amount of loss you cannot recover:

- (1) Under your contract with the armored motor vehicle company; and

- (2) From any insurance or indemnity carried by, or for the benefit of customers of, the armored motor vehicle company.

b. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

5. Conditions Applicable To Insuring Agreement A.7.

a. Special Limit Of Insurance For Specified Property

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind or the cost of reconstructing them or reproducing any information contained in them.

b. Territory

We will cover loss you sustain anywhere in the world. The Territory Condition **E.1.p.** does not apply to Insuring Agreement **A.7.**

F. Definitions

- 1. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
- 2. "Counterfeit" means an imitation of an actual valid original which is intended to deceive and to be taken as the original.
- 3. "Custodian" means you or any "employee" while having care and custody of property inside the "premises", excluding any person while acting as a "watchperson" or janitor.
- 4. "Employee":
 - a. "Employee" means:
 - (1) Any natural person:
 - (a) While in your service or for 30 days after termination of service;
 - (b) Who you compensate directly by salary, wages or commissions; and
 - (c) Who you have the right to direct and control while performing services for you;
 - (2) Any natural person who is furnished temporarily to you:
 - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or

- (b) To meet seasonal or short-term work load conditions;

while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the "premises";

- (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
- (4) Any natural person who is:
 - (a) A trustee, officer, employee, administrator or manager, except an administrator or manager who is an independent contractor, of any employee benefit plan(s) insured under this insurance; and
 - (b) Your official while that person is handling "funds" or "other property" of any employee benefit plan(s) insured under this insurance;
- (5) Any natural person who is a former official, "employee", representative or trustee retained as a consultant while performing services for you; or
- (6) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the "premises".
- b. "Employee" does not mean any agent, independent contractor or representative of the same general character.
- 5. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
- 6. "Fraudulent instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;

- b. A written instruction (other than those described in Insuring Agreement **A.3.**) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
7. "Funds" means "money" and "securities".
8. "Messenger" means you or any "employee" while having care and custody of property outside the "premises".
9. "Money" means:
- a. Currency, coins and bank notes in current use and having a face value; and
 - b. Travelers checks, register checks and money orders held for sale to the public.
10. "Occurrence" means:
- a. As respects Insuring Agreement **A.1.**, all loss caused by, or involving, one or more "employees", whether the result of a single act or series of acts.
 - b. As respects Insuring Agreement **A.2.**, all loss caused by each "employee", whether the result of a single act or series of acts.
 - c. As respects Insuring Agreement **A.3.**, all loss caused by any person or in which that person is involved, whether the loss involves one or more instruments.
 - d. As respects all other Insuring Agreements:
 - (1) An act or series of related acts involving one or more persons; or
 - (2) An act or event, or a series of related acts or events not involving any person.
11. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this insurance.
12. "Premises" means the interior of that portion of any building you occupy in conducting your business.
13. "Robbery" means the unlawful taking of property from the care and custody of a person by one who has:
- a. Caused or threatened to cause that person bodily harm; or
 - b. Committed an obviously unlawful act witnessed by that person.
14. "Safe burglary" means the unlawful taking of:
- a. Property from within a locked safe or vault by a person unlawfully entering the safe or vault as evidenced by marks of forcible entry upon its exterior; or
 - b. A safe or vault from inside the "premises".
15. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or property and includes:
- a. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;
- but does not include "money".
16. "Theft" means the unlawful taking of "money", "securities" or "other property" to the deprivation of the Insured.
17. "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":
- a. By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b. By means of written instructions (other than those described in Insuring Agreement **A.3.**) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.
18. "Watchperson" means any person you retain specifically to have care and custody of property inside the "premises" and who has no other duties.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HAWAII CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY

COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM

COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX COVERAGE FORM

COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM

COMMERCIAL GENERAL LIABILITY COVERAGE PART

COMMERCIAL PROPERTY – LEGAL LIABILITY COVERAGE FORM

COMMERCIAL PROPERTY – MORTGAGE HOLDER'S ERRORS AND OMISSIONS COVERAGE FORM

EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART

FARM – FARM LIABILITY COVERAGE FORM

LIQUOR LIABILITY COVERAGE PART

POLLUTION LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the CANCELLATION Common Policy Condition is replaced by the following:

We may cancel this policy prior to the expiration of the agreed term, or one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons, by delivering to the first Named Insured written notice of cancellation, at least 30 days before the effective date of cancellation:

1. Nonpayment of premium;
2. Fraud or material misrepresentation;
3. Substantial increase in the risk hazard, except to the extent that we should have reasonably foreseen the change when entering into the contract;
4. Substantial breaches of contractual duties, conditions or warranties;
5. Violation of any local fire, health or safety statute or ordinance;
6. Conviction of the Named Insured for a crime having as one of its necessary elements, an act increasing any hazard that is insured against;

7. Determination by the insurance commissioner that the continuation of the policy places us in violation of chapter 431, Hawaii Revised Statutes; or

8. Any good faith reason with the approval of the insurance commissioner.

B. The following is added and supersedes any provision to the contrary:

NONRENEWAL OF POLICY

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal, stating the reasons for nonrenewal, at least 45 days prior to the expiration of this policy.
2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HAWAII CHANGES – CIVIL UNION

This endorsement modifies insurance provided under the following:

KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

All references to spouse shall include a party to a civil union recognized under Hawaii law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDAHO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs 1. and 2. of the Cancellation Common Policy Condition are replaced by the following:

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation. Cancellation will be effective on the later of the date requested by the first Named Insured or the date we receive the request.

2. Policies In Effect

a. 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or
- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

b. More Than 60 Days

If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (3)** Acts or omissions on your part which increase any hazard insured against;
- (4)** Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (5)** Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;

(6) A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or

(7) Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10 day notification period begins to run five days following the date of postmark; or

(b) 30 days before the effective date of cancellation if we cancel for any other reason stated in 2.b. above.

B. The following Condition is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.

3. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.

4. We need not mail or deliver this notice if:

- a. We have offered to renew this policy;
- b. You have obtained replacement coverage; or
- c. You have agreed in writing to obtain replacement coverage.

5. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. The following Condition is added:

PREMIUM OR COVERAGE CHANGES AT RENEWAL

1. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten percent (10%) which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage to the first Named Insured, at the last mailing address known to us.

2. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.

3. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:

- a. 30 days after notice is given; or
- b. The effective date of replacement coverage obtained by the first Named Insured.

4. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.

5. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.

6. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IDAHO CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraphs (1) and (2) of the Cancellation Of Policy Condition are replaced by the following:

- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation. Cancellation will be effective on the later of the date requested by the first Named Insured or the date we receive the request.

(2) Policies In Effect

(a) 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10-day notification period begins to run five days following the date of postmark; or
- (ii)** 30 days before the effective date of cancellation if we cancel for any other reason.

(b) More Than 60 Days

If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i)** Nonpayment of premium;

- (ii)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (iii)** Acts or omissions on your part which increase any hazard insured against;
- (iv)** Change in the risk which materially increases the risk of loss after the policy has been issued or renewed including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
- (v)** Loss of or decrease in reinsurance which provided us with coverage for all or part of the risk insured;
- (vi)** A determination by the Director of Insurance that continuation of this policy would jeopardize our solvency or place us in violation of the insurance laws of Idaho or any other state; or
- (vii)** Violation or breach by the insured of any policy terms or conditions other than nonpayment of premium.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium. If delivered via United States mail, the 10-day notification period begins to run five days following the date of postmark; or
- (ii) 30 days before the effective date of cancellation if we cancel for any other reason stated in Paragraph (2)(b) above.

B. The following are added and supersede any other provision to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured a written notice of intention not to renew at least 45 days prior to the expiration or anniversary date of the policy.
- b. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
- c. If notice is not mailed or delivered at least 45 days before the expiration or anniversary date of this policy, this policy will remain in effect until 45 days after notice is mailed or delivered. Earned premium for the extended period of coverage will be calculated pro rata at the rates applicable to the expiring policy.
- d. We need not mail or deliver this notice if:
 - (1) We have offered to renew this policy;
 - (2) You have obtained replacement coverage; or
 - (3) You have agreed in writing to obtain replacement coverage.
- e. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. Premium Or Coverage Changes At Renewal

- a. If we elect to renew this policy, we will mail or deliver written notice of any total premium increase greater than ten percent (10%), which is the result of a comparable increase in premium rates, change in deductible, reduction in limits or reduction in coverage, to the first Named Insured at the last mailing address known to us.
- b. Any such notice will be mailed or delivered to the first Named Insured at least 30 days before the expiration or anniversary date of the policy.
- c. If notice is not mailed or delivered at least 30 days before the expiration or anniversary date of the policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until the earlier of the following:
 - (1) 30 days after notice is given; or
 - (2) The effective date of replacement coverage obtained by the first Named Insured.
- d. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes will be effective on and after the first day of the renewal term.
- e. If the first Named Insured elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
- f. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ILLINOIS CHANGES – CIVIL UNION

This endorsement modifies insurance provided under the following:

KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

All references to spouse shall include a party to a civil union recognized under Illinois law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ILLINOIS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

- A. The Cancellation Common Policy Condition or the Cancellation Of Policy Condition is replaced by the following:**
- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
 - (2) Cancellation Of Policies In Effect 60 Days Or Less**
 - (a)** We may cancel this policy by mailing to you written notice stating the reason for cancellation.
 - (b)** If we cancel for nonpayment of premium, we will mail the notice at least 10 days prior to the effective date of cancellation.
 - (c)** If we cancel for a reason other than nonpayment of premium, we will mail the notice at least:
 - (i)** 30 days prior to the effective date of cancellation if the policy has been in effect for less than 60 days.
 - (ii)** 60 days prior to the effective date of cancellation if the policy has been in effect for more than 60 days.
 - (3) 60 Days Or More**

If this policy has been in effect for more than 60 days, we may cancel only for one or more of the following reasons:

 - (a)** Nonpayment of premium;
 - (b)** The policy was obtained through a material misrepresentation;
 - (c)** Any Insured has violated any of the terms and conditions of the policy;
 - (d)** The risk originally accepted has measurably increased;
 - (e)** Certification to the Director of Insurance of the loss of reinsurance by the insurer that provided coverage to us for all or a substantial part of the underlying risk insured; or
 - (f)** A determination by the Director of Insurance that the continuation of the policy could place us in violation of the insurance laws of this State.
 - (4)** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 - (5)** If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be less than pro rata. The cancellation will be effective even if we have not offered a refund.
- B. The following is added and supersedes any other provision to the contrary:**
- Nonrenewal**
- If we decide not to renew or continue this policy, we will mail you and your agent or broker written notice, stating the reason for nonrenewal, at least 60 days before the end of the policy period. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

If we fail to mail proper written notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.

C. Mailing Of Notices

We will mail cancellation and nonrenewal notices to the last addresses known to us. Proof of mailing will be sufficient proof of notice.

D. Under the Commercial Crime Coverage Form, Commercial Crime Policy, Government Crime Coverage Form, Government Crime Policy, Employee Theft And Forgery Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this insurance;
2. Until 90 days after you have filed proof of loss with us; and

3. Unless brought within two years from the date you "discover" the loss. But we will extend this two-year period by the number of days between the date proof of loss is filed and the date the claim is denied in whole or in part.

E. Under the Kidnap/Ransom And Extortion Coverage Form and Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this insurance;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within two years from the date you reported the loss to us. But we will extend this two-year period by the number of days between the date proof of loss is filed and the date the claim is denied in whole or in part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation Of Policies In Effect

a. 90 Days Or Less

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

b. More Than 90 Days

If this policy has been in effect for more than 90 days, or is a renewal of a policy we issued, we may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 45 days before the effective date of cancellation if:
 - (a) There has been a substantial change in the scale of risk covered by this policy;
 - (b) Reinsurance of the risk associated with this policy has been cancelled; or
 - (c) You have failed to comply with reasonable safety recommendations.

B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:
 - a. The expiration date of this policy, if the policy is written for a term of one year or less; or
 - b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – RIGHTS OF RECOVERY

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:

TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** apply only to the Commercial Crime Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Of Policies In Effect

(a) 90 Days Or Less

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (ii)** 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (iii)** 30 days before the effective date of cancellation if we cancel for any other reason.

(b) More Than 90 Days

If this policy has been in effect for more than 90 days, or is a renewal of a policy we issued, we may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium;

- (ii)** 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or

- (iii)** 45 days before the effective date of cancellation if:

- i.** There has been a substantial change in the scale of risk covered by this policy; or
- ii.** Reinsurance of the risk associated with this policy has been cancelled; or
- iii.** You have failed to comply with reasonable safety recommendations.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1.** If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:
 - a.** The expiration date of this policy, if the policy is written for a term of one year or less; or
 - b.** The anniversary date of this policy, if the policy is written for a term of more than one year.
- 2.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. The Transfer Of Your Rights Of Recovery Against Others To Us Condition is replaced by the following:

Transfer Of Your Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. Our right to recover damages from another may be enforced even if the person or organization to or for whom we make payment has not been fully compensated for damages.

The person or organization to or for whom we make payment must do everything necessary to secure our rights and must do nothing after loss to impair them.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IOWA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The **Cancellation Common Policy** Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

2. Cancellation Requirements

a. We may cancel this policy, by mailing or delivering to the first Named Insured and any loss payee written notice of cancellation at least:

- (1)** 30 days before the effective date of cancellation if we cancel due to loss of reinsurance coverage;
- (2)** 10 days before the effective date of cancellation if we cancel for any other reason.

b. If this policy is a new policy and has been in effect for less than 60 days, we may cancel for:

- (1)** Loss of reinsurance, subject to **d.** below; or
- (2)** Any other reason.

c. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Misrepresentation or fraud made by or with your knowledge in obtaining the policy, when renewing the policy, or in presenting a claim under the policy;
- (3)** Acts or omissions by you that substantially change or increase the risk insured;
- (4)** Determination by the Commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;
- (5)** You have acted in a manner which you knew or should have known was in violation or breach of a policy term or condition; or
- (6)** Loss of reinsurance, subject to **d.** below.

d. We may cancel due to loss of reinsurance which provides coverage to us for a significant portion of the underlying risk insured, but only if the Commissioner determines that such cancellation is justified.

3. We will mail or deliver our notice to the first Named Insured's and any loss payee's last mailing address known to us.
4. Notice of cancellation will state:
 - a. The reason for cancellation; and
 - b. The effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, a post office department certificate of mailing is proof of receipt of notice. However, if cancellation is for nonpayment of premium, a certificate of mailing is not required.

- B. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and any loss payee at least 45 days before the expiration date of this policy, except if:
 - a. We have offered to issue a renewal policy; or
 - b. You have failed to pay a premium due or any advance premium required by us for renewal.
2. If notice is mailed, a post office department certificate of mailing is proof of receipt of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

IOWA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation Of Policy** Condition is replaced by the following:

CANCELLATION OF POLICY

(1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

(2) Cancellation Requirements

(a) We may cancel this policy, by mailing or delivering to the first Named Insured and any loss payee written notice of cancellation at least:

- (i) 30 days before the effective date of cancellation if we cancel due to loss of reinsurance coverage;
- (ii) 10 days before the effective date of cancellation if we cancel for any other reason.

(b) Policies In Effect Less Than 60 Days

If this policy is a new policy and has been in effect for less than 60 days, we may cancel for:

- (i) Loss of reinsurance, subject to Paragraph (d) below; or
- (ii) Any other reason.

(c) Policies In Effect 60 Days Or More

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (i) Nonpayment of premium;
- (ii) Misrepresentation or fraud made by or with your knowledge in obtaining the policy, when renewing the policy, or in presenting a claim under the policy;
- (iii) Acts or omissions by you that substantially change or increase the risk insured;

(iv) Determination by the Commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;

(v) You have acted in a manner which you knew or should have known was in violation or breach of a policy term or condition; or

(vi) Loss of reinsurance, subject to Paragraph (d).

(d) We may cancel due to loss of reinsurance which provides coverage to us for a significant portion of the underlying risk insured, but only if the Commissioner determines that such cancellation is justified.

(3) We will mail or deliver our notice to the first Named Insured's and any loss payee's last mailing address known to us.

(4) Notice of cancellation will state:

(a) The reason for cancellation; and

(b) The effective date of cancellation. The policy period will end on that date.

(5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

(6) If notice is mailed, a post office department certificate of mailing is proof of receipt of notice. However, if cancellation is for nonpayment of premium, a certificate of mailing is not required.

B. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and any loss payee at least 45 days before the expiration date of this policy, except if:
 - a. We have offered to issue a renewal policy;
or

- b. You have failed to pay a premium due or any advance premium required by us for renewal.
2. If notice is mailed, a post office department certificate of mailing is proof of receipt of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – BINDING ARBITRATION

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

PROVISIONS

If, after a claim has been made, a dispute arises because you and we disagree on the amount of loss, both parties may by mutual consent agree to arbitration of the disagreement.

One party cannot force the other party into arbitration.

However, if both parties agree to voluntarily arbitrate, each party will select an arbitrator. The two arbitrators will select an umpire. If they cannot agree within 30 days upon such umpire, both parties must request that selection of the umpire be made by a judge of a court having jurisdiction. Each party will:

1. Pay the expenses it incurs; and
2. Bear the expenses of the umpire equally.

If the arbitrators fail to agree on the amount of the loss, they will submit their differences to the umpire. **A decision agreed to by any two will be binding.**

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.a.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reasons for cancellation, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- b.** If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
- (1) Nonpayment of premium;
 - (2) This policy was issued because of material misrepresentation;
 - (3) You or any other insured violated any of the material terms and conditions of this policy;
- (4) Unfavorable underwriting factors, specific to you, exist that were not present at the inception of this policy;
 - (5) A determination by the insurance commissioner that continuation of coverage could place us in a hazardous financial condition or in violation of the laws of Kansas; or
 - (6) A determination by the insurance commissioner that we no longer have adequate reinsurance to meet our needs.
- B.** The following is added and supersedes any condition to the contrary:
- NONRENEWAL**
1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 60 days prior to the expiration of the policy.
 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

The **CONCEALMENT, MISREPRESENTATION OR FRAUD Condition** is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by an insured at any time and relating to an insurance application, rating, claim or coverage under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KANSAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (2) of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Of Policies In Effect

(a) Less Than 90 Days

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reasons for cancellation, at least:

- (i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (ii) 30 days before the effective date of cancellation if we cancel for any other reason.

(b) 90 Days Or More

If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i) Nonpayment of premium;
- (ii) This policy was issued because of material misrepresentation;
- (iii) You or any other Insured violated any of the material terms and conditions of this policy;
- (iv) Unfavorable underwriting factors, specific to you, exist that were not present at the inception of this policy;
- (v) A determination by the insurance commissioner that continuation of coverage could place us in a hazardous financial condition or in violation of the laws of Kansas; or

(vi) A determination by the insurance commissioner that we no longer have adequate reinsurance to meet our needs.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 60 days prior to the expiration of the policy.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. Under the Commercial Crime Policy, Government Crime Policy, Employee Theft And Forgery Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within five years from the date you "discover" the loss.

D. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within four years from the date you reported the loss to us.

E. Under the Commercial Crime Policy, Government Crime Policy, Government Employee Theft And Forgery Policy and Employee Theft And Forgery Policy, the following is added to the **Valuation – Settlement** Condition:

Actual cash value is calculated as the amount that it would cost to repair or replace covered property with material of like kind and quality, less allowance for physical deterioration and depreciation, including obsolescence.

F. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by an Insured at any time and relating to an insurance application, rating, claim or coverage under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Of Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Cancellation Of Policies In Effect For More Than 60 Days

a. If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;

- (3) Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;
- (4) The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- (6) We are unable to reinsure the risk covered by the policy; or
- (7) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

- b. If we cancel this policy based on Paragraph 7.a. above, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:
 - (1) 14 days before the effective date of the cancellation, if cancellation is for non-payment of premium; or
 - (2) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in 7.a.(2) through 7.a.(7) above.
- C. The following is added and supersedes any provision to the contrary:

NONRENEWAL

- 1. For the purpose of this Condition:
 - a. Any policy period or term of less than six months shall be considered to be a policy period or term of six months; and
 - b. Any policy period or term of more than one year or any policy with no fixed expiration date shall be considered a policy period or term of one year.
- 2. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.

- 3. If notice of nonrenewal is not provided pursuant to this Condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium until you have accepted replacement coverage with another insurer, or until you have agreed to the nonrenewal.
- 4. If we mail or deliver a renewal notice to the first Named Insured at least 30 days before the end of the policy period, stating the renewal premium and its due date, the policy will terminate without further notice unless the renewal premium is received by us or our authorized agent by the due date.
- 5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.
- 6. If notice is mailed, proof of mailing is sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES – TERMINATION OF EMPLOYEE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

- A.** In the Commercial Crime Coverage Form, Commercial Crime Policy and Employee Theft And Forgery Policy, Paragraph **(2)** of the **Termination As To Any Employee** Condition **E.2.a.** is deleted.
- B.** In the Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, Paragraph **(2)** of the **Termination As To Any Employee** Condition **E.2.b.** is deleted.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

KENTUCKY CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Of Policies In Effect For 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 14 days before the effective date of cancellation.

B. The following is added to the **Cancellation Of Policy** Condition:

(7) Cancellation Of Policies In Effect For More Than 60 Days

(a) If this policy has been in effect for more than 60 days or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** Discovery of fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
- (iii)** Discovery of willful or reckless acts or omissions on your part which increase any hazard insured against;
- (iv)** The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(v) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;

(vi) We are unable to reinsure the risk covered by the policy; or

(vii) A determination by the commissioner that the continuation of the policy would place us in violation of the Kentucky insurance code or regulations of the commissioner.

(b) If we cancel this policy based on Paragraph **(7)(a)**, we will mail or deliver a written notice of cancellation to the first Named Insured, stating the reason for cancellation, at least:

(i) 14 days before the effective date of the cancellation, if cancellation is for nonpayment of premium; or

(ii) 75 days before the effective date of the cancellation, if cancellation is for any reason stated in Paragraphs **(7)(a)(ii)** through **(7)(a)(vii)**.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. For the purpose of this Condition:

- a.** Any policy period or term of less than six months shall be considered to be a policy period or term of six months; and

- b. Any policy period or term of more than one year or any policy with no fixed expiration date shall be considered a policy period or term of one year.
- 2. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the reason for nonrenewal, to the first Named Insured shown in the Declarations, at the last mailing address known to us, at least 75 days before the expiration date of the policy period.
- 3. If notice of nonrenewal is not provided pursuant to this Condition, coverage under the same terms and conditions shall be deemed to be renewed for the ensuing policy period upon payment of the appropriate premium until you have accepted replacement coverage with another insurer, or until you have agreed to the nonrenewal.
- 4. If we mail or deliver a renewal notice to the first Named Insured at least 30 days before the end of the policy period, stating the renewal premium and its due date, the policy will terminate without further notice unless the renewal premium is received by us or our authorized agent by the due date.
- 5. If this policy terminates because the renewal premium has not been received by the due date, we will, within 15 days, mail or deliver to the first Named Insured at his last known address a notice that the policy was not renewed and the date it was terminated.
- 6. If notice is mailed, proof of mailing is sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOUISIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following, which applies unless Paragraph **B.** of this endorsement applies:

(2) Notice Of Cancellation

(a) Cancellation Of Policies In Effect For Fewer Than 60 Days And Not Renewals

If this policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason, subject to the following:

(i) Cancellation For Nonpayment Of Premium

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

(ii) Cancellation For Any Other Reason

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.

(b) Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

(i) Nonpayment of premium;

(ii) Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the policy, continuing the policy or in presenting a claim under the policy;

(iii) Activities or omissions by you which change or increase any hazard insured against;

(iv) Change in the risk which increases the risk of loss after we issued or renewed this policy including an increase in exposure due to regulation, legislation or court decision;

(v) Determination by the Commissioner of Insurance that the continuation of this policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;

(vi) The Insured's violation or breach of any policy terms or conditions; or

(vii) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under this Paragraph **(2)(b)** to the first Named Insured at least:

(i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **(2)(b)(ii)** through **(vii)**.

B. Paragraph (2) of the **Cancellation Of Policy** Condition is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

(2) Notice Of Cancellation

- (a) If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the policy subject to Paragraphs **B.(2)(b)** and **B.(2)(c)**.
- (b) We may cancel the policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you within 10 days of the date that we receive notice of the returned check or negotiable instrument.
- (c) The cancellation notice will also advise you that the policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation notice was mailed.

C. Paragraph (5) of the **Cancellation Of Policy** Condition is replaced by the following:

(5) Premium Refund

If this policy is cancelled, we will send the first Named Insured any premium refund due, subject to Paragraphs **(5)(a)**, **(5)(b)**, **(5)(c)**, **(5)(d)** and **(5)(e)**. The cancellation will be effective even if we have not made or offered a refund.

- (a) If we cancel the refund will be pro rata.
- (b) If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
- (c) We will send the refund to the first Named Insured unless Paragraph **C.(5)(d)** applies.

(d) If we cancel based on Paragraph **B.(2)** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.(2)(c)**. If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.

(e) When return premium payment is sent to the premium finance company or the agent of the Insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

D. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
2. We need not mail or deliver this notice if:
 - a. We or another company within our insurance group have offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
4. Such notice to the Insured shall include the Insured's loss run information for the period the policy has been in force within, but not to exceed, the last three years of coverage.

E. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We do not provide coverage to one or more Insureds who, at any time:

1. Intentionally concealed or misrepresented any material fact or circumstance;
 2. Engaged in fraudulent conduct; or
 3. Made false statements;
- relating to this policy.

However, if the conduct specified above is in relation to the procurement of this policy or occurs subsequent to the issuance of this policy, but if known to us would have caused us not to issue this policy, coverage will only be denied if the conduct was committed with the intent to deceive.

F. The Transfer Of Your Rights Of Recovery Against Others To Us Condition is replaced by the following:

Transfer Of Your Rights Of Recovery Against Others To Us

If we make any payment to you under this policy and you have a right to recover damages from another, we shall be subrogated to that right. However, our right to recover is subordinate to your right to be fully compensated.

G. Paragraph (1)(c)(i) of the Valuation – Settlement Condition is replaced by the following:

- (i) The cost to replace the lost "property" with material of like kind and quality.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOUISIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 STANDARD PROPERTY POLICY

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following, which applies unless Paragraph **B.** of this endorsement applies:

2. Notice Of Cancellation

a. Cancellation Of Policies In Effect For Fewer Than 60 Days Which Are Not Renewals

If this policy has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we may cancel this policy for any reason, subject to the following:

- (1)** Cancellation for nonpayment of premium:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

- (2)** Cancellation for any other reason:

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the effective date of cancellation.

b. Cancellation Of Renewal Policies And New Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1)** Nonpayment of premium;
- (2)** Fraud or material misrepresentation made by you or with your knowledge with the intent to deceive in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (3)** Activities or omissions by you which change or increase any hazard insured against;
- (4)** Change in the risk which increases the risk of loss after we issued or renewed this policy, including an increase in exposure due to regulation, legislation, or court decision;
- (5)** Determination by the Commissioner of Insurance that the continuation of this policy would jeopardize our solvency or would place us in violation of the insurance laws of this or any other state;

- (6) The insured's violation or breach of any policy terms or conditions; or
- (7) Any other reasons that are approved by the Commissioner of Insurance.

We will mail or deliver written notice of cancellation under Paragraph **A.2.b.** to the first Named Insured at least:

- (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **A.2.b.(2)** through (7) above.

B. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following, which applies with respect to premium payments due on new and renewal policies, including installment payments:

2. Notice Of Cancellation

- a. If your premium payment check or other negotiable instrument is returned to us or our agent or a premium finance company because it is uncollectible for any reason, we may cancel the policy subject to Paragraphs **B.2.b.** and **B.2.c.**
- b. We may cancel the policy effective from the date the premium payment was due, by sending you written notice by certified mail, or by delivering such notice to you within 10 days of the date that we receive notice of the returned check or negotiable instrument.
- c. The cancellation notice will also advise you that the policy will be reinstated effective from the date the premium payment was due, if you present to us a cashier's check or money order for the full amount of the returned check or other negotiable instrument within 10 days of the date that the cancellation notice was mailed.

C. With respect to the Coverage Parts and Policies to which this endorsement applies, except the Equipment Breakdown Coverage Part, Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. Premium Refund

If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **C.5.a., C.5.b., C.5.c., C.5.d., C.5.e.** and **C.5.f.** The cancellation will be effective even if we have not made or offered a refund.

- a. If we cancel, the refund will be pro rata.

- b. If the first Named Insured cancels, the refund will not be less than 90% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
- c. We will send the refund to the first Named Insured unless Paragraph **C.5.d.** or **C.5.e.** applies.
- d. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.
- e. With respect to any cancellation of the Commercial Auto Coverage Part, we will send the return premium, if any, to the premium finance company if the premium was financed by such company.
- f. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

D. With respect to the Equipment Breakdown Coverage Part, Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

5. Premium Refund

If this policy is cancelled, we will return any premium refund due, subject to Paragraphs **D.5.a., D.5.b., D.5.c., D.5.d.** and **D.5.e.** The cancellation will be effective even if we have not made or offered a refund.

- a. If we cancel, the refund will be pro rata.
- b. If the first Named Insured cancels, the refund will not be less than 75% of the pro rata unearned premium, rounded to the next higher whole dollar. The refund will be returned within 30 days after the effective date of cancellation.
- c. We will send the refund to the first Named Insured unless Paragraph **D.5.d.** applies.

d. If we cancel based on Paragraph **B.2.** of this endorsement, we will return the premium due, if any, within 10 days after the expiration of the 10-day period referred to in **B.2.c.** If the policy was financed by a premium finance company, or if payment was advanced by the insurance agent, we will send the return premium directly to such payor.

e. When return premium payment is sent to the premium finance company or the agent of the insured, we will provide notice to you, at the time of cancellation, that a return of unearned premium may be generated by the cancellation.

E. The **Premiums** Common Policy Condition is replaced by the following:

Premiums

1. The first Named Insured shown in the Declarations is responsible for the payment of all premiums.
2. We will pay return premiums, if any, to the first Named Insured, unless another person or entity is entitled to be the payee in accordance with Paragraph **C.** or **D.** of this endorsement.

F. Paragraph **f.** of the **Mortgageholders** Condition in the Commercial Property Coverage Part, Standard Property Policy and the Capital Assets Program (Output Policy) Coverage Part, and Paragraph **4.f.** of the **Mortgageholders** Condition in the Farm Coverage Part are replaced by the following:

If we cancel a policy that has been in effect for fewer than 60 days and is not a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 60 days before the effective date of cancellation, if we cancel for any other reason.

If we cancel a policy that has been in effect for 60 days or more, or is a renewal of a policy we issued, we will give written notice to the mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation, if we cancel for any other reason.

G. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at least 60 days before its expiration date, or its anniversary date if it is a policy written for a term of more than one year or with no fixed expiration date.
2. We need not mail or deliver this notice if:
 - a. We or another company within our insurance group have offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured, mortgageholder, pledgee or other known person shown in the policy to have an insurable interest in any loss, at the last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.
4. Such notice to the insured shall include the insured's loss run information for the period the policy has been in force within, but not to exceed, the last three years of coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MAINE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraphs **2.**, **4.** and **6.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 2.** We may cancel this policy by mailing or delivering written notice of cancellation to the first Named Insured. If we cancel, cancellation will not be effective prior to 10 days after the receipt by the first Named Insured of the notice of cancellation.
 - 4.** Notice of cancellation to the first Named Insured will state the effective date of and reasons for cancellation. The policy period will end on that date.
 - 6.** A post office certificate of mailing to the first Named Insured at the last known mailing address will be conclusive proof of receipt of notice on the third calendar day after mailing.
- B.** If this policy has been in effect for 60 days or more, or if it is a renewal or continuation of a policy issued by us, the following is added to the **Cancellation** Common Policy Condition and supersedes any other provisions to the contrary:
- 7.** We may cancel this policy only for one or more of the following reasons:
 - a.** Nonpayment of premium;
 - b.** Fraud or material misrepresentation made by you or with your consent in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - c.** Substantial change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including, but not limited to, an increase in exposure due to regulation, legislation or court decision;
 - d.** Failure to comply with reasonable loss control recommendations;
 - e.** Substantial breach of contractual duties, conditions or warranties; or
 - f.** Determination by the superintendent of insurance that the continuation of a class or block of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Maine or any other state.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

If we decide not to renew this policy, we will mail or deliver notice of nonrenewal to the first Named Insured. Nonrenewal will not be effective prior to 30 days after the receipt by the first Named Insured of the notice of nonrenewal. A post office certificate of mailing to the first Named Insured at the last known mailing address will be conclusive proof of receipt of notice on the third calendar day after mailing.

D. With respect to Physical Damage Coverage provided under the Commercial Automobile Coverage Part, we will provide like notice of cancellation or nonrenewal to any loss payee named in the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MAINE CHANGES – POST-JUDGMENT INTEREST

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
STANDARD PROPERTY POLICY

The following provision is added and supersedes any provision to the contrary with respect to the payment of post-judgment interest:

Post-judgment Interest

We will pay interest accruing after a judgment is entered in accordance with Maine law. Our duty to pay interest ends when we pay, offer to pay or deposit in court that part of the judgment which does not exceed our Limit of Insurance for which coverage is provided under this Coverage Part or Policy.

This payment will not reduce the Limit of Insurance for which coverage is provided under this Coverage Part or Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MAINE CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraphs (2), (4) and (6) of the Cancellation Of Policy Condition are replaced by the following:

- (2) We may cancel this policy by mailing or delivering written notice of cancellation to the first Named Insured. If we cancel, cancellation will not be effective prior to 10 days after the receipt by the first Named Insured of the notice of cancellation.
- (4) Notice of cancellation to the first Named Insured will state the effective date of and reasons for cancellation. The policy period will end on that date.
- (6) A post office certificate of mailing to the first Named Insured at the last known mailing address will be conclusive proof of receipt of notice on the third calendar day after mailing.

B. If this policy has been in effect for 60 days or more, or if it is a renewal or continuation of a policy issued by us, the following is added to the Cancellation Of Policy Condition:

- (7) We may cancel this policy only for one or more of the following reasons:
 - (a) Nonpayment of premium;
 - (b) Fraud or material misrepresentation made by you or with your consent in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (c) Substantial change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including, but not limited to, an increase in exposure due to regulation, legislation or court decision;

- (d) Failure to comply with reasonable loss control recommendations;
- (e) Substantial breach of contractual duties, conditions or warranties; or
- (f) Determination by the superintendent of insurance that the continuation of a class or block of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Maine or any other state.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

If we decide not to renew this policy, we will mail or deliver notice of nonrenewal to the first Named Insured. Nonrenewal will not be effective prior to 30 days after the receipt by the first Named Insured of the notice of nonrenewal. A post office certificate of mailing to the first Named Insured at the last known mailing address will be conclusive proof of receipt of notice on the third calendar day after mailing.

D. The Concealment, Misrepresentation Or Fraud Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We do not provide coverage to one or more insureds who, at any time:

- 1. Intentionally concealed or misrepresented a material fact;
 - 2. Engaged in fraudulent conduct; or
 - 3. Made a false statement;
- relating to this policy.

E. The following is added to Section E. Conditions:

Insurance Inspection Services Exemption From Liability

We, the insurance company, our agents, employees, or service contractors, are not liable for damages from injury, death or loss occurring as a result of any act or omission in the furnishing of or the failure to furnish insurance inspection services related to, in connection with or incidental to the issuance or renewal of a policy of property or casualty insurance.

This exemption from liability does not apply:

1. If the injury, loss or death occurred during the actual performance of inspection services and was proximately caused by our negligence, or by the negligence of our agents, employees or service contractors;
2. To any inspection services required to be performed under the provisions of a written service contract or defined loss prevention program;

3. In any action against us, our agents, employees, or service contractors for damages proximately caused by our acts or omissions which are determined to constitute a crime, actual malice or gross negligence; or

4. If we fail to provide this written notice to the insured whenever the policy is issued or when new policy forms are issued upon renewal.

F. The following provision is added and supersedes any provision to the contrary:

Post-judgment Interest

We will pay interest accruing after a judgment is entered in accordance with Maine law. Our duty to pay interest ends when we pay, offer to pay or deposit in court that part of the judgment which does not exceed our Limit of Insurance for which coverage is provided under this Policy.

This payment will not reduce the Limit of Insurance for which coverage is provided under this Policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation** Common Policy Condition or the **Cancellation Of Policy** Condition is changed as follows:

1. Paragraphs **2.** and **3.** are replaced by the following:

a. When this policy has been in effect for 45 days or less and is not a renewal policy, we may cancel this policy by mailing to the first Named Insured at the last mailing address known to us written notice of cancellation, stating the reason for cancellation, at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

(2) 15 days before the effective date of cancellation if we cancel because the risk does not meet our underwriting standards.

b. When this policy has been in effect for more than 45 days or is a renewal policy, we may cancel this policy by mailing to the first Named Insured at the last mailing address known to us written notice of cancellation at least:

(1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

(2) 45 days before the effective date of cancellation if we cancel for any permissible reason other than nonpayment of premium, stating the reason for cancellation. Under this Paragraph (2), we may cancel only for one or more of the following reasons:

(a) When there exists material misrepresentation or fraud in connection with the application, policy or presentation of a claim.

(b) A change in the condition of the risk that results in an increase in the hazard insured against.

(c) A matter or issue related to the risk that constitutes a threat to public safety.

If we cancel pursuant to Paragraph **b.(2)**, you may request additional information on the reason for cancellation within 30 days from the date of our notice.

2. Paragraph **5.** is replaced by the following:

If this policy is cancelled, we will send the first Named Insured any premium refund due.

If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be calculated as follows:

a. Policies Written For One Year Or Less

We will refund 90% of the pro rata unearned premium.

b. Policies Written For More Than One Year

- (1) If the policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.
- (2) If the policy is cancelled after the first year, we will refund the pro rata unearned premium.

c. Continuous And Annual Premium Payment Policies

We will refund 90% of the pro rata unearned premium for the year in which the policy is cancelled.

We will retain the minimum premium, except if the policy is cancelled as of the inception date.

However, if this policy is financed by a premium finance company and we or the premium finance company or the first Named Insured cancels the policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

The cancellation will be effective even if we have not made or offered a refund.

3. Paragraph 6. is replaced by the following:

We will send notice of cancellation to the first Named Insured by certificate of mail if:

- a. We cancel for nonpayment of premium; or
- b. This policy is not a renewal of a policy we issued and has been in effect for 45 days or less.

We will send notice to the first Named Insured by certificate of mail or by commercial mail delivery service if we cancel for a reason other than nonpayment of premium and this policy:

- a. Is a renewal of a policy we issued; or
- b. Has been in effect for more than 45 days.

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

B. The following is added and supersedes any provision to the contrary:

Nonrenewal

- 1. We may elect not to renew this policy by mailing notice of nonrenewal to the first Named Insured at the last mailing address known to us at least 45 days before the expiration date of this policy.
- 2. We will send notice of nonrenewal to the first Named Insured by certificate of mail or by commercial mail delivery service. We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.
- 3. When we elect not to renew a policy that has been in effect for more than 45 days for a reason other than nonpayment of premium, we will provide a written statement of the actual reason for the refusal to renew. You may request additional information within 30 days from the date of our notice.
- 4. If we offer to renew at least 45 days before the renewal date and you fail to make the required premium payment by the renewal date, the policy will terminate on the renewal date for nonpayment of premium.

C. Under the Commercial Crime Coverage Form, Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us Condition is replaced by the following:**

Legal Action Against Us

You may not bring any legal action against us involving loss unless:

- 1. You have complied with all the terms of this policy; and
- 2. The action is brought within three years from the date it accrues.

D. Under the Kidnap/Ransom And Extortion Coverage Form and Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us Condition is replaced by the following:**

Legal Action Against Us

You may not bring any legal action against us involving loss unless:

- 1. You have complied with all the terms of this policy; and
- 2. The action is brought within three years from the date it accrues.

E. Under the Commercial Crime Coverage Form, Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We do not provide coverage in any case of fraud by you, at any time, as it relates to this insurance. We also do not provide coverage if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This insurance;
2. The property covered under this insurance;
3. Your interest in the property covered under this insurance; or
4. A claim under this insurance.

F. Under the Kidnap/Ransom And Extortion Coverage Form and Kidnap/Ransom And Extortion Policy, the **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

We do not provide coverage in any case of fraud by you, at any time, as it relates to this insurance. We also do not provide coverage if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

1. This insurance;
2. A person insured under this insurance;
3. The "property" covered under this insurance;
4. Your interest in the "property" covered under this insurance; or
5. A claim under this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The **Cancellation** Common Policy Condition is amended as follows:

1. Paragraph **1.** is replaced by the following:

The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us or our authorized agent advance notice of cancellation.

2. Paragraph **3.** is replaced by the following:

We will mail or deliver our notice to the first Named Insured's last mailing address known to us or our authorized agent.

3. Paragraph **5.** is replaced by the following:

If this policy is cancelled, we will send the first Named Insured any pro rata premium refund due. The minimum earned premium shall not be less than the pro rata premium for the expired time or \$25.00, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following Condition is added and supersedes any other provision to the contrary:

NONRENEWAL

If we decide not to renew this policy, we will mail or deliver to the first Named Insured's last mailing address known to us or our authorized agent written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing shall be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES – DUTIES IN THE EVENT OF LOSS

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM

The following is added to the **Duties In The Event Of Loss** Condition:

Notice given by or on behalf of the Insured to our authorized agent, with particulars sufficient to identify the Insured, shall be considered notice to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MICHIGAN CHANGES – DUTIES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A.** Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the following is added to the **Duties In The Event Of Loss** Condition:
- Notice given by or on behalf of the Insured to our authorized agent, with particulars sufficient to identify the Insured, shall be considered notice to us.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form, the following is added to the **Duties In The Event Of An Occurrence** Condition:
- Notice given by or on behalf of the Insured to our authorized agent, with particulars sufficient to identify the Insured, shall be considered notice to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINNESOTA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The following provisions apply except when Paragraph **C.** of this endorsement applies:
 The **Cancellation** Common Policy Condition is replaced by the following:
- CANCELLATION**
- 1.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
 - 2.** We may cancel this policy, subject to the provisions of Paragraph **B.3.** below, by first class mailing, or by delivery, of a written notice of cancellation to the first Named Insured and any agent, to their last mailing addresses known to us. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 - 3. Policies In Effect**
 - a. Less Than 90 Days**
 If this policy is a new policy and has been in effect for fewer than 90 days, we may cancel for any reason by giving notice at least:
 - (1)** 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - (2)** 30 days before the effective date of cancellation, if we cancel for any other reason.
 - b. 90 Days Or More**
 If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;
 - (3)** An act or omission by you that substantially increases or changes the risk insured;
 - (4)** Refusal by you to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed;
 - (5)** Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;

- (6) Loss of reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has 10 days from the date of receipt of the notice to appeal the cancellation to the commissioner of commerce and that the commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;
- (7) A determination by the commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or
- (8) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance. This provision for cancellation for failure to pay dues shall not be applicable to persons who are retired at 62 years of age or older or who are disabled according to social security standards.

Under this Item **B.3.b.**, we will give notice at least:

- (1) 10 days before the effective date of cancellation, if we cancel for nonpayment of premium. The cancellation notice shall contain the information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation; or
 - (2) 60 days before the effective date, if we cancel for a reason described in Paragraphs **B.3.b.(2)** through **(8)** above. The notice of cancellation will state the reason for cancellation.
- 4. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
 - 5. Proof of mailing of any notice shall be sufficient proof of notice.

- C. The following applies with respect to coverage provided under the following:

FARM COVERAGE PART

1. Policies In Effect 60 Days Or More

- a. If this Coverage Part covers buildings used for residential purposes and has been:
 - (1) In effect for at least 60 days, or
 - (2) Renewed by us,

Paragraphs **A.2.** and **A.6.** of the **Cancellation** Common Policy Condition do not apply, and the following is added to the **Cancellation** Common Policy Condition:
- b. We may not cancel this policy, except for:
 - (1) Nonpayment of premium;
 - (2) Misrepresentation or fraud made by you or with your knowledge:
 - (a) In obtaining this policy; or
 - (b) In connection with a claim under this policy;
 - (3) An act or omission by you that materially increases the risk we originally accepted; or
 - (4) A physical change in the Covered Property which:
 - (a) Is not corrected or restored within a reasonable time after it occurs; and
 - (b) Results in the property becoming uninsurable.
- c. We may cancel this policy by giving the first Named Insured written notice of cancellation at least:
 - (1) 20 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for a reason described in Paragraphs **C.1.b.(2)** through **(4)**.

Such notice will be mailed or delivered to the first Named Insured and will contain the reason for cancellation. Proof of mailing of any notice shall be sufficient proof of notice.

2. Policies In Effect Less Than 60 Days

When this Coverage Part covers buildings used for residential purposes and is a new policy which has been in effect fewer than 60 days, cancellation is subject to the terms of the Cancellation Common Policy Condition except for Paragraphs **A.2.** and **A.6.**, and is not subject to Paragraph **B.** or Paragraph **C.1.** of this endorsement. Under this Item, **C.2.**, Paragraphs **A.2.** and **A.6.** of the **Cancellation** Common Policy Condition are replaced by the following:

We may cancel this policy by giving the first Named Insured written notice of cancellation at least 20 days before the effective date of cancellation. Such notice will be mailed or delivered to the first Named Insured. Proof of mailing of any notice shall be sufficient proof of notice.

If we cancel this policy for underwriting considerations, we will inform you of the source from which the information was received.

D. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

If we decide not to renew this policy, we may do so by giving the first Named Insured and any agent written notice of our intent not to renew at least 60 days before the expiration date of this policy. Such notice will be delivered or mailed by first class mail to their last mailing addresses known to us.

Proof of mailing of any notice shall be sufficient proof of notice.

We need not mail or deliver this notice if you have:

1. Insured elsewhere;
2. Accepted replacement coverage; or
3. Agreed not to renew this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MINNESOTA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The Cancellation Of Policy Condition is replaced by the following:

Cancellation Of Policy

- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (2)** We may cancel this policy, subject to the provisions of Paragraph **A.(3)**, by first class mailing, or by delivery, of a written notice of cancellation, to the first Named Insured and any agent, to their last mailing addresses known to us. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

(3) Policies In Effect

(a) Fewer Than 90 Days

If this policy is a new policy and has been in effect for fewer than 90 days, we may cancel for any reason by giving notice at least:

- (i)** 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
- (ii)** 30 days before the effective date of cancellation, if we cancel for any other reason.

(b) 90 Days Or More

If this policy has been in effect for 90 days or more, or if it is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** Misrepresentation or fraud made by you or with your knowledge in obtaining the policy or in pursuing a claim under the policy;

- (iii)** An act or omission by you that substantially increases or changes the risk insured;
- (iv)** Refusal by you to eliminate known conditions that increase the potential for loss after notification by us that the condition must be removed;
- (v)** Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- (vi)** Loss of reinsurance by us which provided coverage to us for a significant amount of the underlying risk insured. Any notice of cancellation pursuant to this item shall advise the policyholder that he or she has 10 days from the date of receipt of the notice to appeal the cancellation to the Commissioner of Commerce and that the Commissioner will render a decision as to whether the cancellation is justified because of the loss of reinsurance within 30 business days after receipt of the appeal;
- (vii)** A determination by the Commissioner that the continuation of the policy could place us in violation of the Minnesota insurance laws; or

Under Paragraph **A.(3)(b)**, we will give notice at least:

- (i)** 10 days before the effective date of cancellation, if we cancel for nonpayment of premium. The cancellation notice shall contain the information regarding the amount of premium due and the due date, and shall state the effect of nonpayment by the due date. Cancellation shall not be effective if payment of the amount due is made prior to the effective date of cancellation; or

(ii) 60 days before the effective date, if we cancel for a reason described in Paragraphs **A.(3)(b)(ii)** through **(vii)**. The notice of cancellation will state the reason for cancellation.

(4) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

(5) Proof of mailing of any notice shall be sufficient proof of notice.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

If we decide not to renew this policy, we will give the first Named Insured and any agent written notice of nonrenewal at least 60 days before the expiration date. Such notice will be mailed or delivered to the first Named Insured and any agent at their last mailing address known to us.

We need not mail or deliver this notice if you have:

1. Insured elsewhere;
2. Accepted replacement coverage; or
3. Agreed not to renew this policy.

Proof of mailing of any notice shall be sufficient proof of notice.

C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

This policy is void in any case of:

1. Material misrepresentation or omission; or
2. Fraud;

by you or with your knowledge in:

1. Obtaining this policy; or
2. Pursuing a claim under the policy.

D. **Duties In The Event Of Loss**

1. In the Commercial Crime Policy and Government Crime Policy, the first sentence of Paragraph **(1)** of the **Duties In The Event Of Loss** Condition is replaced by the following:

Notify us or our agent as soon as possible.

2. In the Employee Theft And Forgery Policy and Government Employee Theft And Forgery Policy, Paragraph **(1)** of the **Duties In The Event Of Loss** Condition is replaced by the following:

(1) Notify us or our agent as soon as possible.

E. **Duties In The Event Of An Occurrence**

In the Kidnap/Ransom And Extortion Policy, Paragraph **(4)** of the **Duties In The Event Of An Occurrence** Condition is replaced by the following:

(4) Notify us or our agent as soon as possible.

F. The **Examination Of Your Books And Records** Condition in the Commercial Crime Policy and Government Crime Policy is replaced by the following:

Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to one year afterward.

G. The **Transfer Of Your Rights Of Recovery Against Others To Us** Condition is amended by the addition of the following:

Our rights do not apply against any person or organization insured under this or any other insurance we issue with respect to the same "occurrence".

H. The following applies only to the Commercial Crime Policy and Government Crime Policy:

If the Clients' Property Endorsement **CR 04 01** is attached to this policy, Paragraph **C.1.** of the endorsement is replaced by the following:

1. Paragraph **(1)** of the **Duties In The Event Of Loss** Condition is replaced by the following:

(1) Notify us or our agent as soon as possible.

I. The following applies only to the Commercial Crime Policy and Government Crime Policy:

If the Coindemnity Endorsement **CR 20 11** is attached to this policy, Paragraph **3.a.** of the endorsement is replaced by the following:

a. The:

(1) Giving of notice of loss to the Controlling Company or its agent; and

(2) Filing of proof of loss with the Controlling Company;

will be considered in compliance with the terms of this insurance for the giving of notice of loss and the filing of proof of loss if given and filed in accordance with the terms of this insurance.

J. The following applies only to the Commercial Crime Policy and Government Crime Policy:

If the Rural Utilities Service Regulations Endorsement **CR 25 28** is attached to this policy:

1. Paragraph 1. of the endorsement, except for the **NOTICES** Provision, is deleted.
2. We will mail or deliver written notice of cancellation or nonrenewal to the Rural Utilities Service at the same time such notice is mailed or delivered to the first Named Insured.
3. Paragraph 2.a. of the endorsement is replaced by the following:
 - a. Notify us or our agent as soon as possible.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSISSIPPI CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS POLICY
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX
COVERAGE FORM K
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE
FORM L
COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM M
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART

A. The following condition is added and supersedes any provision to the contrary:

NONRENEWAL

- 1.** If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least:
 - a.** 10 days before the effective date of nonrenewal, if the nonrenewal is due to nonpayment of premium; or
 - b.** 30 days before an anniversary date or the expiration date of the policy, if the nonrenewal is for any other reason.
- 2.** The notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Paragraph f. of the MORTGAGE HOLDERS condition, if any, is replaced by the following:

- f.** If we cancel this policy, we will give written notice to the mortgage holder at least 30 days before the effective date of cancellation.

C. In the BUSINESSOWNERS Common Policy Conditions, paragraph 2.a. of the CANCELLATION condition, which provides for 5 days' notice of cancellation under certain circumstances, is deleted.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSISSIPPI CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** Under the Commercial Crime Coverage Form, Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:
- Legal Action Against Us**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within three years from the date you "discover" the loss.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form and Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:
- Legal Action Against Us**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within three years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Commercial Property Coverage Part in this endorsement also refers to the Standard Property Policy.
- B.** With respect to the:
- Commercial General Liability Coverage Part
 - Commercial Property – Legal Liability Coverage Form **CP 00 40**
 - Commercial Property – Mortgageholders Errors And Omissions Coverage Form **CP 00 70**
 - Crime And Fidelity Coverage Part
 - Employment-related Practices Liability Coverage Part
 - Equipment Breakdown Coverage Part
 - Farm Liability Coverage Form
 - Liquor Liability Coverage Part
 - Pollution Liability Coverage Part
 - Products/Completed Operations Liability Coverage Part
 - Medical Professional Liability Coverage Part;
- the following **Cancellation** and **Nonrenewal** Provisions apply:
1. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
 2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the actual reason for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
 - b. 30 days before the effective date of cancellation if cancellation is for one or more of the following reasons:
 - (1) Fraud or material misrepresentation affecting this policy or a claim filed under this policy or a violation of any of the terms or conditions of this policy;
 - (2) Changes in conditions after the effective date of this policy which have materially increased the risk assumed;
 - (3) We become insolvent; or
 - (4) We involuntarily lose reinsurance for this policy.
 - c. 60 days before the effective date of cancellation if we cancel for any other reason.

NONRENEWAL

2. The following is added and supersedes any provision to the contrary:
 - a. We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the actual reason for nonrenewal, at least 60 days prior to the effective date of the nonrenewal.
 - b. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. With respect to the:

Capital Assets Program (Output Policy) Coverage Part

Commercial Property Coverage Part

Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions Coverage Form

Farm – Livestock Coverage Form

Farm – Mobile Agricultural Machinery And Equipment Coverage Form;

the **Cancellation** Common Policy Condition is replaced by the following:

CANCELLATION, NONRENEWAL AND DECREASES IN COVERAGE

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel, nonrenew, reduce in amount or adversely modify this policy by mailing or delivering to the first Named Insured written notice of this action at least:
 - a. 10 days before the effective date of this action if due to nonpayment of premium or evidence of incendiarism; or
 - b. 30 days before the effective date of this action if for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of:
 - a. Cancellation will state the effective date of cancellation. The policy period will end on that date.
 - b. Any other action will state the effective date of that action.
5. If this policy is cancelled, not renewed, reduced in amount or adversely modified, we will send the first Named Insured any premium refund due. If we take this action, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. This action will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISSOURI CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** apply only to the Commercial Crime Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

- (2)** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the actual reason for cancellation, at least:
 - (a)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
 - (b)** 30 days before the effective date of cancellation if cancellation is for one or more of the following reasons:
 - (i)** Fraud or material misrepresentation affecting this policy or a claim filed under this policy or a violation of any of the terms or conditions of this policy;
 - (ii)** Changes in conditions after the effective date of this policy which have materially increased the risk assumed;
 - (iii)** We become insolvent; or
 - (iv)** We involuntarily lose reinsurance for this policy; or
 - (c)** 60 days before the effective date of cancellation if we cancel for any other reason.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- a.** We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the actual reason for nonrenewal, at least 60 days prior to the effective date of the nonrenewal.
- b.** If notice is mailed, proof of mailing will be sufficient proof of notice.

C. Under the Commercial Crime Policy, Government Crime Policy, Government Employee Theft And Forgery Policy, and Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1.** Unless you have complied with all the terms of this policy;
- 2.** Until 90 days after you have filed proof of loss with us; and
- 3.** Unless brought within 10 years from the date you "discover" the loss.

D. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within 10 years from the date you reported the loss to us.

E. Missouri Property And Casualty Insurance Guaranty Association Coverage Limitations

1. Subject to the provisions of the Missouri Property And Casualty Insurance Guaranty Association Act (to be referred to as the Act), if we are a member of the Missouri Property And Casualty Insurance Guaranty Association (to be referred to as the Association), the Association will pay claims covered under the Act if we become insolvent.

2. The Act contains various exclusions, conditions and limitations that govern a claimant's eligibility to collect payment from the Association and affect the amount of any payment. The following limitations apply subject to all other provisions of the Act:

a. Claims covered by the Association do not include a claim by or against an Insured of an insolvent insurer, if the Insured has a net worth of more than \$25 million on the later of the end of the Insured's most recent fiscal year or the December thirty-first of the year next preceding the date the insurer becomes insolvent; provided that an Insured's net worth on such date shall be deemed to include the aggregate net worth of the Insured and all of its affiliates as calculated on a consolidated basis.

b. Payments made by the Association for covered claims will include only that amount of each claim which is less than \$300,000.

However, the Association will not:

- (1) Pay an amount in excess of the applicable limit of insurance of the policy from which a claim arises; or
- (2) Return to an Insured any unearned premium in excess of \$25,000.

These limitations have no effect on the coverage we will provide under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM

The CONCEALMENT, MISREPRESENTATION OR FRAUD Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for loss ("loss") or damage in a case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by you or any other insured ("insured"), whether before or after the loss ("loss") and relating to coverage of the loss ("loss") under this policy.

We will not pay for any loss ("loss") or damage in any case if:

1. Concealment or misrepresentation of a material fact; or
 2. Fraud;
- is committed by you or any other insured ("insured") in the application for this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES – CONFORMITY WITH STATUTES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 RAILROAD PROTECTIVE LIABILITY COVERAGE PART

A. The following Condition is added:

Conformity with Montana statutes. The provisions of this policy or Coverage Part conform to the minimum requirements of Montana law and control over any conflicting statutes of any state in which you reside on or after the effective date of this policy or Coverage Part.

However, with respect to insurance provided under the Commercial Automobile Coverage Part, while a covered "auto" is away from Montana:

1. We will increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
2. We will provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.
3. No one will be entitled to duplicate payments for the same elements of loss.

B. Any provision of this policy or Coverage Part (including endorsements which modify the policy or Coverage Part) that does not conform to the minimum requirements of a Montana statute is amended to conform to such statute.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MONTANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.**, **B.** and **C.** apply only to the Commercial Crime Policy, Employee Theft And Forgery Policy, Government Employee Theft And Forgery Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Of Policies

(a) Midterm Cancellation

We may cancel this policy based on the provisions below, by mailing or delivering written notice to the first Named Insured at least 10 days before the effective date of cancellation:

- (i)** If this policy has been in effect for less than 60 days, except as provided in Paragraph **(2)(a)(iii)**, we may cancel for any reason.
- (ii)** If this policy has been in effect for 60 days or more, we may cancel this policy prior to the expiration of the agreed term or prior to one year from the effective date of the policy or renewal, whichever is less, only for one or more of the following reasons:
 - i.** Failure to pay a premium when due;
 - ii.** Material misrepresentation;
 - iii.** Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
 - iv.** Substantial breaches of contractual duties, conditions or warranties;

v. Determination by the Commissioner of Insurance that continuation of the policy would place us in violation of the Montana Insurance Code;

vi. Financial impairment of us; or

vii. Such other reasons that are approved by the Commissioner of Insurance.

(iii) If this policy has been issued for a term longer than one year, and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, we may cancel this policy only for one or more of the reasons stated in Paragraph **(2)(a)(ii)**.

(b) Anniversary Cancellation

We may cancel any policy with a term of more than one year by mailing or delivering to the first Named Insured written notice of cancellation at least 45 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

B. Paragraph **(5)** of the **Cancellation Of Policy** Condition is replaced by the following:

(5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund. However, when a financed insurance policy is cancelled, we will send any refund due to the premium finance company on a pro rata basis.

C. The following is added and supersedes any other provision to the contrary:

When We Do Not Renew

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations and agent, if any, a notice of intention not to renew at least 45 days before the agreed expiration date.
2. We need not mail or deliver this notice if:
 - a. You have purchased insurance elsewhere;
 - b. You have accepted replacement coverage;
 - c. You have requested or agreed to nonrenewal; or
 - d. This policy is expressly designated as nonrenewable.

D. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for loss or damage in a case of:

1. Concealment or misrepresentation of a material fact; or

2. Fraud;

committed by you or any other Insured, whether before or after the loss and relating to coverage of the loss under this policy.

We will not pay for any loss or damage in any case if:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

is committed by you or any other Insured in the application for this policy.

E. The following is added to Section **E. Conditions**:

1. Conformity with Montana statutes. The provisions of this policy conform to the minimum requirements of Montana law and control over any conflicting statutes of any state in which you reside on or after the effective date of this policy.
2. Any provision of this policy (including endorsements which modify the policy) that does not conform to the minimum requirements of a Montana statute is amended to conform to such statute.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY

The following is added to the **Valuation – Settlement**
Condition:

In our determination of the actual cash value of Covered Property at the time of loss or damage, we will take into account factors such as depreciation, deterioration and obsolescence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:

2. Cancellation Of Policies In Effect

a. 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy for any reason.

b. More Than 60 Days

If this policy has been in effect for more than 60 days or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) The policy was obtained through material misrepresentation;
- (3) Any insured has submitted a fraudulent claim;
- (4) Any insured has violated the terms and conditions of this policy;
- (5) The risk originally accepted has substantially increased;

(6) Certification to the Director of Insurance of our loss of reinsurance which provided coverage to us for all or a substantial part of the underlying risk insured; or

(7) The determination by the Director of Insurance that the continuation of the policy could place us in violation of the Nebraska Insurance Laws.

c. If we cancel this policy subject to **2.a.** or **2.b.** above, we will mail to the first Named Insured a written notice of cancellation, stating the reasons for cancellation, at least:

1. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
2. 60 days before the effective date of cancellation if we cancel for any other reason.

3. We will mail our notice by first class mail to the first Named Insured's last mailing address known to us. A United States Postal Service Certificate of Mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate of mailing.

- B. Paragraph 6. of the Cancellation Common Policy Condition does not apply.
- C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

- 1. If we decide not to renew this policy, we will mail written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured, at least 60 days prior to the expiration date of this policy.

- 2. Any notice of nonrenewal will be mailed by first class mail to the first Named Insured's last mailing address known to us. A United States Postal Service Certificate of Mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate of mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES – OTHER INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

The following replaces the **Other Insurance** Condition:

OTHER INSURANCE

You may have other insurance subject to the same plan, terms, conditions and provisions as this insurance. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this insurance bears to the Limits of Insurance of all insurance covering on the same basis.

If there is other insurance covering the same loss or damage, other than that described above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES – VALUATION – SETTLEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE PART

When forming a part of this policy, the last Paragraph **a.(3)** of the Valuation – Settlement General Condition of the Crime General Provisions and the last Paragraph **D.2.j.(1)(c)** of the Valuation – Settlement Additional Condition of the Safe Depository Direct Loss Coverage is replaced by the following:

If we cannot agree with you upon the actual cash value or the cost of repair or replacement, the value or cost may be determined by arbitration. However, both parties must agree to the arbitration.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEBRASKA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraphs (2) and (3) of the Cancellation Of Policy Condition are replaced by the following:

(2) Cancellation Of Policies In Effect

(a) 60 Days Or Less

If this policy has been in effect for 60 days or less, we may cancel this policy for any reason.

(b) More Than 60 Days

If this policy has been in effect for more than 60 days or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** The policy was obtained through material misrepresentation;
- (iii)** Any Insured has submitted a fraudulent claim;
- (iv)** Any Insured has violated the terms and conditions of this policy;
- (v)** The risk originally accepted has substantially increased;
- (vi)** Certification to the Director of Insurance of our loss of reinsurance which provided coverage to us for all or a substantial part of the underlying risk insured; or
- (vii)** The determination by the Director of Insurance that the continuation of the policy could place us in violation of the Nebraska Insurance laws.

(c) If we cancel this policy subject to Paragraph **(2)(a)** or **(2)(b)** above, we will mail to the first Named Insured a written notice of cancellation, stating the reasons for cancellation, at least:

- (i)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (ii)** 60 days before the effective date of cancellation if we cancel for any other reason.

(3) We will mail our notice by first class mail to the first Named Insured's last mailing address known to us. A United States Postal Service certificate of mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate of mailing.

B. Paragraph (6) of the Cancellation Of Policy Condition does not apply.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1.** If we decide not to renew this policy, we will mail written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured, at least 60 days prior to the expiration date of this policy.
- 2.** Any notice of nonrenewal will be mailed by first class mail to the first Named Insured's last mailing address known to us. A United States Postal Service certificate of mailing shall be sufficient proof of receipt of notice on the third calendar day after the date of the certificate of mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The following are added to the **Cancellation** Common Policy Condition:

7.a. Midterm Cancellation

If this policy has been in effect for 70 days or more, or if this policy is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Conviction of the insured of a crime arising out of acts increasing the hazard insured against;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in presenting a claim thereunder;
- (4) Discovery of an act or omission or a violation of any condition of the policy which occurred after the first effective date of the current policy, and substantially and materially increases the hazard insured against;
- (5) A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

- (6) A determination by the commissioner that continuation of our present volume of premiums would jeopardize our solvency or be hazardous to the interests of our policyholders, creditors or the public;
- (7) A determination by the commissioner that the continuation of the policy would violate, or place us in violation of, any provision of the code.

b. Anniversary Cancellation

If this policy is written for a term longer than one year, we may cancel for any reason at an anniversary, by mailing or delivering written notice of cancellation to the first Named Insured at the last mailing address known to us at least 60 days before the anniversary date.

B. The following is added as an additional Condition and supersedes any other provision to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations a notice of intention not to renew at least 60 days before the agreed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

2. We need not provide this notice if:
 - a. You have accepted replacement coverage;
 - b. You have requested or agreed to nonrenewal; or
 - c. This policy is expressly designated as nonrenewable.

C. Notices

1. Notice of cancellation or nonrenewal in accordance with **A.** and **B.** above, will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for cancellation or nonrenewal.
2. We will also provide a copy of the notice of cancellation, for both policies in effect less than 70 days and policies in effect 70 days or more, to the agent who wrote the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 BUSINESSOWNERS POLICY
 COMMERCIAL AUTO COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART

A. The following are added to the **Cancellation** Common Policy Condition:

7.a. Midterm Cancellation

If this policy has been in effect for 70 days or more, or if this policy is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) Conviction of the insured of a crime arising out of acts increasing the hazard insured against;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in presenting a claim thereunder;
- (4) Discovery of an act or omission or a violation of any condition of the policy which occurred after the first effective date of the current policy, and substantially and materially increases the hazard insured against;
- (5) A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

- (6) A determination by the commissioner that continuation of our present volume of premiums would jeopardize our solvency or be hazardous to the interests of our policyholders, creditors or the public;
- (7) A determination by the commissioner that the continuation of the policy would violate, or place us in violation of, any provision of the code.

b. Anniversary Cancellation

If this policy is written for a term longer than one year, we may cancel for any reason at an anniversary, by mailing or delivering written notice of cancellation to the first Named Insured at the last mailing address known to us at least 60 days before the anniversary date.

B. The following is added as an additional Condition and supersedes any other provision to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations a notice of intention not to renew at least 60 days before the agreed expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

2. We need not provide this notice if:
- a. You have accepted replacement coverage;
 - b. You have requested or agreed to nonrenewal; or
 - c. This policy is expressly designated as nonrenewable.

C. Notices

- 1. Notice of cancellation or nonrenewal in accordance with **A.** and **B.** above, will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for cancellation or nonrenewal.
- 2. We will also provide a copy of the notice of cancellation, for both policies in effect less than 70 days and policies in effect 70 days or more, to the agent who wrote the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY
AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss ("loss") or damage in any case of:

1. Concealment or misrepresentation of a material fact; or

2. Fraud;

committed by an insured ("insured") at any time and relating to a claim under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES – DOMESTIC PARTNERSHIP

This endorsement modifies insurance provided under the following:

KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

The term spouse includes the following:

Spouse or individual who is in a domestic partnership
recognized under Nevada law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEVADA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The following are added to the **Cancellation Of Policy Condition**:

(7) Midterm Cancellation

If this policy has been in effect for 70 days or more, or if this policy is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (a)** Nonpayment of premium;
- (b)** Conviction of the insured of a crime arising out of acts increasing the hazard insured against;
- (c)** Discovery of fraud or material misrepresentation in obtaining the policy or in presenting a claim thereunder;
- (d)** Discovery of an act or omission or a violation of any condition of the policy which occurred after the first effective date of the current policy and substantially and materially increases the hazard insured against;
- (e)** A material change in the nature or extent of the risk, occurring after the first effective date of the current policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
- (f)** A determination by the commissioner that continuation of our present volume of premiums would jeopardize our solvency or be hazardous to the interests of our policyholders, creditors or the public; or

- (g)** A determination by the commissioner that the continuation of the policy would violate, or place us in violation of, any provision of the code.

(8) Anniversary Cancellation

If this policy is written for a term longer than one year, we may cancel for any reason at an anniversary, by mailing or delivering written notice of cancellation to the first Named Insured at the last mailing address known to us at least 60 days before the anniversary date.

(9) Notices

- (a)** Notice of cancellation will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for cancellation.
- (b)** We will also provide a copy of the notice of cancellation, for both policies in effect less than 70 days and policies in effect 70 days or more, to the agent who wrote the policy.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1.** If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations a notice of intention not to renew at least 60 days before the agreed expiration date.

Notice of nonrenewal will be mailed, first class or certified, or delivered to the first Named Insured at the last mailing address known to us and will state the reason for nonrenewal.

If notice is mailed, proof of mailing will be sufficient proof of notice.

2. We need not provide this notice if:
- a. You have accepted replacement coverage;
 - b. You have requested or agreed to non-renewal; or
 - c. This policy is expressly designated as non-renewable.

- C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in case of:

- 1. Concealment or misrepresentation of a material fact; or

- 2. Fraud;

committed by an insured at any time and relating to a claim under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW HAMPSHIRE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

- A.** Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 2.a.** We may cancel this policy by mailing or physically delivering to you written notice of cancellation, stating the reasons for cancellation, at least:
- (1)** 10 days before the effective date of cancellation if we cancel for:
 - (a)** Nonpayment of premium; or
 - (b)** Substantial increase in hazard;
 - (2)** 60 days before the effective date of cancellation if we cancel for any other reason.
- b.** If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:
- (1)** Nonpayment of premium;
 - (2)** Fraud or material misrepresentation affecting the policy or in the presentation of a claim thereunder, or violation of any of the terms or conditions of the policy; or
 - (3)** Substantial increase in hazard; provided that cancellation for this reason shall be effective only after prior approval of the Commissioner.
- 3.** We will mail or physically deliver our notice to your last mailing address known to us. If notice is mailed, it will be by:
- a.** Certified mail or certificate of mailing if cancellation is for nonpayment of premium; or
 - b.** Certified mail if cancellation is for any other reason.
- Proof that the notice was mailed in accordance with Paragraph **3.a.** or **3.b.** will be sufficient proof of notice.
- B.** Paragraph **6.** of the **Cancellation** Common Policy Condition is deleted.
- C.** The following is added and supersedes any provision to the contrary:
- NONRENEWAL**
- 1.** If we elect not to renew this policy, we will mail or physically deliver written notice of nonrenewal, stating the reasons for nonrenewal, to your last mailing address known to us at least 60 days prior to the expiration of the policy, or its anniversary date if it is a policy written for a term of more than one year.
 - 2.** However, we need not mail or physically deliver this notice if:
 - (a)** We have indicated a willingness to renew;
 - (b)** We refuse to renew due to nonpayment of premium;

- (c) You do not pay any advance premium required by us for renewal; or
 - (d) Any property covered in this policy is insured under any other insurance policy.
3. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW JERSEY CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.
- This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.
- B.** Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.** If this policy has been in effect for less than 60 days, we may cancel this policy for any reason subject to the following:
- a.** We may cancel this policy by mailing or delivering to the first Named Insured and any person entitled to notice under this policy written notice, of cancellation, at least:
- (1)** 10 days before the effective date of cancellation if we cancel for:
- (a)** Nonpayment of premium; or
- (b)** Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:
- (i)** "The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard'; and
- (ii)** "The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard'".

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation.
- C. The following is added to the **Cancellation** Common Policy Condition:
- 7. Cancellation Of Policies In Effect For 60 Days Or More**
- a. If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
 - (1) Nonpayment of premium;
 - (2) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);
 - (3) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;
 - (4) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;
 - (5) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;
 - (6) Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;
 - (7) Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk insured;
 - (8) Loss of or reduction in available insurance capacity;
 - (9) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
 - (10) Loss of or substantial changes in applicable reinsurance;
 - (11) Failure by the insured to comply with any Federal, State or local fire, health, safety or building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within 60 days of written notification of a violation of any such law, regulation or ordinance;
 - (12) Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefore and a reasonable opportunity to respond.
 - (13) Agency termination, provided:
 - (a) We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
 - (b) We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
 - (14) Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
 - b. If we cancel this policy based on Paragraph 7.a.(1) or (2) above, we will mail or deliver a written notice, to the first Named Insured and any person entitled to notice under this policy, at least 10 days before the effective date of cancellation. If we cancel this policy for any other reason listed above, we will mail or deliver a written notice to the first Named Insured and any person entitled to notice under this policy, not more than 120 days nor less than 30 days before the effective date of such cancellation.
 - c. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice.
 - d. Notice will be sent to the last mailing addresses known to us, by:
 - (1) Certified mail; or
 - (2) First class mail, if we have obtained from the post office a date stamped proof of mailing showing names and addresses.

- e. We need not send notice of cancellation if you have:
 - (1) Replaced coverage elsewhere; or
 - (2) Specifically requested termination.
- D. The following is added and supersedes any other provision to the contrary:

NONRENEWAL

- 1. We may elect not to renew this policy for any reason permitted to cancel it. If we elect not to renew this policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 30 days but not more than 120 days before the expiration date of this policy. If this policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.

- 2. This notice will be sent to the first Named Insured at the last mailing address known to us by:
 - a. Certified mail; or
 - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
- 3. We need not mail or deliver this notice if you have:
 - a. Replaced coverage elsewhere; or
 - b. Specifically requested termination.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW JERSEY CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.

This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.

B. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) If this policy has been in effect for less than 60 days, we may cancel this policy for any reason subject to the following:

(a) We may cancel this policy by mailing or delivering to the first Named Insured and any person entitled to notice under this policy written notice of cancellation, at least:

(i) 10 days before the effective date of cancellation if we cancel for:

i. Nonpayment of premium; or

ii. Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:

"The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard'; and

"The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard'".

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

(b) In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation.

C. The following is added to the **Cancellation Of Policy** Condition:

(7) Cancellation Of Policies In Effect For 60 Days Or More

(a) If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

(i) Nonpayment of premium;

(ii) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);

(iii) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;

(iv) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;

(v) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;

- (vi) Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;
 - (vii) Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk insured;
 - (viii) Loss of or reduction in available insurance capacity;
 - (ix) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
 - (x) Loss of or substantial changes in applicable reinsurance;
 - (xi) Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefor and a reasonable opportunity to respond;
 - (xii) Agency termination, provided:
 - i. We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
 - ii. We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
 - (xiii) Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
- (b) If we cancel this policy based on Paragraph (7)(a)(i) or (ii), we will mail or deliver a written notice, to the first Named Insured and any person entitled to notice under this policy, at least 10 days before the effective date of cancellation. If we cancel this policy for any other reason listed above, we will mail or deliver a written notice to the first Named Insured and any person entitled to notice under this policy, not more than 120 days nor less than 30 days before the effective date of such cancellation.
- (c) In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice.
 - (d) Notice will be sent to the last mailing addresses known to us, by:
 - (i) Certified mail; or
 - (ii) First class mail, if we have obtained from the post office a date stamped proof of mailing showing names and addresses.
 - (e) We need not send notice of cancellation if you have:
 - (i) Replaced coverage elsewhere; or
 - (ii) Specifically requested termination.
- D. The following is added and supersedes any other provision to the contrary:
- NONRENEWAL**
1. We may elect not to renew this policy for any reason permitted to cancel it. If we elect not to renew this policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 30 days but not more than 120 days before the expiration date of this policy. If this policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.
 2. This notice will be sent to the first Named Insured at the last mailing address known to us by:
 - a. Certified mail; or
 - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
 3. We need not mail or deliver this notice if you have:
 - a. Replaced coverage elsewhere; or
 - b. Specifically requested termination.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW MEXICO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Permissible Reasons And Notice Period

- a. If this policy is in effect less than 60 days, we may cancel for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- b. If this policy is in effect 60 days or more, we may cancel only for one or more of the following reasons:
 - (1) Nonpayment of premium.
 - (2) There has been a substantial change in the risk assumed by us since the policy was issued.
 - (3) The policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by us.
 - (4) Willful and negligent acts or omission by the insured have substantially increased the hazards insured against.
 - (5) You presented a claim based on fraud or material misrepresentation.

c. If we cancel subject to **2.b.** above, we will mail or deliver to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation, for the reason set forth in **2.b.(1)**.
- (2) 30 days before the effective date of cancellation, for the reason set forth in **2.b.(2)**.
- (3) 15 days before the effective date of cancellation, for a reason set forth in **2.b.(3)**, **2.b.(4)** or **2.b.(5)**.

The written notice will state the reason for cancellation, except that such statement may be omitted from a notice mailed to an additional insured or lienholder under this policy.

B. The following Condition is added:

NONRENEWAL

If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of the nonrenewal not less than 30 days before the expiration date of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW MEXICO CHANGES – PROPERTY CLAIMS SETTLEMENT IN THE EVENT OF A CATASTROPHE

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME COVERAGE PART
FARM COVERAGE PART

- A.** The provisions of this endorsement apply to a claim for direct physical loss or damage to Covered Property, provided that:
 - 1.** The claim is for loss or damage that results from a catastrophe declared by the Superintendent of Insurance; and
 - 2.** The catastrophic event is a Covered Cause of Loss.
- B.** The word loss, as used in this endorsement, includes "loss" as defined in certain coverage forms.
- C.** The following provisions, **C.1.** and **C.2.**, are added to the policy and supersede any provisions to the contrary:
 - 1.** If you reported your claim to us:
 - a.** Before the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date the catastrophe was declared;
 - b.** After the catastrophe was declared, we will reach agreement with you on the amount of loss within 90 days after the date on which you reported the claim.
 - 2.** However, the time periods specified in **C.1.** above will be extended by the period of time taken to resolve the following situations:
 - a.** We suspect the claim is fraudulent and commence an investigation to make such a determination;
 - b.** You do not provide the necessary information regarding the nature of the claim, following our request for such information; or
 - c.** You filed suit against us in connection with the claim before expiration of the applicable 90-day period.
- D.** All other provisions of this policy continue to apply in the event of a catastrophe, including the Suit Against Us and Appraisal conditions.
- E.** This endorsement does not invalidate our right to deny your claim, nor the right of either party to seek judgment in a court having jurisdiction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW MEXICO CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Permissible Reasons And Notice Period

- (a)** If this policy is in effect less than 60 days, we may cancel for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.
- (b)** If this policy is in effect 60 days or more, we may cancel only for one or more of the following reasons:
 - (i)** Nonpayment of premium;
 - (ii)** There has been a substantial change in the risk assumed by us since the policy was issued;
 - (iii)** The policy was obtained through material misrepresentation, fraudulent statements, omissions or concealment of fact material to the acceptance of the risk or to the hazard assumed by us;
 - (iv)** Willful and negligent acts or omission by the insured have substantially increased the hazards insured against; or
 - (v)** You presented a claim based on fraud or material misrepresentation.

(c) If we cancel subject to Paragraph **(2)(b)**, we will mail or deliver to the first Named Insured written notice of cancellation at least:

- (i)** 10 days before the effective date of cancellation, for the reason set forth in Paragraph **(2)(b)(i)**.
- (ii)** 30 days before the effective date of cancellation, for the reason set forth in Paragraph **(2)(b)(ii)**.
- (iii)** 15 days before the effective date of cancellation, for a reason set forth in Paragraph **(2)(b)(iii)**, **(2)(b)(iv)** or **(2)(b)(v)**.

The written notice will state the reason for cancellation, except that such statement may be omitted from a notice mailed to an additional insured under this policy.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of the nonrenewal not less than 30 days before the expiration date of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraphs **1.**, **2.**, **3.** and **5.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 1.** The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.
 - 2. Cancellation Of Policies In Effect**
 - a. 60 Days Or Less**
 We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1)** 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph **A.2.a.(2)** below.
 - (2)** 15 days before the effective date of cancellation if we cancel for any of the following reasons:
 - (a)** Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
 - (b)** Conviction of a crime arising out of acts increasing the hazard insured against;
 - (c)** Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;
 - (d)** After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
 - (e)** Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;
 - (f)** Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

- (g) A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
- (h) Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

b. For More Than 60 Days

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph **A.2.a.(2)** above, provided:

- (1) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and
 - (2) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.
3. We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.
 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the Cancellation Common Policy Condition:

7. If one of the reasons for cancellation in Paragraph **A.2.a.(2)** or **D.2.b.(2)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

C. The following conditions are added:

1. Nonrenewal

If we decide not to renew this policy we will send notice as provided in Paragraph **C.3.** below.

2. Conditional Renewal

If we conditionally renew this policy subject to:

- a. A change of limits;
- b. A change in type of coverage;
- c. A reduction of coverage;
- d. An increased deductible;
- e. An addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **C.3.** below.

3. Notices Of Nonrenewal And Conditional Renewal

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **C.1.** and **C.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
 - (1) The expiration date; or
 - (2) The anniversary date if this is a continuous policy.
- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.

- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
 - d. If we violate any of the provisions of Paragraph **C.3.a., b. or c.** above by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
 - (1) And if notice is provided prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60-day period, has replaced the coverage or elects to cancel;
 - (2) And if the notice is provided on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
 - e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
 - (1) Upon expiration of the 60-day period, unless Subparagraph (2) below applies; or
 - (2) Notwithstanding the provisions in Paragraphs **d.(1)** and **d.(2)**, as of the renewal date of the policy if the conditional renewal notice was sent at least 30 days prior to the expiration or anniversary date of the policy.
 - f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.
- D.** The following provisions apply when the Commercial Property Coverage Part, the Farm Coverage Part or the Capital Assets Program (Output Policy) Coverage Part is made a part of this policy:
1. Items **D.2.** and **D.3.** apply if this policy meets the following conditions:
 - a. The policy is issued or issued for delivery in New York State covering property located in this state; and
 - b. The policy insures:
 - (1) For loss of or damage to structures, other than hotels or motels, used predominantly for residential purposes and consisting of no more than four dwelling units; or
 - (2) For loss of or damage to personal property other than farm personal property or business property; or
 - (3) Against damages arising from liability for loss of, damage to or injury to persons or property, except liability arising from business or farming; and
 - c. The portion of the annual premium attributable to the property and contingencies described in **1.b.** exceeds the portion applicable to other property and contingencies.
 2. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
 - 2. Procedure And Reasons For Cancellation**
 - a. We may cancel this entire policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
 - b. But if this policy:
 - (1) Has been in effect for more than 60 days; or

(2) Is a renewal of a policy we issued;
we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
- (2) Conviction of a crime arising out of acts increasing the risk of loss;
- (3) Discovery of fraud or material misrepresentation in obtaining the policy or in making a claim;
- (4) Discovery of willful or reckless acts or omissions increasing the risk of loss;
- (5) Physical changes in the covered property that make that property uninsurable in accordance with our objective and uniformly applied underwriting standards in effect when we:
 - (a) Issued the policy; or
 - (b) Last voluntarily renewed the policy;
- (6) The Superintendent of Insurance's determination that continuing the policy would violate Chapter 28 of the Insurance Law; or
- (7) Required pursuant to a determination by the Superintendent of Insurance that the continuation of our present premium volume would be hazardous to the interests of our policyholders, our creditors or the public.

3. The following are added:

a. Conditional Continuation

Instead of cancelling this policy, we may continue it on the condition that:

- (1) The policy limits be changed; or
- (2) Any coverage not required by law be eliminated.

If this policy is conditionally continued, we will mail or deliver to the first Named Insured written notice at least 20 days before the effective date of the change or elimination. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

b. Nonrenewal

If, as allowed by the laws of New York State, we:

- (1) Do not renew this policy; or
- (2) Condition policy renewal upon:

- (a) Change of limits; or
- (b) Elimination of coverage;

we will mail or deliver written notice of nonrenewal or conditional renewal:

- (a) At least 45 days; but
- (b) Not more than 60 days;

before the expiration date of the policy. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

E. The following is added to the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

When the property is subject to the Anti-arson Application in accordance with New York Insurance Department Regulation No. 96, the following provisions are added:

If you fail to return the completed, signed and affirmed anti-arson application to us:

1. Or our broker or agent within 45 days of the effective date of a new policy, we will cancel the entire policy by giving 20 days' written notice to you and to the mortgageholder shown in the Declarations.
2. Before the expiration date of any policy, we will cancel the policy by giving written notice to you and to the mortgageholder shown in the Declarations at least 15 days before the effective date of cancellation.

The cancellation provisions set forth in **E.1.** and **E.2.** above supersede any contrary provisions in this policy including this endorsement.

If the notice in **E.1.** or **E.2.** above is mailed, proof of mailing will be sufficient proof of notice. Delivery of the notice will be the same as mailing.

F. The following applies to the Commercial Property Coverage Part, the Farm Coverage Part and the Capital Assets Program (Output Policy) Coverage Part:

Paragraphs **f.** and **g.** of the **Mortgageholders** Condition are replaced by the following:

f. Cancellation

- (1) If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (a) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (2) If you cancel this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, cancellation will become effective on the later of:
 - (a) The effective date of cancellation of the insured's coverage; or
 - (b) 10 days after we give notice to the mortgageholder.

g. Nonrenewal

- (1) If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

(2) If you elect not to renew this policy, we will give written notice to the mortgageholder. With respect to the mortgageholder's interest only, nonrenewal will become effective on the later of:

- (a) The expiration date of the policy; or
- (b) 10 days after we give notice to the mortgageholder.

G. The following provisions apply when the following are made a part of this policy:

Commercial General Liability Coverage Part
Employment-Related Practices Liability Coverage Part
Farm Liability Coverage Form
Liquor Liability Coverage Part
Products/Completed Operations Liability Coverage Part

1. The aggregate limits of this policy as shown in the Declarations will be increased in proportion to any policy extension provided in accordance with Paragraph **C.3.d.** above.
2. The last sentence of Limits Of Insurance does not apply when the policy period is extended because we sent the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NEW YORK CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation Of Policy** Condition is replaced by the following:

Cancellation Of Policy

(1) The first Named Insured shown in the Declarations may cancel this entire policy by mailing or delivering to us advance written notice of cancellation.

(2) Cancellation Of Policies In Effect

(a) 60 Days Or Less

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

(i) 30 days before the effective date of cancellation if we cancel for any reason not included in Paragraph **A.(2)(a)(ii)**.

(ii) 15 days before the effective date of cancellation if we cancel for any of the following reasons:

- i.** Nonpayment of premium, provided however, that a notice of cancellation on this ground shall inform the first Named Insured of the amount due;
- ii.** Conviction of a crime arising out of acts increasing the hazard insured against;
- iii.** Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim;

iv. After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;

v. Material physical change in the property insured, occurring after issuance or last annual renewal anniversary date of the policy, that results in the property becoming uninsurable in accordance with our objective, uniformly applied underwriting standards in effect at the time the policy was issued or last renewed; or material change in the nature or extent of the risk, occurring after issuance or last annual renewal anniversary date of the policy, that causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed;

vi. Required pursuant to a determination by the Superintendent that continuation of our present premium volume would jeopardize our solvency or be hazardous to the interest of our policyholders, our creditors or the public;

- vii. A determination by the Superintendent that the continuation of the policy would violate, or would place us in violation of, any provision of the Insurance Code; or
- viii. Where we have reason to believe, in good faith and with sufficient cause, that there is a probable risk of danger that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If we cancel for this reason, you may make a written request to the Insurance Department, within 10 days of receipt of this notice, to review our cancellation decision. Also, we will simultaneously send a copy of this cancellation notice to the Insurance Department.

(b) More Than 60 Days

If this policy has been in effect for more than 60 days, or if this policy is a renewal or continuation of a policy we issued, we may cancel only for any of the reasons listed in Paragraph **A.(2)(a)(ii)**, provided:

- (i) We mail the first Named Insured written notice at least 15 days before the effective date of cancellation; and
 - (ii) If we cancel for nonpayment of premium, our notice of cancellation informs the first Named Insured of the amount due.
- (3) We will mail or deliver our notice, including the reason for cancellation, to the first Named Insured at the address shown in the policy and to the authorized agent or broker.
 - (4) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 - (5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata.

However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata. Under such financed policies, we will be entitled to retain a minimum earned premium of 10% of the total policy premium or \$60, whichever is greater. The cancellation will be effective even if we have not made or offered a refund.

- (6) If notice is mailed, proof of mailing will be sufficient proof of notice.
- (7) If one of the reasons for cancellation in Paragraph **A.(2)(a)(ii)** exists, we may cancel this entire policy, even if the reason for cancellation pertains only to a new coverage or endorsement initially effective subsequent to the original issuance of this policy.

B. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

If we decide not to renew this policy, we will send notice as provided in Paragraph **B.3**.

2. Conditional Renewal

If we conditionally renew this policy subject to:

- a. A change of limits;
- b. A change in type of coverage;
- c. A reduction of coverage;
- d. An increased deductible;
- e. An addition of exclusion; or
- f. Increased premiums in excess of 10%, exclusive of any premium increase due to and commensurate with insured value added or increased exposure units; or as a result of experience rating, loss rating, retrospective rating or audit;

we will send notice as provided in Paragraph **B.3**.

3. Notices Of Nonrenewal And Conditional Renewal

- a. If we decide not to renew this policy or to conditionally renew this policy as provided in Paragraphs **B.1.** and **B.2.** above, we will mail or deliver written notice to the first Named Insured shown in the Declarations at least 60 but not more than 120 days before:
 - (1) The expiration date; or
 - (2) The anniversary date if this is a continuous policy.

- b. Notice will be mailed or delivered to the first Named Insured at the address shown in the policy and to the authorized agent or broker. If notice is mailed, proof of mailing will be sufficient proof of notice.
- c. Notice will include the specific reason(s) for nonrenewal or conditional renewal, including the amount of any premium increase for conditional renewal and description of any other changes.
- d. If we violate any of the provisions of Paragraph **B.3.a.**, **B.3.b.** or **B.3.c.** by sending the first Named Insured an incomplete or late conditional renewal notice or a late nonrenewal notice:
 - (1) And if notice is provided prior to the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the first Named Insured, during this 60-day period, has replaced the coverage or elects to cancel;
 - (2) And if the notice is provided on or after the expiration date of this policy, coverage will remain in effect at the same terms and conditions of this policy for another policy period, at the lower of the current rates or the prior period's rates, unless the first Named Insured, during this additional policy period, has replaced the coverage or elects to cancel.
- e. If you elect to renew on the basis of a late conditional renewal notice, the terms, conditions and rates set forth in such notice shall apply:
 - (1) Upon expiration of the 60-day period, unless Subparagraph (2) below applies; or
 - (2) Notwithstanding the provisions in Paragraphs **d.(1)** and **d.(2)**, as of the renewal date of the policy if the conditional renewal notice was sent at least 30 days prior to the expiration or anniversary date of the policy.
- f. We will not send you notice of nonrenewal or conditional renewal if you, your authorized agent or broker or another insurer of yours mails or delivers notice that the policy has been replaced or is no longer desired.

C. Calculation Of Premium

1. For policies with fixed terms in excess of one year, or policies with no stated expiration date, except as provided in Paragraph 2., the following applies:

The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. On each renewal or continuation of this policy, we will compute the premium in accordance with our rates and rules then in effect.
2. For policies with fixed terms in excess of one year, where premium is computed and paid annually, the following applies:
 - a. The premium shown in the Declarations was computed based on rates and rules in effect at the time the policy was issued. Such rates and rules will be used to calculate the premium at each anniversary, for the entire term of the policy, unless the specific reasons described in Paragraph **b.** or **c.** apply.
 - b. The premium will be computed based on the rates and rules in effect on the anniversary date of the policy only when, subsequent to the inception of the current policy period, one or more of the following occurs:
 - (1) After issuance of the policy or after the last renewal date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and that occurred subsequent to inception of the current policy period;
 - (2) A material physical change in the property insured, occurring after issuance or last anniversary renewal date of the policy, causes the property to become uninsurable in accordance with underwriting standards in effect at the time the policy was issued or last renewed; or
 - (3) A material change in the nature or extent of the risk, occurring after issuance or last anniversary renewal date of the policy, which causes the risk of "loss" to be substantially and materially increased beyond that contemplated at the time the policy was issued or last renewed.

c. If, subsequent to the inception of the current policy period, the Limit of Insurance is increased, or additional coverages or causes of loss are insured, the rate and rules in effect at the time of the change will be applied to calculate the premium and will continue to apply to the change at subsequent anniversary dates.

D. The following provision applies when a policy is written on an annual aggregate limit of insurance basis:

The annual aggregate limit of this policy will be increased in proportion to any policy extension provided in accordance with Paragraph **B.3.**, provided, however, that if the first Named Insured elects to accept the terms and conditions and rates of the conditional renewal notice, a new annual aggregate limitation shall become effective as of the inception date of the renewal, subject to regulations promulgated by the Superintendent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1) Expiration of the policy term; or
- (2) Anniversary date,
 stated in the policy only for one or more of the following reasons:
 - (a) Nonpayment of premium;

- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
- (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

- (g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- (h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;
- (i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or
- (j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
- c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
 - d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:

- (1) Expiration of the policy if this policy has been written for one year or less; or
- (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.

b. We need not mail or deliver the notice of nonrenewal if you have:

- (1) Insured property covered under this policy, under any other insurance policy;
- (2) Accepted replacement coverage; or
- (3) Requested or agreed to nonrenewal of this policy.

c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A.** Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 3 years from the date you "discover" the loss.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 3 years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.** and **B.** apply only to the Commercial Crime Policy, Government Crime Policy and Kidnap/Ransom And Extortion Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Requirements

(a) Policies In Effect Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i)** 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (ii)** 30 days before the effective date of cancellation if we cancel for any other reason.

(b) Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (i)** Expiration of the policy term; or
- (ii)** Anniversary date;

stated in the policy only for one or more of the following reasons:

- i.** Nonpayment of premium;

- ii.** An act or omission by the Insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
- iii.** Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- iv.** Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- v.** A fraudulent act against us by the Insured or his or her representative that materially affects the insurability of the risk;
- vi.** Willful failure by the Insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- vii.** Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;
- viii.** Conviction of the Insured of a crime arising out of acts that materially affect the insurability of the risk; or

- ix. A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (i) 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (ii) 30 days before the effective date of cancellation if we cancel for any other reason.
- (c) Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.
- (d) We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.

B. The following is added and supersedes any other provision to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.

- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.

C. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within three years from the date you "discover" the loss.

D. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within three years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by Paragraphs **2.** and **3.** below, except to the extent that Item **B.** of this endorsement applies.

2. Policies In Effect:

a. For Less Than 90 Days

If this policy has been in effect for less than 90 days, we may cancel the policy for any reason by mailing to the first Named Insured, and agent, if any, written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation; or
- (2) Five days before the effective date of cancellation for any condition stated in Paragraph **B.** of this endorsement.

b. For 90 Days Or More Or Policies With Terms Longer Than One Year Or Continuous Policies

If this policy has been in effect for 90 days or more, is a renewal of a policy we issued, is a policy issued for a term longer than one year or is a continuous policy, we may cancel the policy only for one or more of the following reasons:

- (1) Nonpayment of premiums;
- (2) Misrepresentation or fraud made by the "insured" or with the "insured's" knowledge in obtaining the policy or in pursuing a claim under the policy;

- (3) The "insured's" actions that have substantially increased or substantially changed the risk insured;
- (4) The "insured's" refusal to eliminate known conditions that increase the potential for loss, after our notification that the condition must be removed;
- (5) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- (6) Loss of reinsurance which provided us with coverage for a significant amount of the underlying risk insured;
- (7) A determination by the insurance commissioner that the continuation of the policy could place us in violation of North Dakota insurance laws;
- (8) Nonpayment of dues to an association or organization, other than an insurance association or organization, where payment of dues is a prerequisite to obtaining or continuing such insurance. Cancellation for this reason does not apply to persons who are retired at 62 years of age or older or to any person who is disabled according to social security standards;

(9) A violation of any local fire, health, safety, building or construction regulation or ordinance with respect to Covered Property or the occupancy thereof which substantially increases any hazard insured against; or

(10) Certain conditions exist, as stated in Paragraph **B.** of this endorsement.

We will mail written notice of cancellation to the first Named Insured, and agent, if any, at least:

(a) Five days before the effective date of cancellation for any condition stated in Paragraph **B.** of this endorsement;

(b) 10 days before the effective date of cancellation for nonpayment of premium; or

(c) 30 days before the effective date of cancellation for any reason stated in Paragraphs **2.b.(2)** through **(9)** above.

However, for policies with terms longer than one year or continuous policies, notice of cancellation will be mailed at least 30 days prior to any anniversary date for any reason stated in Paragraphs **2.b.(1)** through **(9)** above.

If we cancel for a reason listed in Paragraphs **2.b.(1)** through **(9)** above, the notice of cancellation will state our reasons for cancellation.

3. We will mail our notice, by first-class mail, to the first Named Insured and agent, if any, at the last mailing address known to us.

B. We may also cancel the policy if one or more of the following conditions exist:

1. Buildings with at least 65% of the rental units in the building unoccupied.

2. Buildings that have been damaged by a covered cause of loss and the "insured" has stated or such time has elapsed as clearly indicates that the damage will not be repaired.

3. Buildings to which, following a fire, permanent repairs have not commenced within 60 days following satisfactory adjustment of loss.

4. Buildings that have been unoccupied 60 or more consecutive days, except buildings that have a seasonal occupancy, and buildings actually in the course of construction or repair and reconstruction which are properly secured against unauthorized entry.

5. Buildings that are in danger of collapse because of serious structural conditions or those buildings subject to extremely hazardous conditions not contemplated in filed rating plans such as those buildings that are in a state of disrepair as to be dilapidated.

6. Buildings on which, because of their physical condition, there is an outstanding order to vacate or an outstanding demolition order, or which have been declared unsafe in accordance with applicable law.

7. Buildings from which fixed and salvageable items have been or are being removed and the "insured" can give no reasonable explanation for the removal.

8. Buildings on which there is reasonable knowledge and belief that the property is endangered and is not reasonably protected from possible arson for the purpose of defrauding an insurer.

9. Buildings with any of the following conditions:

a. Failure to furnish heat, water, sewer service, or public lighting for 30 consecutive days or more.

b. Failure to correct conditions dangerous to life, health, or safety.

c. Failure to maintain the building in accordance with applicable law.

d. Failure to pay property taxes for more than one year.

10. Buildings that have characteristics of ownership condition, occupancy, or maintenance, which are violative of law or public policy.

C. The following is added and supersedes any provision to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail to the last known address of the first Named Insured shown in the Declarations, and agent, if any, a notice of intention not to renew at least:

a. 60 days prior to the expiration date of the policy, except as provided in Paragraph **b.**; or

b. 90 days prior to the expiration date of the policy when the policy provides professional liability coverage for legal and medical services.

The notice of nonrenewal will state our reason for nonrenewal.

2. We will mail our notice, by first-class mail, to the first Named Insured and agent, if any, at the last mailing address known to us.

3. We need not mail or deliver this notice if you have:

a. Insured elsewhere;

b. Accepted replacement coverage; or

c. Requested or agreed to nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES – EXAMINATION OF YOUR BOOKS AND RECORDS

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
FARM UMBRELLA LIABILITY POLICY
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The **Examination Of Your Books And Records** Common Policy Condition is replaced by the following:

EXAMINATION OF YOUR BOOKS AND RECORDS

1. Except as provided in **2.** below, we may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

2. Any audit conducted to determine the premium due or to be refunded must be completed within 180 days after:

- a. The expiration date of the policy; or
- b. The anniversary date, if this is a continuous policy or a policy written for a term longer than one year;

unless you agree in writing to extend the audit period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraphs (2) and (3) of the Cancellation Of Policy Condition are replaced by the following:

(2) Policies In Effect:

(a) For Less Than 90 Days

If this policy has been in effect for less than 90 days, we may cancel the policy for any reason by mailing to the first Named Insured, and agent, if any, written notice of cancellation at least 10 days before the effective date of cancellation.

(b) For 90 Days Or More Or Policies With Terms Longer Than One Year Or Continuous Policies

If this policy has been in effect for 90 days or more, is a renewal of a policy we issued, is a policy issued for a term longer than one year or is a continuous policy, we may cancel the policy only for one or more of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** Misrepresentation or fraud made by the Insured or with the Insured's knowledge in obtaining the policy or in pursuing a claim under the policy;
- (iii)** The Insured's actions that have substantially increased or substantially changed the risk insured;
- (iv)** The Insured's refusal to eliminate known conditions that increase the potential for loss, after our notification that the condition must be removed;

(v) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;

(vi) Loss of reinsurance which provided us with coverage for a significant amount of the underlying risk insured;

(vii) A determination by the insurance commissioner that the continuation of the policy could place us in violation of North Dakota insurance laws; or

(viii) A violation of any local fire, health, safety, building or construction regulation or ordinance with respect to covered property or the occupancy thereof which substantially increases any hazard insured against;

We will mail written notice of cancellation to the first Named Insured, and agent, if any, at least:

(a) 10 days before the effective date of cancellation for nonpayment of premium; or

(b) 30 days before the effective date of cancellation for any reason stated in Paragraphs **(2)(b)(ii)** through **(viii)**.

However, for policies with terms longer than one year or continuous policies, notice of cancellation will be mailed at least 30 days prior to any anniversary date for any reason stated in Paragraphs **(2)(b)(i)** through **(viii)**.

If we cancel for a reason listed in Paragraphs **(2)(b)(i)** through **(viii)**, the notice of cancellation will state our reasons for cancellation.

- (3)** We will mail our notice, by first class mail, to the first Named Insured and agent, if any, at the last mailing address known to us.

- B.** The following is added and supersedes any provision to the contrary:

Nonrenewal

1. If we elect not to renew this policy, we will mail to the first Named Insured shown in the Declarations, and agent, if any, a notice of intention not to renew at least 60 days prior to the expiration date of the policy. The notice of nonrenewal will state our reason for nonrenewal.
2. We will mail our notice, by first class mail, to the first Named Insured and agent, if any, at the last mailing address known to us.
3. We need not mail or deliver this notice if you have:
 - a. Insured elsewhere;
 - b. Accepted replacement coverage; or
 - c. Requested or agreed to nonrenewal.

- C.** The **Examination Of Your Books And Records** Condition is replaced by the following:

Examination Of Your Books And Records

1. Except as provided in Paragraph **2.**, we may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.
2. Any audit conducted to determine the premium due or to be refunded must be completed within 180 days after:
 - a. The expiration date of the policy; or
 - b. The anniversary date, if this is a continuous policy or a policy written for a term longer than one year;unless you agree in writing to extend the audit period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OHIO CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** With respect to a policy which has been in effect for more than 90 days, or is a renewal of a policy we issued, the **Cancellation** Common Policy Condition is replaced by the following:
- 1.** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
 - 2.** We may cancel this policy only for one or more of the following reasons, except as provided in Paragraph **6.** below:
 - a.** Nonpayment of premium;
 - b.** Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
 - c.** Discovery of a moral hazard or willful or reckless acts or omissions on your part which increases any hazard insured against;
 - d.** The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
 - e.** Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
 - f.** Failure of an insured to correct material violations of safety codes or to comply with reasonable written loss control recommendations; or
 - g.** A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.
 - 3.** We will mail written notice of cancellation to the first Named Insured, and agent if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.
 - 4.** We will mail the notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - b.** 30 days before the effective date of cancellation, if we cancel for a reason stated in **2.b.** through **2.g.** above.

5. The notice of cancellation will:
 - a. State the effective date of cancellation. The policy period will end on that date.
 - b. Contain the date of the notice and the policy number, and will state the reason for cancellation.
6. Policies written for a term of more than one year or on a continuous basis may be cancelled by us for any reason at an anniversary date, upon 30 days' written notice of cancellation.
7. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added to the Common Policy Conditions and supersedes any provisions to the contrary:

NONRENEWAL

1. If we elect not to renew this policy, we will mail written notice of nonrenewal to the first Named Insured, and agent if any, at the last mailing addresses known to us. The notice will contain the date of the notice and the policy number, and will state the expiration date of the policy.
2. We will mail the notice of nonrenewal at least 30 days before the expiration date of the policy.
3. Proof of mailing will be sufficient proof of notice.

C. Common Policy Conditions

1. Paragraph **A.2.a.** of the **Businessowners** Common Policy Conditions is deleted.
2. Paragraph **E.2.** of the **Cancellation** Common Policy Condition in the Standard Property Policy is deleted. Paragraph **E.2.** is replaced by the following (unless Item **A.** of this endorsement applies):

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

 - a. 10 days before the effective date of cancellation, if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date, if we cancel for any other reason.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OHIO CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** With respect to a policy which has been in effect for more than 90 days, or is a renewal of a policy we issued, the **Cancellation Of Policy** Condition is replaced by the following:

Cancellation Of Policy

- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
- (2)** We may cancel this policy only for one or more of the following reasons, except as provided in Paragraph **(6)**:
 - (a)** Nonpayment of premium;
 - (b)** Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted thereunder;
 - (c)** Discovery of a moral hazard or willful or reckless acts or omissions on your part which increase any hazard insured against;
 - (d)** The occurrence of a change in the individual risk which substantially increases any hazard insured against after the insurance coverage has been issued or renewed except to the extent the insurer could reasonably have foreseen the change or contemplated the risk in writing the contract;
 - (e)** Loss of applicable reinsurance or a substantial decrease in applicable reinsurance, if the Superintendent has determined that reasonable efforts have been made to prevent the loss of, or substantial decrease in, the applicable reinsurance, or to obtain replacement coverage;
 - (f)** A determination by the Superintendent of Insurance that the continuation of the policy would create a condition that would be hazardous to the policyholders or the public.
- (3)** We will mail written notice of cancellation to the first Named Insured, and agent if any, at the last mailing addresses known to us. Proof of mailing will be sufficient proof of notice.
- (4)** We will mail the notice of cancellation at least:
 - (a)** 10 days before the effective date of cancellation, if we cancel for non-payment of premium; or
 - (b)** 30 days before the effective date of cancellation, if we cancel for a reason stated in Paragraphs **(2)(b)** through **(2)(f)**.
- (5)** The notice of cancellation will:
 - (a)** State the effective date of cancellation. The policy period will end on that date.
 - (b)** Contain the date of the notice and the policy number, and will state the reason for cancellation.
- (6)** Policies written for a term of more than one year or on a continuous basis may be cancelled by us for any reason at an anniversary date, upon 30 days' written notice of cancellation.
- (7)** If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we elect not to renew this policy, we will mail written notice of nonrenewal to the first Named Insured, and agent if any, at the last mailing addresses known to us. The notice will contain the date of the notice and the policy number and will state the expiration date of the policy.
2. We will mail the notice of nonrenewal at least 30 days before the expiration date of the policy.
3. Proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 45 business days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted under it;
- (3) Discovery of willful or reckless acts or omissions by you that increase any hazard insured against;
- (4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;

(5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;

(6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the insurance laws of this state;

(7) Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or

(8) Loss of or substantial changes in applicable reinsurance.

B. The following are added to the Common Policy Conditions and supersede any provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least 45 days before:

- (1) The expiration date of this policy; or
- (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.

- b. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- c. If notice is mailed:
 - (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
- d. If notice of nonrenewal is **not** mailed or delivered at least 45 days before the expiration date or an anniversary date of this policy, coverage will remain in effect until 45 days after notice is given. Earned premium for such extended period of coverage will be calculated pro rata based on the rates applicable to the expiring policy.
- e. We will **not** provide notice of nonrenewal if:
 - (1) We, or another company within the same insurance group, have offered to issue a renewal policy; or
 - (2) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- f. If we have provided the required notice of nonrenewal as described in **B.1.a.** above, and thereafter extend the policy for a period of 90 days or less, we will **not** provide an additional nonrenewal notice with respect to the period of extension.

2. Premium Or Coverage Changes At Renewal

- a. If we elect to renew this policy, we will give written notice of any premium increase, change in deductible, or reduction in limits or coverage, to the first Named Insured, at the last mailing address known to us.
- b. Any such notice will be mailed or delivered to the first Named Insured at least 45 days before:
 - (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.

- c. If notice is mailed:
 - (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
- d. If the first Named Insured accepts the renewal, the premium increase or coverage changes will be effective the day following the prior policy's expiration or anniversary date.
- e. If notice is **not** mailed or delivered at least 45 days before the expiration date or anniversary date of this policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until:
 - (1) 45 days after notice is given; or
 - (2) The effective date of replacement coverage obtained by the insured;
 whichever occurs first.
 If the first Named Insured then elects **not** to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
- f. We will **not** provide notice of the following:
 - (1) Changes in a rate or plan filed pursuant to the Property and Casualty Competitive Loss Cost Rating Act applicable to an entire class of business;
 - (2) Changes which are based upon the altered nature or extent of the risk insured; or
 - (3) Changes in policy forms filed with or approved by the Insurance Commissioner and applicable to an entire class of business.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

- A.** When this endorsement is attached to the **Standard Property Policy CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** The **Concealment, Misrepresentation Or Fraud** condition is replaced by the following:
Except as provided in Paragraphs **C.** and **D.**, we do not provide coverage in any case of fraud by you as it relates to this Coverage Part at any time. We also do not provide coverage if you or any other insured ("insured"), at any time, intentionally conceal or misrepresent a material fact concerning:
1. This Coverage Part;
 2. The Covered Property;
 3. Your interest in the Covered Property; or
 4. A claim under this Coverage Part.
- C.** The **Concealment, Misrepresentation Or Fraud** condition in the Commercial Auto Coverage Part is replaced by the following:
We do not provide coverage in any case of fraud by you at any time as it relates to this Coverage Part. We also do not provide coverage if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:
1. This Coverage Part;
 2. The covered "auto";
 3. Your interest in the covered "auto"; or
 4. A claim under this Coverage Part.
- However, this provision does not apply, but only up to the compulsory or financial responsibility limits required by Oklahoma law, if an "accident" results in a third party liability claim against the "insured" under this Coverage Part.
- D.** Under the Kidnap/Ransom And Extortion Coverage Form, the **Concealment, Misrepresentation Or Fraud** condition is replaced by the following:
We do not provide coverage in any case of fraud by you as it relates to this insurance at any time. We also do not provide coverage if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:
1. This insurance;
 2. A person insured under this insurance;
 3. The "property" covered under this insurance;
 4. Your interest in the "property" covered under this insurance; or
 5. A claim under this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – EFFECTIVE TIME CHANGE

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

All references throughout this policy to 12:01 AM are replaced by 12:01 AM Standard Time.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – EXCLUSION OF A TRUSTOR AS A NAMED INSURED

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY

EXCLUSION OF TRUSTOR AS NAMED INSURED

If the Named Insured of this policy includes a trust and the covered property is owned by or is an asset of the trust, then the trustor of the trust is excluded from coverage under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (2) of the Cancellation Of Policy Condition is replaced by the following:

(2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (a)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (b)** 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 45 business days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted under it;
- (iii)** Discovery of willful or reckless acts or omissions by you that increase any hazard insured against;
- (iv)** The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (v)** A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to any covered property or its occupancy that substantially increases any hazard insured against;
- (vi)** A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the insurance laws of this state;

(vii) Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or

(viii) Loss of or substantial changes in applicable reinsurance.

B. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

a. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least 45 days before:

- (1)** The expiration date of this policy; or
- (2)** An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.

b. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.

c. If notice is mailed:

(1) It will be considered to have been given to the first Named Insured on the day it is mailed.

(2) Proof of mailing will be sufficient proof of notice.

d. If notice of nonrenewal is **not** mailed or delivered at least 45 days before the expiration date or an anniversary date of this policy, coverage will remain in effect until 45 days after notice is given. Earned premium for such extended period of coverage will be calculated pro rata based on the rates applicable to the expiring policy.

- e. We will **not** provide notice of nonrenewal if:
 - (1) We, or another company within the same insurance group, have offered to issue a renewal policy; or
 - (2) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- f. If we have provided the required notice of nonrenewal as described in Paragraph **B.1.a.**, and thereafter extend the policy for a period of 90 days or less, we will **not** provide an additional nonrenewal notice with respect to the period of extension.

2. Premium Or Coverage Changes At Renewal

- a. If we elect to renew this policy, we will give written notice of any premium increase, change in deductible or reduction in limits or coverage to the first Named Insured at the last mailing address known to us.
- b. Any such notice will be mailed or delivered to the first Named Insured at least 45 days before:
 - (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.
- c. If notice is mailed:
 - (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
- d. If the first Named Insured accepts the renewal, the premium increase or coverage changes will be effective the day following the prior policy's expiration or anniversary date.
- e. If notice is **not** mailed or delivered at least 45 days before the expiration date or anniversary date of this policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until:
 - (1) 45 days after notice is given; or
 - (2) The effective date of replacement coverage obtained by the insured;
 whichever occurs first.
 If the first Named Insured then elects **not** to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.

- f. We will **not** provide notice of the following:
 - (1) Changes in a rate or plan filed pursuant to the Property And Casualty Competitive Loss Cost Rating Act and applicable to an entire class of business;
 - (2) Changes in a policy form filed with or approved by the Insurance Commissioner and applicable to an entire class of business; or
 - (3) Changes which are based upon the altered nature or extent of the risk insured.

C. The following is added to Section E. Conditions: Warning

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy, containing any false, incomplete or misleading information, is guilty of a felony.

- D. Under the Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

We do not provide coverage in any case of fraud by you as it relates to this policy at any time. We also do not provide coverage if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- 1. This policy;
- 2. The property covered under this policy;
- 3. Your interest in the property covered under this policy; or
- 4. A claim under this policy.

- E. Under the Kidnap/Ransom And Extortion Policy the **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

We do not provide coverage in any case of fraud by you as it relates to this policy at any time. We also do not provide coverage if you or any other insured, at any time, intentionally conceals or misrepresents a material fact concerning:

- 1. This policy;
- 2. A person insured under this policy;
- 3. The "property" covered under this policy;
- 4. Your interest in the "property" covered under this policy; or
- 5. A claim under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART

- A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.** If this policy has been in effect for:
- a.** Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
 - b.** 60 days or more or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (3)** Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
 - (4)** Failure to comply with reasonable loss control recommendations;
 - (5)** Substantial breach of contractual duties, conditions or warranties;
 - (6)** Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Oregon or any other state; or
 - (7)** Loss or decrease in reinsurance covering the risk.
- c.** 60 days or more or is a renewal policy, we may cancel for any other reason approved by the commissioner by rule, but only with respect to insurance provided under the following:
- (1)** A package policy that includes commercial property and commercial liability insurance;
 - (2)** Commercial Automobile Coverage Part;
 - (3)** Commercial General Liability Coverage Part;
 - (4)** Commercial Property Coverage Part – Legal Liability Coverage Form;
 - (5)** Commercial Property Coverage Part – Mortgageholders Errors And Omissions Coverage Form;
 - (6)** Employment-Related Practices Liability Coverage Part;
 - (7)** Farm Coverage Part – Farm Liability Coverage Form;
 - (8)** Liquor Liability Coverage Part;
 - (9)** Products/Completed Operations Liability Coverage Part; or
 - (10)** Professional Liability Coverage Part.

B. Paragraph **3.** of the **Cancellation** Common Policy Condition is amended by the addition of the following:

3. We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

C. The following is added to the **Cancellation** Common Policy Condition:

7. Number Of Days' Notice Of Cancellation:

a. With respect to insurance provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least 10 working days after the first Named Insured receives our notice.

b. With respect to insurance other than that provided under **2.c.(1)** through **(10)** above, cancellation will not be effective until at least:

(1) 10 days after the first Named Insured receives our notice, if we cancel for nonpayment of premium; or

(2) 30 days after the first Named Insured receives our notice, if we cancel for any other reason.

D. Paragraph **6.** of the **Cancellation** Common Policy Condition does not apply.

E. The following are added and supersede any provision to the contrary:

1. Nonrenewal

We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal before the:

a. Expiration date of the policy; or

b. Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consideration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

2. Mailing Of Notices

a. If notice of cancellation or nonrenewal is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

b. The following provision applies with respect to coverage provided under the Farm Coverage Part:

If the first Named Insured has affirmatively consented to our use of an electronic record to deliver notice of cancellation or nonrenewal and has not withdrawn such consent, then the electronic record delivering notice of cancellation or nonrenewal satisfies the requirement that the notice of cancellation or nonrenewal be provided, or made available, to the first Named Insured in writing if we send the first Named Insured the electronic record with a request for a return receipt and we receive the return receipt. If we do not receive the return receipt, we may cancel or nonrenew the policy only after providing or delivering the notice of cancellation or nonrenewal to the first Named Insured in writing, subject to Paragraph **2.a.** above.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (2) of the Cancellation Of Policy Condition is replaced by the following:

- (2) If this policy has been in effect for:
- (a) Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
 - (b) 60 days or more or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (i) Nonpayment of premium;
 - (ii) Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy or in presenting a claim under the policy;
 - (iii) Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
 - (iv) Substantial breach of contractual duties, conditions or warranties;
 - (v) Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the insurance laws of Oregon or any other state; or

(vi) Loss or decrease in reinsurance covering the risk.

B. Paragraph (3) of the Cancellation Of Policy Condition is amended by the addition of the following:

- (3) We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

If notice is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

C. The following is added to the Cancellation Of Policy Condition:

(7) Number Of Days' Notice Of Cancellation

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (a) 10 days after the first Named Insured receives our notice, if we cancel for nonpayment of premium; or
- (b) 30 days after the first Named Insured receives our notice, if we cancel for any other reason.

D. Paragraph (6) of the Cancellation Of Policy Condition does not apply.

E. The following is added and supersedes any other provision to the contrary:

Nonrenewal

We may elect not to renew this policy by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of non-renewal before the:

1. Expiration date of the policy; or
2. Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consideration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

If notice is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES – ACTUAL CASH VALUE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. surveys;
2. consultation or advice; or
3. inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. if the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. to consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. if any acts or omissions of the insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

Instruction to Policy Writers

Attach the Pennsylvania Notice to all new and renewal certificates insuring risks located in Pennsylvania.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PENNSYLVANIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation Of Policy** Condition is replaced by the following:

Cancellation Of Policy

(1) The first Named Insured shown in the Declarations may cancel this policy by writing or giving notice of cancellation.

(2) Cancellation Of Policies In Effect For Less Than 60 Days

We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

(3) Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

(a) You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation;

(b) You have failed to pay a premium when due, whether the premium is payable directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation;

(c) A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the policy period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

(d) Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

(e) Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation; or

(f) Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This policy may also be cancelled from inception upon discovery that the policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

- (4) We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.
- (5) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- (6) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.
- (7) If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

B. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the policy.

2. Increase Of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

C. The **Transfer Of Your Rights And Duties Under This Policy** Condition is replaced by the following:
Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative, but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties, but only with respect to that property.

If you die, this policy will remain in effect as provided in Paragraph 1. or 2., whichever is later:

- 1. For 180 days after your death, regardless of the policy period shown in the Declarations, unless the insured property is sold prior to that date; or
- 2. Until the end of the policy period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this policy, including payment of any premium due for the policy period shown in the Declarations and any extension of that period.

D. The following is added to the **Valuation – Settlement** Condition:

Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property, regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

E. The following is added to Section **E. Conditions: Insurance Services**

An insurance company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

- 1. Surveys;
- 2. Consultation or advice; or
- 3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the insurance company, its agents, employees or service contractors acting on its behalf are not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the insurance company, its agents, employees or service contractors;
2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the insurance company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice or gross negligence.

PENNSYLVANIA NOTICE

An Insurance Company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. Surveys;
2. Consultation or advice; or
3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the Insurance Company, its agents, employees or service contractors acting on its behalf, is not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the Insurance Company, its agents, employees or service contractors;
2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or
3. If any acts or omissions of the Insurance Company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice, or gross negligence.

Instruction to Policy Writers

Attach the Pennsylvania Notice to all new and renewal certificates insuring risks located in Pennsylvania.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUERTO RICO CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The Cancellation Of Policy Condition is replaced by the following:

Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing to us advance written notice of cancellation.
2. We may cancel this policy by mailing to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail our notice to the last address the first Named Insured has informed us of in writing or, otherwise, to the address shown in this policy.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. Any refund will be made within 15 days of a request by the first Named Insured for a refund; otherwise, any refund will be made within 90 days of the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.
6. Proof of mailing will be sufficient proof of notice.

B. The following conditions are added to Section E. Conditions:

Effective Time Change

The inception and expiration time of this policy is noon standard time. If the Declarations indicates a 12:01 AM inception and expiration time, such time is changed to noon standard time.

Nonrenewal

If we decide not to renew this policy, we will mail or deliver notice of nonrenewal to the last address the first Named Insured has informed us of in writing or, otherwise, to the address shown in this policy, at least 20 days prior to the expiration date of this policy.

Written Notice

1. Wherever this policy requires any person to send any written material to us, such material may be sent directly to us or through any one of our authorized representatives.
2. The failure to give us prompt written notice of any "occurrence", claim or suit or to send us copies of any demand, notice, summons or other legal papers received will not invalidate any claim made by you or free us from any responsibility in any suit if it can be shown not to have been reasonably possible to give the notice or forward the documents immediately, and that notice was given or the documents were sent as soon as reasonably possible.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RHODE ISLAND CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.
- B.** With respect to the:
 - Capital Assets Program (Output Policy) Coverage Part
 - Commercial Inland Marine Coverage Part
 - Commercial Property Coverage Part
 - Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions
 - Farm – Livestock Coverage Form
 - Farm – Mobile Agricultural Machinery And Equipment Coverage Form;
 - Paragraph **1.** of the **Cancellation** Common Policy Condition is replaced by the following:
 - 1.** The first Named Insured shown in the Declarations may cancel this policy by giving, mailing or delivering advance written notice of cancellation to us or to the insurance agent or producer who issued the policy.
- C.** With respect to all Coverage Parts and Policies addressed in this endorsement, the **Cancellation** Common Policy Condition is amended by replacing Paragraphs **2.**, **3.**, **5.** and **6.** with the following:
 - 2.** We may cancel this policy by giving, mailing or delivering to the first Named Insured and the insurance producer of record, if any, written notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b.** 30 days before the effective date of cancellation if we cancel for any other reason.

If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

 - a.** Nonpayment of premium;
 - b.** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;

- c. Activities or omissions on your part which increase any hazard insured against, including a failure to comply with loss control recommendations;
 - d. Change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to regulation, legislation, or court decision;
 - e. Loss or decrease of our reinsurance covering all or part of the risk or exposure covered by the policy;
 - f. Determination by the Commissioner of Insurance that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this state;
 - g. Owner or occupant incendiarism;
 - h. Violation or breach by you of any policy terms or conditions;
 - i. Constructive or actual total loss of the Covered Property; or
 - j. Such other reasons as may be approved by the Commissioner of Insurance.
3. We will give, mail or deliver written notice to the first Named Insured at the address shown on the policy, and to the insurance producer of record, if any.

However, with respect to the:

Capital Assets Program (Output Policy) Coverage Part

Commercial Inland Marine Coverage Part

Commercial Property Coverage Part

Employment-Related Practices Liability Coverage Part

Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions

Farm – Livestock Coverage Form

Farm – Mobile Agricultural Machinery And Equipment Coverage Form;

We will give, mail or deliver written notice to the first Named Insured at the last address known to us, and to the insurance producer of record, if any.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.
- The cancellation will be effective even if we have not made or offered a refund.

The following provisions govern calculation of return premium:

- a. We will compute return premium pro rata and round to the next higher whole dollar when this policy is:
 - (1) Cancelled at our request;
 - (2) Cancelled because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (3) Cancelled and rewritten by us or a member of our company group;
 - (4) Cancelled after the first year, if it is a prepaid policy written for a term of more than one year; or
 - (5) Cancelled by us at the request of a premium finance company upon default of the first Named Insured, when this policy is financed under a premium finance agreement.
 - b. When this policy is cancelled at your request (except when Paragraph a.(2), a.(3) or a.(4) applies), we will return 90% (75% for Equipment Breakdown policies) of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years.
6. Proof of giving, mailing or delivering notice of cancellation will be sufficient proof of notice.
- D. With respect to all Coverage Parts and Policies addressed in this endorsement, the following is added to the **Cancellation** Common Policy Condition:
7. We will provide you with the reason or reasons for cancellation if:
- a. You request in writing a statement of the reasons for cancellation; and
 - b. You agree in writing to hold us harmless from liability for any:
 - (1) Communication giving notice of, or specifying the reasons for, cancellation; or
 - (2) Statement made in connection with an attempt to discover or verify the existence of conditions which would be a reason for cancellation as provided under Paragraph C.2.

E. With respect to all Coverage Parts and Policies addressed in this endorsement, the following is added and supersedes any provision to the contrary:

Nonrenewal

1. If we elect not to renew this policy, we will give, mail or deliver to the first Named Insured and the insurance producer of record, if any, written notice of nonrenewal at least 60 days before:
 - a. The expiration date of the policy; or
 - b. An anniversary date of the policy, if the policy is written for a term longer than one year or with no fixed expiration date.
2. However, we need not give, mail or deliver this notice if:
 - a. We have offered to issue a renewal policy; or
 - b. The first Named Insured has obtained, or has agreed in writing to obtain, replacement coverage.

F. The following is added to the Common Policy Conditions with respect to the Coverage Parts to which this endorsement applies, except the Employment-Related Practices Liability Coverage Part:

If notice of nonrenewal is mailed to the insured, we shall forward the notice of nonrenewal to the last known address of the first Named Insured by first class mail and maintain proof of mailing by the United States Postal Service certificate of mailing. This proof of mailing will be sufficient proof of notice.

G. With respect to the:

Capital Assets Program (Output Policy) Coverage Part
Commercial Inland Marine Coverage Part
Commercial Property Coverage Part
Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions
Farm – Livestock Coverage Form
Farm – Mobile Agricultural Machinery And Equipment Coverage Form;

The following is added to the Common Policy Conditions:

If notice of cancellation is mailed to the insured, we shall forward the notice of cancellation to the last known address of the first Named Insured by first class mail and maintain proof of mailing by the United States Postal Service certificate of mailing. This proof of mailing will be sufficient proof of notice.

- H. With respect to a loss payee named in the policy, if any, we will give, mail or deliver written notice of cancellation, subject to C.2. above, and written notice of nonrenewal, subject to E.1. above. Mailing will be accomplished in accordance with the applicable procedure stated in F. or G. above.
- I. Under the **Mortgageholders** Condition, the paragraphs pertaining to cancellation and nonrenewal are replaced by the following:
 1. If we cancel this policy, we will give, mail or deliver written notice to the mortgageholder at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
 2. If we do not renew this policy, we will give, mail or deliver written notice to the mortgageholder at least 10 days before:
 - a. The expiration date of the policy; or
 - b. An anniversary date of the policy, if the policy is written for a term longer than one year or with no fixed expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RHODE ISLAND CHANGES – CIVIL UNION

This endorsement modifies insurance provided under the following:

KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

All references to spouse shall include a party to a civil union recognized under Rhode Island law.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RHODE ISLAND CHANGES – PREJUDGMENT INTEREST

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX COVERAGE FORM
COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY – LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY – MORTGAGE HOLDER'S ERRORS AND OMISSIONS COVERAGE FORM
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

The paragraph in the SUPPLEMENTARY PAYMENTS section relating to prejudgment interest is replaced by the following:

1. Prejudgment interest awarded against you* on the entire judgment if we reject a written settlement offer by the plaintiff that is equal to or less than the applicable limit of insurance in this policy; or
2. If paragraph 1. above does not apply, prejudgment interest awarded against you* on that part of the judgment we pay.

* For the Commercial General Liability Coverage Part, Employment-Related Practices Liability Coverage Part, Farm Coverage Part, Liquor Liability Coverage Part, Owners and Contractors Protective Liability Coverage Part, Pollution Liability Coverage Part, Products/Completed Operations Liability Coverage Part, Professional Liability Coverage Part, Railroad Protective Liability Coverage Part and the Underground Storage Tank Policy the word you is replaced by the term "the insured".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RHODE ISLAND CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The Cancellation Of Policy Condition is replaced by the following:

- (1)** The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us or to the insurance agent or producer of record advance written notice of cancellation.
- (2)** We may cancel this policy by giving, mailing or delivering to the first Named Insured and the insurance producer of record, if any, written notice of cancellation at least:
 - (a)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (b)** 30 days before the effective date of cancellation if we cancel for any other reason.

If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- (a)** Nonpayment of premium;
- (b)** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- (c)** Activities or omissions on your part which increase any hazard insured against, including a failure to comply with loss control recommendations;
- (d)** Change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to regulation, legislation or court decision;

- (e)** Loss or decrease of our reinsurance covering all or part of the risk or exposure covered by the policy;
 - (f)** Determination by the Commissioner of Insurance that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this state; or
 - (g)** Owner or occupant incendiarism;
 - (h)** Violation or breach by you of any policy terms or conditions;
 - (i)** Constructive or actual total loss of the covered property; or
 - (j)** Such other reasons as may be approved by the Commissioner of Insurance.
- (3)** We will give, mail or deliver written notice to the first Named Insured at the last address known to us, and to the insurance producer of record, if any.
- (4)** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- (5)** If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata.

The cancellation will be effective even if we have not made or offered a refund.

The following provisions govern calculation of return premium:

- (a)** We will compute return premium pro rata and round to the next higher whole dollar when this policy is:
 - (i)** Canceled at our request;

- (ii) Canceled because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (iii) Canceled and rewritten by us or a member of our company group;
 - (iv) Canceled after the first year, if it is a prepaid policy written for a term of more than one year; or
 - (v) Canceled by us at the request of a premium finance company upon default of the first Named Insured, when this policy is financed under a premium finance agreement.
- (b) When this policy is canceled at your request (except when Paragraph (a)(ii), (a)(iii) or (a)(iv) applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years.
- (6) Proof of giving, mailing or delivering notice of cancellation will be sufficient proof of notice.
- (7) We will provide you with the reason or reasons for cancellation if:
- (a) You request in writing a statement of the reasons for cancellation; and

(b) You agree in writing to hold us harmless from liability for any:

- (i) Communication giving notice of, or specifying the reasons for, cancellation; or
- (ii) Statement made in connection with an attempt to discover or verify the existence of conditions which would be a reason for cancellation as provided under Paragraph A.(2).

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we elect not to renew this policy, we will give, mail or deliver to the first Named Insured and the insurance producer of record, if any, written notice of nonrenewal at least 60 days before:
 - a. The expiration date of the policy; or
 - b. An anniversary date of the policy, if the policy is written for a term longer than one year or with no fixed expiration date.
2. However, we need not give, mail or deliver this notice if:
 - a. We have offered to issue a renewal policy; or
 - b. The first Named Insured has obtained, or has agreed in writing to obtain, replacement coverage.

If notice of nonrenewal is mailed to the Insured, we shall forward the notice of nonrenewal to the last known address of the first "named insured" by first class mail and maintain proof of mailing by the United States Postal Service certificate of mailing. This proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SAFE DEPOSITORY – LOUISIANA

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY

A. Schedule*

	Address Of Premises	Limit Of Insurance Per Occurrence	Deductible Amount
<input type="checkbox"/> Loss Of Customers' Property – In Safe Deposit Boxes		\$	\$ N/A
<input type="checkbox"/> Robbery Or Burglary Of Customers' Property – Premises Damage		\$	\$
*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.			

B. Provisions

1. The following section(s) of this insuring agreement for which a Limit of Insurance is shown in the Schedule, is added to Section **A. Insuring Agreements**:

a. Loss Of Customers' Property – In Safe Deposit Boxes

We will pay for loss of or damage to "customers' property" for which you are legally liable while the property is:

- (1) In a safe deposit box in a vault inside the "premises";
- (2) Stored in such vault inside the "premises"; or
- (3) Temporarily elsewhere inside the "premises" during the course of deposit or removal from the safe deposit box or vault.

If you are sued for refusing to pay for loss of or damage to "customers' property", and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is in addition to the applicable Limit of Insurance shown in the Schedule.

b. Robbery Or Burglary Of Customers' Property – Premises Damage

(1) We will pay for loss of or damage to "customers' property" while the property is:

- (a) In a safe deposit box in a vault inside the "premises";
- (b) Stored in such vault inside the "premises"; or
- (c) Temporarily elsewhere inside the "premises" during the course of deposit or removal from the safe deposit box or vault;

resulting directly from an actual or attempted "robbery" or "burglary", destruction or damage.

(2) We will pay for loss from damage to the "premises" or its exterior resulting directly from an actual or attempted "robbery" or "burglary" if you are the owner of the "premises" or are liable for damage to it.

(3) We will pay for loss of or damage to a locked safe, vault or safe deposit box located inside the "premises" resulting directly from an actual or attempted "robbery" or "burglary".

2. Section **B. Limit Of Insurance** is replaced by the following:

The most we will pay for loss in any one "occurrence" is the applicable Limit of Insurance shown in the Schedule.

3. Under Section **C. Deductible**:

- a. As respects Paragraph **1.a.**, Section **C. Deductible** does not apply.
- b. As respects Paragraph **1.b.**, Section **C. Deductible** is replaced by the following:

We will not pay for loss in any one "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Schedule. We will then pay the amount of loss in excess of the Deductible Amount, up to the Limit of Insurance.

4. Under Section **D. Exclusions**:

- a. The Acts Of Employees, Managers, Directors, Trustees Or Representatives Exclusion and the Legal Expenses Exclusion do not apply to Paragraph **1.a.**
- b. The following exclusions are added:

This Insuring Agreement does not apply:

- (1) Under Paragraph **1.a.**, to loss resulting from liability you assume under any written agreement.
- (2) Under Paragraph **1.b.**, to loss of or damage to property resulting from fire, however caused except loss from damage to a safe deposit box, safe or vault.
- (3) Under Paragraph **1.b.**, to loss of or damage to property resulting from insects, animals, wear and tear, gradual deterioration or inherent vice.

5. Under Section **E. Conditions**:

- a. The Records Condition does not apply to this Insuring Agreement.
- b. The following condition is added:
Bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Insuring Agreement.

c. The **Legal Action Against Us** Condition is replaced by the following:

You may not bring any legal action against us involving loss:

- (1) Unless you have complied with the terms of this policy;
- (2) Until after you have filed proof of loss with us; and
- (3) Unless brought within 2 years from the date you discover the loss.

If any limitation is prohibited by law, such limitation is amended so as to equal the minimum period of limitation provided by such law.

d. The **Ownership Of Property; Interests Covered** Condition is replaced by the following:

The property covered under this Insuring Agreement is limited to property belonging to your customers while the property is in a safe deposit box, inside the "premises" or in your possession.

However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your customer. Any claim for loss that is covered under this Insuring Agreement must be presented by you.

6. Under Section **F. Definitions**:

a. "Burglary" means the taking of property:

- (1) From inside a locked safe deposit box in a locked vault by a person unlawfully entering the box and vault; or
- (2) If not contained in a safe deposit box, from inside a locked vault by a person unlawfully entering the vault, as evidenced by marks of forcible entry upon its exterior.

b. "Customers' Property" means:

- (1) As respects Paragraph **1.a.**, "money", "securities" and "other property".
- (2) As respects Paragraph **1.b.**, "securities" and "other property".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraphs **2.** and **3.** of **Cancellation** Common Policy Condition are replaced by the following:
- 2.** We may cancel this policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b.** 30 days before the effective date of cancellation if we cancel for any other reason.
 - 3.** We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.
- B.** The following is added to the **Cancellation** Common Policy Condition:
- 7. Cancellation Of Policies In Effect For 120 Days Or More**
- If this policy has been in effect for 120 days or more, or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:
- a.** Nonpayment of premium;
 - b.** Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;
 - c.** Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;
 - d.** Substantial breaches of contractual duties, conditions or warranties; or
 - e.** Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.
- Prior to cancellation for reasons permitted in this Item **e.**, we will notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner will, within 30 days of such notification, approve or disapprove such action.
- Any notice of cancellation will state the precise reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

Nonrenewal

1. We will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.
2. If we decide not to renew this policy, we will:
 - a. Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:
 - (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
 - (2) An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term; and

b. Provide at least:

- (1) 60 days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
 - (2) 90 days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.
 4. Any notice of nonrenewal will state the precise reason for nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraphs (2) and (3) of the Cancellation Of Policy Condition are replaced by the following:

- (2) We may cancel this policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:
 - (a) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - (b) 30 days before the effective date of cancellation if we cancel for any other reason.
- (3) We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

B. The following is added to the Cancellation Of Policy Condition:

(7) Cancellation Of Policies In Effect For 120 Days Or More

If this policy has been in effect for 120 days or more, or is a renewal or continuation of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;
- (c) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy;
- (d) Substantial breaches of contractual duties, conditions or warranties; or

- (e) Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this Paragraph **B.(7)(e)**, we will notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner will, within 30 days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1. We will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.
- 2. If we decide not to renew this policy, we will:
 - a. Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:
 - (1) The expiration date of this policy, if the policy is written for a term of one year or less; or
 - (2) An anniversary date of this policy, if the policy is written for a term of more than one year or for an indefinite term; and

b. Provide at least:

- (1)** 60 days' notice of nonrenewal, when nonrenewal is to become effective between November 1 and May 31; or
- (2)** 90 days' notice of nonrenewal, when nonrenewal is to become effective between June 1 and October 31.

- 3.** Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.
- 4.** Any notice of nonrenewal will state the precise reason for nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph 2. of the **Cancellation** Common Policy Condition or the **Cancellation Of Policy** Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 20 days before the effective date of cancellation.

After 60 days from the effective date of policy issuance, a notice of cancellation may not be issued unless it is based upon at least one of the following reasons as stated in South Dakota law:

- a. Nonpayment of premium;
- b. Discovery of fraud or material misrepresentation made by or with the knowledge of the Named Insured in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c. Discovery of acts or omissions on the part of the Named Insured which increase any hazard insured against;
- d. The occurrence of a change in the risk which substantially increases any hazard insured against after insurance coverage has been issued;
- e. A violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or the occupancy thereof which substantially increases any hazard insured against;
- f. A determination by the director of insurance that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of South Dakota;

g. Your violation or breach of any policy terms or conditions; or

h. Such other reasons as are approved by the director of insurance.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we decide not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 60 days before:

a. The expiration date; or

b. The anniversary date if this is a continuous policy.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

C. Under the Commercial Crime Coverage Form, Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Coverage Form, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Until 90 days after you have filed proof of loss with us; and

2. Unless brought within six years from the date you "discover" the loss.
- D. Under the Kidnap/Ransom And Extortion Coverage Form and Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Until 90 days after you have filed proof of loss with us; and
2. Unless brought within six years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 5.** If this policy is cancelled, we will send the first Named Insured any premium refund due.
 The refund will be pro rata if:
- a.** We cancel; or
 - b.** The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.
- The refund may be less than pro rata if the first Named Insured cancels the policy.
 The cancellation will be effective even if we have not made or offered a refund.
- B.** The following is added to the **Cancellation** Common Policy Condition:
- CANCELLATION OF POLICIES IN EFFECT FOR 60 DAYS OR MORE**
- If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
- 1.** Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
 - 2.** Your conviction of a crime increasing any hazard insured against;
 - 3.** Discovery of fraud or material misrepresentation on the part of either of the following:
 - a.** You or your representative in obtaining this insurance; or
 - b.** You in pursuing a claim under this policy;
 - 4.** Failure to comply with written loss control recommendations;
 - 5.** Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;
 - 6.** Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;
 - 7.** Your violation or breach of any policy terms or conditions; or
 - 8.** Other reasons that are approved by the insurance commissioner.
- Notice of cancellation will state the reason for cancellation.

C. The following is added and supersedes any provisions to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:
 - a. We have offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.

2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. The following is added to the **Premiums** Common Policy Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TENNESSEE CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** Paragraph **(5)** of the **Cancellation Of Policy** Condition is replaced by the following:
- (5)** If this policy is cancelled, we will send the first Named Insured any premium refund due.
- The refund will be pro rata if:
- (a)** We cancel; or
- (b)** The policy is cancelled at the request of a premium finance company that has financed this policy under a premium finance agreement.
- The refund may be less than pro rata if the first Named Insured cancels the policy.
- The cancellation will be effective even if we have not made or offered a refund.
- B.** The following is added to the **Cancellation Of Policy** Condition:
- (7) Cancellation Of Policies In Effect For 60 Days Or More**
- If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
- (a)** Nonpayment of premium, including any additional premium, calculated in accordance with our current rating manual, justified by a physical change in the insured property or a change in its occupancy or use;
- (b)** Your conviction of a crime increasing any hazard insured against;
- (c)** Discovery of fraud or material misrepresentation on the part of either of the following:
- (i)** You or your representative in obtaining this insurance; or
- (ii)** You in pursuing a claim under this policy;
- (d)** Failure to comply with written loss control recommendations;
- (e)** Material change in the risk which increases the risk of loss after we issued or renewed insurance coverage;
- (f)** Determination by the insurance commissioner that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of Tennessee or any other state;
- (g)** Your violation or breach of any policy terms or conditions; or
- (h)** Other reasons that are approved by the insurance commissioner.
- Notice of cancellation will state the reason for cancellation.
- C.** The following is added and supersedes any other provision to the contrary:
- Nonrenewal**
- 1.** If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and agent, at least 60 days before the expiration date unless:
- a.** We have offered to issue a renewal policy; or

- b. You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
- 2. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's addresses shown in the policy. If notice is mailed, proof of mailing will be sufficient proof of notice.

- D. The following is added to the **Premiums** Condition:

Whenever an insurance policy which is financed with a premium finance company is cancelled, the insurer shall return, within 30 days after the effective date of the cancellation, whatever gross unearned premiums are due under the insurance policy directly to the premium finance company for the account of the first Named Insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – CANCELLATION AND NONRENEWAL PROVISIONS FOR CASUALTY LINES AND COMMERCIAL PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This endorsement also modifies insurance provided under the following when written as part of a Commercial Package Policy:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
GLASS COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

However if this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the First Named Insured 30 days before the effective date of cancellation. We will also provide 30 days' written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to us.

The permissible reasons for cancellation are as follows:

- a. If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
- b. If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - (1) Fraud in obtaining coverage;
 - (2) Failure to pay premiums when due;
 - (3) An increase in hazard within the control of the insured which would produce an increase in rate;
 - (4) Loss of our reinsurance covering all or part of the risk covered by the policy; or
 - (5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

B. The following condition is added and supersedes any provision to the contrary:

NONRENEWAL

1. We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

2. This Paragraph, **2.**, applies unless the policy qualifies under Paragraph **3.** below.

If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to:

- a. The first Named Insured; and
- b. Each unit-owner to whom we issued a certificate or memorandum of insurance.

We will mail or deliver such notice to each last mailing address known to us.

4. If notice is mailed, proof of mailing will be sufficient proof of notice.
5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A.** The following is added to Paragraph 2. of the **Cancellation** Common Policy Condition:

We may cancel this policy for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

- B.** The following condition is added:

NONRENEWAL

We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – DUTIES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY PREMISES COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUESTS' PROPERTY SAFE DEPOSIT BOX COVERAGE FORM
COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added to the Duties Condition.

We will notify the first Named Insured in writing of:

1. An initial offer to compromise or settle a claim made or "suit" brought against any insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.

2. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – HEALTH MAINTENANCE ORGANIZATIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY

The following is added to the **Extended Period To Discover Loss** Condition:

In the event the insured health maintenance organization goes out of business, is sold, is voluntarily liquidated or becomes bankrupt, we will pay for loss sustained prior to the effective date of termination or cancellation of this insurance, which is discovered no later than three years from the end of the policy period.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – LOSS PAYMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Loss Payment

1. With respect to the Crime And Fidelity Coverage Part and Equipment Breakdown Coverage Part, the following conditions are added.
2. With respect to the Commercial Inland Marine Coverage Part, the following conditions replace Item **E. Loss Payment** in the Commercial Inland Marine Loss Conditions:
 - a. Claims Handling**
 - (1) Within 15 days after we receive written notice of claim, we will:
 - (a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - (b) Begin any investigation of the claim; and
 - (c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.
 - (2) We will notify you in writing as to whether:
 - (a) The claim or part of the claim will be paid;
 - (b) The claim or part of the claim has been denied, and inform you of the reasons for denial;
 - (c) More information is necessary; or
 - (d) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in (2)(a) through (2)(d) above, within:

- (i) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (ii) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

b. We will pay for covered loss or damage within 5 business days after:

- (1)** We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- (2)** An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within 5 business days after the date you have complied with such terms.

c. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **a.** and **b.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which is:

- (1)** Declared a disaster under the Texas Disaster Act of 1975; or
- (2)** Determined to be a catastrophe by the State Board of Insurance.

d. The term "business day", as used in this endorsement, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

B. With respect to the Commercial Inland Marine Coverage Part the following is added:

We will not be liable for any part of a "loss" that has been paid or made good by others.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The following is added to the Cancellation Of Policy Condition:

Under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. We may elect not to renew this policy except that, under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.
2. If we elect not to renew this policy, we will mail or deliver to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 30 days before the expiration date.

C. The following is added to Section E. Conditions:

Claims Handling

1. Within 15 days after we receive written notice of claim, we will:
 - a. Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - b. Begin any investigation of the claim; and
 - c. Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

2. We will notify you in writing as to whether:

- a. The claim or part of the claim will be paid;
- b. The claim or part of the claim has been denied, and inform you of the reasons for denial;
- c. More information is necessary; or
- d. We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **2.a.** through **2.d.**, within 15 business days after we receive the signed, sworn proof of loss and all information we requested.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

3. We will pay for covered loss or damage within five business days after:

- a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- b. An award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within five business days after the date you have complied with such terms.

4. The term "business day", as used in this endorsement, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

D. The **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

1. You may not bring any legal action against us involving loss unless:

- a. There has been full compliance with all of the terms of this policy; and
- b. The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

E. Under the Government Crime Policy and the Government Employee Theft and Forgery Policy, Paragraph (2) of the **Cancellation Of Policy** Condition is replaced by the following:

- (2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

(a) If this policy has been in effect for 90 days or less, we may cancel for any reason except, that under provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.

(b) If this policy has been in effect for more than 90 days, we may cancel this policy if:

(i) The Named Insured does not pay any portion of the premium when due;

(ii) The Insured submits a fraudulent claim;

(iii) The Texas Department of Insurance determines that continuation of the policy would result in a violation of the Insurance Code or other law governing the business of insurance in the state; or

(iv) There is an increase in the hazard covered by the policy that is within the control of the Insured and that would produce an increase in the premium rate of the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UTAH CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS COVERAGE PART

- A.** The following is added to the **Cancellation** Common Policy Condition:
- 7.** If this policy has been in effect for more than 60 days or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:
 - a.** Nonpayment of premium;
 - b.** Material misrepresentation;
 - c.** Substantial change in the risk assumed unless we should reasonably have foreseen the change or contemplated the risk when entering the contract; or
 - d.** Substantial breaches of contractual duties, conditions or warranties.

If we cancel for nonpayment of premium, notice of cancellation must state the reason for cancellation.
 - 8.** With respect to the Commercial Automobile Coverage Part, the following applies in addition to the provisions of Paragraph 7. above:

We may cancel this policy if your driver's license, or the driver's license of a person who customarily drives a "covered auto", is suspended or revoked.
 - 9.** Notice of cancellation must be delivered or mailed by first-class mail.
- B.** The following is added and supersedes any provisions to the contrary:
- NONRENEWAL**
- 1.** If we elect to not renew this policy, we will mail, by first-class mail, written notice of nonrenewal to the first Named Insured, at the last mailing address known to us, at least 30 days before the expiration or anniversary date of this policy.
 - 2.** We need not mail this notice if:
 - a.** You have accepted replacement coverage;
 - b.** You have requested or agreed to nonrenewal; or
 - c.** This policy is expressly designated as non-renewable.
 - 3.** If notice is mailed, proof of mailing is sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

UTAH CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The following is added to the Cancellation Of Policy Condition:

(7) If this policy has been in effect for more than 60 days or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) Material misrepresentation;
- (c) Substantial change in the risk assumed unless we should reasonably have foreseen the change or contemplated the risk when entering the contract; or
- (d) Substantial breaches of contractual duties, conditions or warranties.

If we cancel for nonpayment of premium, notice of cancellation must state the reason for cancellation.

(8) Notice of cancellation must be delivered or mailed by first class mail.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. If we elect to not renew this policy, we will mail, by first class mail, written notice of nonrenewal to the first Named Insured, at the last mailing address known to us, at least 30 days before the expiration or anniversary date of this policy.
2. We need not mail this notice if:
 - a. You have accepted replacement coverage;
 - b. You have requested or agreed to nonrenewal; or
 - c. This policy is expressly designated as non-renewable.
3. If notice is mailed, proof of mailing is sufficient proof of notice.

C. Under the Commercial Crime Policy and Government Crime Policy, Paragraphs (1) and (4) of the Duties In The Event Of Loss are replaced by the following:

(1) Notify us or our agent as soon as possible. If you have reason to believe that any loss (except for loss covered under the Employee Theft Insuring Agreement or Forgery Or Alteration Insuring Agreement) involves a violation of law, you must also notify the local law enforcement authorities.

You may fulfill this requirement by mailing the notice to us, postage prepaid, through first class mail deposited in a United States Post Office.

(4) Give us a detailed, sworn proof of loss within 120 days. We will, on request, promptly furnish you with any necessary forms and instructions.

Failure to submit the requested proof of loss within 120 days does not invalidate your claim, if you show that it was not reasonably possible to do so and that you submitted the proof of loss to us as soon as reasonably possible.

You may fulfill this requirement by mailing the proof of loss to us, postage prepaid, through first class mail deposited in a United States Post Office.

D. Under the Kidnap/Ransom And Extortion Policy, Paragraphs (4) and (6) of the Duties In The Event Of An Occurrence Condition are replaced by the following:

(4) Notify us or our agent as soon as possible. You may fulfill this requirement by mailing the notice to us, postage prepaid, through first class mail deposited in a United States Post Office.

- (6) Give us a detailed, sworn proof of loss within 120 days. We will, on request, promptly furnish you with any necessary forms and instructions.

Failure to submit the requested proof of loss within 120 days does not invalidate your claim, if you show that it was not reasonably possible to do so and that you submitted the proof of loss to us as soon as reasonably possible.

You may fulfill this requirement by mailing the proof of loss to us, postage pre-paid, through first class mail deposited in a United States Post Office.

- E. Under the Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless proof of loss has been waived;

2. Unless full payment has been denied; or
 3. Until 60 days after you have filed proof of loss with us;
- whichever is earlier; and
4. Unless brought within three years from the date you "discover" the loss.

- F. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless proof of loss has been waived;
 2. Unless full payment has been denied; or
 3. Until 60 days after you have filed proof of loss with us;
- whichever is earlier; and
4. Unless brought within three years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. The **Cancellation** Common Policy Condition is replaced by the following:

CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. Cancellation Of Policies In Effect For Less Than 60 Days.
 If this policy has been in effect for less than 60 days and this policy is not a renewal of a policy we issued, we may cancel this policy by:
 - a. Giving the first Named Insured at least 15 days' notice prior to the cancellation date for nonpayment of premium or substantial increase in hazard; or
 - b. Mailing or delivering the first Named Insured at least 45 days' notice prior to the cancellation date for any other reason.

If cancellation is for nonpayment of premium, written notice may be sent by certificate of mailing or certified mail. If cancellation is for any reason other than nonpayment of premium, written notice must be sent by certified mail.

3. Cancellation Of Policies In Effect For 60 Days Or More.

If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Fraud or material misrepresentation affecting this policy or in the presentation of claims under this policy;
- c. Violation of any provisions of this policy; or
- d. Substantial increase in hazard, provided we have secured approval for the cancellation from the commissioner of insurance.

If we cancel this policy for one of the reasons specified in Paragraph 3., we will cancel only in the following manner:

- a. By giving at least 15 days' notice before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. By mailing or delivering at least 45 days' notice before the effective date of cancellation if we cancel for any other reason.

Written notice of cancellation, including the reason for cancellation, will be mailed or delivered to the first Named Insured at the first Named Insured's last mailing address known to us.

If cancellation is for nonpayment of premium, written notice may be sent by certificate of mailing or certified mail. If cancellation is for any reason other than nonpayment of premium, written notice must be sent by certified mail.

4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
 5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
 6. If notice is mailed, proof of mailing will be sufficient proof of notice.
- B. Any When We Do Not Renew** Condition is deleted.

The following Conditions are added:

1. WHEN WE DO NOT RENEW

a. We may elect not to renew this policy by mailing, by certified mail, or delivering written notice of nonrenewal to the first Named Insured's last mailing address known to us. We will mail or deliver this notice at least 45 days before the:

- (1) Expiration of the policy; or

- (2) Anniversary date of this policy if this policy has been written for a term of more than one year.

b. This provision does not apply:

- (1) If we have indicated a willingness to renew;
- (2) In case of nonpayment of premium;
- (3) If you do not pay any advance premium required by us for renewal; or
- (4) If any property covered in this policy is insured under any other insurance policy.

2. RENEWAL

a. If we:

- (1) Elect to renew this policy; and
- (2) Have the necessary information to issue a renewal policy,

we will confirm in writing at least 45 days before it expires our intention to renew this policy; and the premium at which this policy will be renewed.

b. If we do not comply with the provisions of Paragraph a., you will have renewal coverage. The renewal coverage will be at the rates:

- (1) In effect under the expiring or expired policy; or
- (2) In effect on the expiration date, that have been approved by the Commissioner,

whichever are lower.

This renewal coverage will be on a pro rata basis and will continue for 45 days after we confirm renewal coverage and premium. If you accept this renewal policy, this Paragraph b. does not apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND
EQUIPMENT COVERAGE FORM

The **CONCEALMENT, MISREPRESENTATION OR FRAUD** Condition is replaced by the following:

CONCEALMENT, MISREPRESENTATION OR FRAUD

We will not pay for any loss or damage in any case of:

1. Concealment or misrepresentation of a material fact; or
2. Fraud;

committed by you at any time and relating to coverage under this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT CHANGES – STATUTORY LIABILITY

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
BUSINESSOWNERS POLICY
COMMERCIAL CRIME – SAFE DEPOSITORY LIABILITY COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUEST'S PROPERTY PREMISES COVERAGE FORM
COMMERCIAL CRIME – LIABILITY FOR GUEST'S PROPERTY SAFE DEPOSIT BOX COVERAGE FORM
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL PROPERTY – LEGAL LIABILITY COVERAGE FORM
COMMERCIAL PROPERTY – MORTGAGE HOLDER'S ERRORS AND OMISSIONS COVERAGE FORM
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PROFESSIONAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

- A.** In addition to paying and satisfying judicial judgments rendered against you* in consequence of claims to which this Coverage Part applies, we will protect you* against the levy of executions issued on such judgments or claims against you*.
- B.** We may, without your* consent, continue litigation after a judgment has been rendered with respect to your* legal liability under this Coverage Part for damages in particular instance. In that event, no limitation of our liability will be valid where the matter of that litigation is concerned.
- C.** Under Coverage Forms to which this endorsement applies any legal action against us to recover for loss under this Coverage Part must be brought within one year after amount of loss is finally established. The amount of loss can be established only by:
1. Judicial judgment; or
 2. An agreement between the parties involved with our written consent.
- D.** In the event of your* bankruptcy or insolvency, an injured person or claimant who has obtained a judgment against you* may bring suit against us, provided:
1. The judgment was for damages covered by this policy; and
 2. The suit is for damages in amounts no greater than the applicable Limits of Insurance of this policy.
- E.** Payment by you* of any judicial judgment or claim for any of our liability under this Coverage Part will not deprive you* of the right to bring action against us.
- * For the Businessowners Policy, Commercial General Liability Coverage Part, Employment-Related Practices Liability Coverage Part, Farm Coverage Part, Liquor Liability Coverage Part, Owners and Contractors Protective Liability Coverage Part, Pollution Liability Coverage Part, Professional Liability Coverage Part, Products/Completed Operations Liability Coverage Part and Railroad Protective Liability Coverage Part, the word "you" is replaced by the term "the insured" and the word "your" is replaced by the term "the insured's."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VERMONT CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation Of Policy** Condition is replaced by the following:

Cancellation Of Policy

(1) The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.

(2) Cancellation Of Policies In Effect For Less Than 60 Days

If this policy has been in effect for less than 60 days and this policy is not a renewal of a policy we issued, we may cancel this policy by:

- a. Giving the first Named Insured at least 15 days' notice prior to the cancellation date for nonpayment of premium or substantial increase in hazard; or
- b. Mailing or delivering the first Named Insured at least 45 days' notice prior to the cancellation date for any other reason.

If cancellation is for nonpayment of premium, written notice may be sent by certificate of mailing or certified mail. If cancellation is for any reason other than nonpayment of premium, written notice must be sent by certified mail.

(3) Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Fraud or material misrepresentation affecting this policy or in the presentation of claims under this policy;
- c. Violation of any provisions of this policy; or

d. Substantial increase in hazard, provided we have secured approval for the cancellation from the Commissioner of Insurance.

If we cancel this policy for one of the reasons specified in Paragraph **(3)**, we will cancel only in the following manner:

- a. By giving notice at least 15 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. By mailing or delivering notice at least 45 days before the effective date of cancellation if we cancel for any other reason.

Written notice of cancellation, including the reason for cancellation, will be mailed or delivered to the first Named Insured at the first Named Insured's last mailing address known to us.

If cancellation is for nonpayment of premium, written notice may be sent by certificate of mailing or certified mail. If cancellation is for any reason other than nonpayment of premium, written notice must be sent by certified mail.

- (4)** Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
- (5)** If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
- (6)** If notice is mailed, proof of mailing will be sufficient proof of notice.

B. The following are added and supersede any other provisions to the contrary:

1. When We Do Not Renew

a. We may elect not to renew this policy by mailing, by certified mail, or delivering written notice of nonrenewal to the first Named Insured's last mailing address known to us. We will mail or deliver this notice at least 45 days before the:

- (1) Expiration of the policy; or
- (2) Anniversary date of this policy if this policy has been written for a term of more than one year.

b. This provision does not apply:

- (1) If we have indicated a willingness to renew;
- (2) In case of nonpayment of premium;
- (3) If you do not pay any advance premium required by us for renewal; or
- (4) If any property covered in this policy is insured under any other insurance policy.

2. Renewal

a. If we:

- (1) Elect to renew this policy; and
- (2) Have the necessary information to issue a renewal policy;

we will confirm in writing at least 45 days before it expires our intention to renew this policy, and the premium at which this policy will be renewed.

b. If we do not comply with the provisions of Paragraph 2.a. above, you will have renewal coverage. The renewal coverage will be at the rates:

- (1) In effect under the expiring or expired policy; or
- (2) In effect on the expiration date, that have been approved by the Commissioner;

whichever are lower.

This renewal coverage will be on a pro rata basis and will continue for 45 days after we confirm renewal coverage and premium. If you accept this renewal policy, this Paragraph 2.b. does not apply.

C. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case of:

- 1. Concealment or misrepresentation of a material fact; or
- 2. Fraud;

committed by you at any time and relating to coverage under this policy.

D. The following is added to Section E. **Conditions:**

Loss Payment

We will pay for covered loss or damage within 10 working days after we reach agreement with you on the amount of loss, provided you have complied with all the terms of this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VIRGINIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (5) of the Cancellation Of Policy Condition is replaced by the following:

(5) If this policy is cancelled, we will send the first Named Insured any premium refund due. The cancellation will be effective even if we have not made or offered a refund. The following provisions govern calculation of return premium:

- (a)** We will compute return premium pro rata and round to the next higher whole dollar when this policy is cancelled:
 - (i)** At our request;
 - (ii)** Because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;
 - (iii)** And rewritten by us or a member of our company group; or
 - (iv)** After the first year, if it is a prepaid policy written for a term of more than one year.

(b) When this policy is cancelled at your request (except when Paragraph **(5)(a)(ii)**, **(5)(a)(iii)** or **(5)(a)(iv)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multi-year prepaid policy, we will return the full annual premium for the subsequent years. In addition, earned premium will not be less than our policywriting minimum premium.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1.** If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured shown in the Declarations, stating the reason for nonrenewal, at least:
 - a.** 10 days before the expiration date if the nonrenewal is due to nonpayment of premium; or
 - b.** 30 days before the expiration date if the nonrenewal is for any other reason.
- 2.** We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WASHINGTON CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. The **Cancellation Of Policy** Condition is replaced by the following:

Cancellation Of Policy

- (1) The first Named Insured shown in the Declarations may cancel this policy by notifying us or the insurance producer in one of the following ways:
- Written notice by mail, fax or email;
 - Surrender of the policy or binder; or
 - Verbal notice.

Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:

- The date on which notice is received or the policy or binder is surrendered; or
 - The date of cancellation requested by the first Named Insured.
- (2) We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for the cancellation, to the last mailing address known to us, at least:
- 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - 45 days before the effective date of cancellation if we cancel for any other reason.
- (3) We will also mail or deliver to any other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation, prior to the effective date of cancellation. This notice will be the same as that mailed or delivered to the first Named Insured.

(4) Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

(5) If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be at least 90% of the pro rata refund. The cancellation will be effective even if we have not made or offered a refund.

(6) If notice is mailed, proof of mailing will be sufficient proof of notice.

B. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. We may elect not to renew this policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any other person shown in the policy to have an interest in any loss which may occur under this policy, at the last mailing address known to us, written notice of renewal. We will mail or deliver these notices at least 45 days before the:
- Expiration of the policy; or
 - Anniversary date of this policy if this policy has been written for a term of more than one year.

Otherwise, we will renew this policy unless:

- The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date; or

- b. Other coverage acceptable to the insured has been procured prior to the expiration date of the policy.

C. The **Transfer Of Rights Of Recovery Against Others To Us** Condition is replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them.

D. Paragraph (1)(c) of the **Valuation – Settlement** Condition is replaced by the following:

- 1. Loss of, or loss from damage to, "other property" or loss from damage to the "premises" or its exterior for the replacement cost of the property without deduction for depreciation. However, we will not pay more than the least of the following:

- a. The Limit of Insurance applicable to the lost or damaged property;
- b. The amount it would cost to replace the lost or damaged property at the time of the loss with new property of comparable material and quality and used for the same purpose; or
- c. The amount you actually spend that is necessary to repair or replace the lost or damaged property.

- 2. We will not pay on a replacement cost basis for any loss or damage:

- a. Until the lost or damaged property is actually repaired or replaced; and
- b. Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

If the lost or damaged property is not repaired or replaced, we will pay on an actual cash value basis.

E. Under the Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Policy and Government Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within two years from the date you "discover" the loss.

If this action is brought pursuant to Sec. 3 of RCW 48.30, then 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail, or certified mail with return receipt requested.

F. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

- 1. Unless you have complied with all the terms of this policy;
- 2. Until 90 days after you have filed proof of loss with us; and
- 3. Unless brought within two years from the date you reported the loss to us.

If this action is brought pursuant to Sec. 3 of RCW 48.30, then 20 days prior to filing such an action, you are required to provide written notice of the basis for the cause of action to us and the Office of the Insurance Commissioner. Such notice may be sent by regular mail, registered mail, or certified mail with return receipt requested.

G. Under the Commercial Crime Policy and the Employee Theft And Forgery Policy, Paragraph **E.2.a.** of the **Termination As To Any Employee** Condition is replaced by the following:

a. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your partners, "members", "managers", officers, directors or trustees not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 45 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

H. Under the Government Crime Policy and the Government Employee Theft And Forgery Policy, Paragraph **E.2.b.** of the **Termination As To Any Employee** Condition is replaced by the following:

b. Termination As To Any Employee

This Insuring Agreement terminates as to any "employee":

(1) As soon as:

(a) You; or

(b) Any of your officials or employees authorized to manage, govern or control your "employees" not in collusion with the "employee";

learn of "theft" or any other dishonest act committed by the "employee" whether before or after becoming employed by you.

(2) On the date specified in a notice mailed to the first Named Insured. That date will be at least 45 days after the date of mailing.

We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

WASHINGTON COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

The conditions in this endorsement replace any similar conditions in the policy that are less favorable to the insured.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by notifying us or the insurance producer in one of the following ways:

- a. Written notice by mail, fax or e-mail;
- b. Surrender of the policy or binder; or
- c. Verbal notice.

Upon receipt of such notice, we will cancel this policy or any binder issued as evidence of coverage, effective on the later of the following:

- a. The date on which notice is received or the policy or binder is surrendered; or
- b. The date of cancellation requested by the first Named Insured.

2. We may cancel this policy by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for the cancellation, to the last mailing address known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any other reason;

except as provided in Paragraphs 3. and 4. below.

3. We may cancel the Commercial Property Coverage Part and the Capital Assets Program (Output Policy) Coverage Part, if made a part of this policy, by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation at least five days before the effective date of cancellation for any structure where two or more of the following conditions exist:

- a. Without reasonable explanation, the structure is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days, unless the structure is maintained for seasonal occupancy or is under construction or repair;
- b. Without reasonable explanation, progress toward completion of permanent repairs to the structure has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
- c. Because of its physical condition, the structure is in danger of collapse;
- d. Because of its physical condition, a vacation or demolition order has been issued for the structure, or it has been declared unsafe in accordance with applicable law;
- e. Fixed and salvageable items have been removed from the structure, indicating an intent to vacate the structure;
- f. Without reasonable explanation, heat, water, sewer and electricity are not furnished for the structure for 60 consecutive days; or
- g. The structure is not maintained in substantial compliance with fire, safety and building codes.

4. If:
 - a. You are an individual;
 - b. A covered auto you own is of the "private passenger type"; and
 - c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;

we may cancel the Commercial Automobile Coverage Part by mailing or delivering to the first Named Insured and the first Named Insured's agent or broker written notice of cancellation, including the actual reason for cancellation, to the last mailing address known to us:

 - a. At least 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. At least 10 days before the effective date of cancellation for any other reason if the policy is in effect less than 30 days; or
 - c. At least 20 days before the effective date of cancellation for other than nonpayment if the policy is in effect 30 days or more; or
 - d. At least 20 days before the effective date of cancellation if the policy is in effect for 60 days or more or is a renewal or continuation policy, and the reason for cancellation is that your driver's license or that of any driver who customarily uses a covered "auto" has been suspended or revoked during policy period.
5. We will also mail or deliver to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of cancellation, prior to the effective date of cancellation. If cancellation is for reasons other than those contained in Paragraph **A.3.** above, this notice will be the same as that mailed or delivered to the first Named Insured. If cancellation is for a reason contained in Paragraph **A.3.** above, we will mail or deliver this notice at least 20 days prior to the effective date of cancellation.
6. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.

7. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be at least 90% of the pro rata refund unless the following applies:

- a. For Division Two – Equipment Breakdown, if the first Named Insured cancels, the refund will be at least 75% of the pro rata refund.
- b. If:
 - (1) You are an individual;
 - (2) A covered auto you own is of the "private passenger type";
 - (3) The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards; and
 - (4) The first Named Insured cancels;

the refund will be not less than 90% of any unearned portion not exceeding \$100, plus 95% of any unearned portion over \$100 but not exceeding \$500, and not less than 97% of any unearned portion in excess of \$500.

The cancellation will be effective even if we have not made or offered a refund.

8. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

The policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspection And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations, and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

G. Nonrenewal

1. We may elect not to renew this policy by mailing or delivering written notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured and the first Named Insured's agent or broker, at their last mailing addresses known to us. We will also mail to any mortgage holder, pledgee or other person shown in this policy to have an interest in any loss which may occur under this policy, at their last mailing address known to us, written notice of nonrenewal. We will mail or deliver these notices at least 45 days before the:
 - a. Expiration of the policy; or
 - b. Anniversary date of this policy if this policy has been written for a term of more than one year.

Otherwise, we will renew this policy unless:

- a. The first Named Insured fails to pay the renewal premium after we have expressed our willingness to renew, including a statement of the renewal premium, to the first Named Insured and the first Named Insured's insurance agent or broker, at least 20 days before the expiration date;
 - b. Other coverage acceptable to the insured has been procured prior to the expiration date of the policy; or
 - c. The policy clearly states that it is not renewable and is for a specific line, subclassification, or type of coverage that is not offered on a renewable basis.
2. If:
 - a. You are an individual;
 - b. A covered auto you own is of the "private passenger type"; and
 - c. The policy does not cover garage, automobile sales agency, repair shop, service station or public parking place operations hazards;

the following applies to nonrenewal of the Commercial Automobile Coverage Part in place of **G.1.**:

- a. We may elect not to renew or continue this policy by mailing or delivering to you and your agent or broker written notice at least 20 days before the end of the policy period, including the actual reason for nonrenewal. If the policy period is more than one year, we will have the right not to renew or continue it only at an anniversary of its original effective date. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
- b. We will not refuse to renew Liability Coverage or Collision Coverage solely because an "insured" has submitted claims under Comprehensive Coverage or Towing And Labor Coverage.
- c. If we fail to mail or deliver proper notice of nonrenewal and you obtain other insurance, this policy will end on the effective date of that insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WEST VIRGINIA CHANGES – ARBITRATION

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME COVERAGE FORM
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION POLICY

PROVISIONS

If we and you do not agree whether coverage is provided under this policy of insurance for a claim made by or against the insured, both parties may, by mutual consent, agree in writing to arbitration of the disagreement.

If both parties agree to arbitrate, each party will select an arbitrator. The two arbitrators will select a third arbitrator. If they cannot agree upon the selection of a third arbitrator within 30 days, both parties must request that selection of a third arbitrator be made by a judge of a court having jurisdiction.

Unless both parties agree otherwise, arbitration will take place in the county in which the address shown in the Declarations is located. Local rules of law as to procedure and evidence will apply.

A decision agreed to by any two will be binding.

Payment of the arbitrator's fee shall be made by us if coverage is found to exist. If coverage is not found, each party will:

- (a)** Pay its chosen arbitrator; and
- (b)** Bear the expenses of the third arbitrator equally.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WEST VIRGINIA CHANGES – CANCELLATION

The provision in the Cancellation Condition which indicates that proof of mailing will be sufficient proof of notice is deleted.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WEST VIRGINIA CHANGES – LOSS PAYMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

The following is added to **Section E – Conditions:**

LOSS PAYMENT

In settlement of all or part of any claim, we will pay the amount agreed upon within 15 working days after:

1. Our receipt of the agreement; or
2. The date of the performance by the claimant of any condition set by the agreement;

whichever is later.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WEST VIRGINIA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

- A.** Under the Commercial Crime Policy, Employee Theft And Forgery Policy, Government Crime Policy and Government Employee Theft And Forgery Policy, the provision in the **Cancellation Of Policy** Condition and in the **Termination As To Any Employee** Condition which indicates that proof of mailing will be sufficient proof of notice is deleted.
- B.** Under the Kidnap/Ransom And Extortion Policy, the provision in the **Cancellation Of Policy** Condition which indicates that proof of mailing will be sufficient proof of notice is deleted.
- C.** The following is added to Section **E. Conditions:**
- Loss Payment**
- In settlement of all or part of any claim, we will pay the amount agreed upon within 15 working days after:
1. Our receipt of the agreement; or
 2. The date of the performance by the claimant of any condition set by the agreement;
- whichever is later.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WISCONSIN CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

If this policy has been in effect for less than 60 days and is not a renewal policy, we may cancel for any reason.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, except as provided in Paragraph 7. below, we may cancel this policy only for one or more of the following reasons:

- a.** The policy was obtained by material misrepresentation;
- b.** There has been a substantial change in the risk we originally assumed, except to the extent that we should have foreseen the change or considered the risk in writing the policy;
- c.** There have been substantial breaches of contractual duties, conditions or warranties; or
- d.** Nonpayment of premium.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, the notice of cancellation will state the reason for cancellation.

B. The following is added to the **Cancellation** Common Policy Condition:

7. Anniversary Cancellation

If this policy is written for a term of more than one year or has no fixed expiration date, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

We may cancel this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of cancellation contains an offer to continue the policy with us if we receive a written request from the first Named Insured prior to the date of cancellation.

C. The following applies to the:

BOILER AND MACHINERY COVERAGE PART
 CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 FARM COVERAGE PART

1. We may rescind this policy because of the following:
 - a. Misrepresentation made by you or on your behalf in the negotiation for or procurement of this Coverage Part, if the person knew or should have known that the representation was false;
 - b. Breach of affirmative warranty made by you or on your behalf in the negotiation for or procurement of this Coverage Part;
 - c. Failure of a condition before a loss if such failure exists at the time of loss; or
 - d. Breach of a promissory warranty if such breach exists at the time of loss.
 2. We may not rescind this policy:
 - a. For the reasons in Paragraphs **C.1.a.** and **C.1.b.** unless:
 - (1) We rely on the misrepresentation or affirmative warranty and the misrepresentation or affirmative warranty is either material or made with intent to deceive; or
 - (2) The facts misrepresented or falsely warranted contribute to the loss.
 - b. For the reasons in Paragraphs **C.1.c.** and **C.1.d.** unless such failure or breach:
 - (1) Increases the risk at the time of loss; or
 - (2) Contributes to the loss.
 3. If we elect to rescind this policy, we will notify the first Named Insured of our intention within 60 days after acquiring knowledge of sufficient facts to constitute grounds for rescission.
- D.** The following are added and supersede any other provisions to the contrary:
1. **Nonrenewal**
 - a. If we elect not to renew this policy we will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. We may elect not to renew for any reason; the notice will state the reason for nonrenewal. We will mail or deliver the notice at least 60 days before the expiration date of this policy.
We need not mail or deliver the notice if:
 - (1) You have insured elsewhere;
 - (2) You have accepted replacement coverage;
 - (3) You have requested or agreed to nonrenewal of this policy; or
 - (4) This policy is expressly designated as nonrenewable.
 - b. We may refuse to renew this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of nonrenewal contains an offer to renew the policy with us if we receive a written request from the first Named Insured prior to the renewal date.
 - c. If you fail to pay the renewal or continuation premium by the premium due date, this policy will terminate on the policy expiration or anniversary date, if we have:
 - (1) Given you written notice of the renewal or continuation premium not more than 75 days nor less than 10 days prior to the due date of the premium; and
 - (2) Stated clearly in the notice the effect of nonpayment of premium by the due date.

2. Anniversary Alteration

If this policy is written for a term of more than one year or has no fixed expiration date, we may alter the terms or premiums of this policy by mailing or delivering written notice of less favorable terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the anniversary date.

If we notify the first Named Insured within 60 days prior to the anniversary date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to cancel. The first Named Insured may elect to cancel the policy at any time during the 60-day period, in accordance with Paragraph **1.** of the Cancellation Common Policy Condition. If the first Named Insured elects to cancel the policy during the 60-day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

3. Renewal With Altered Terms

If we elect to renew this policy but on less favorable terms or at higher premiums, we will mail or deliver written notice of the new terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the renewal date.

If we notify the first Named Insured within 60 days prior to the renewal date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to cancel. The first Named Insured may elect to cancel the renewal policy at any time during the 60-day period, in accordance with Paragraph 1. of the Cancellation Common Policy Condition. If the first Named Insured elects to cancel the renewal policy during the 60-day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

We need not mail or deliver this notice if the only change adverse to you is a premium increase that:

- a. Is less than 25% and is generally applicable to the class of business to which this policy belongs; or
- b. Results from a change based on your action that alters the nature or extent of the risk insured against, including but not limited to a change in the classification or the units of exposure, or increased policy coverage.

E. Special Provision – Cancellation And Nonrenewal

With respect to insurance provided under the Commercial Automobile Coverage Part, we will not cancel or refuse to renew Liability Coverage wholly or partially because of age, sex, residence, race, color, creed, religion, national origin, ancestry, marital status or occupation of anyone who is an insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WISCONSIN CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

A. Paragraph (2) of the Cancellation Of Policy Condition is replaced by the following:

(2) We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least 10 days before the effective date of cancellation.

If this policy has been in effect for less than 60 days and is not a renewal policy, we may cancel for any reason.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, except as provided in Paragraph **B.(7)**, we may cancel this policy only for one or more of the following reasons:

- (a)** The policy was obtained by material misrepresentation;
- (b)** There has been a substantial change in the risk we originally assumed, except to the extent that we should have foreseen the change or considered the risk in writing the policy;
- (c)** There have been substantial breaches of contractual duties, conditions or warranties; or
- (d)** Nonpayment of premium.

If this policy has been in effect for 60 days or more or is a renewal of a policy we issued, the notice of cancellation will state the reason for cancellation.

B. The following is added to the Cancellation Of Policy Condition:

(7) Anniversary Cancellation

If this policy is written for a term of more than one year or has no fixed expiration date, we may cancel this policy for any reason by mailing or delivering to the first Named Insured written notice of cancellation at least 60 days before the anniversary date of the policy. Such cancellation will be effective on the policy's anniversary date.

We may cancel this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of cancellation contains an offer to continue the policy with us if we receive a written request from the first Named Insured prior to the date of cancellation.

C. Rescission Of Policy

- 1.** We may rescind this policy because of the following:
 - a.** Misrepresentation made by you or on your behalf in the negotiation for or procurement of this policy, if the person knew or should have known that the representation was false;
 - b.** Breach of affirmative warranty made by you or on your behalf in the negotiation for or procurement of this policy;

- c. Failure of a condition before a loss if such failure exists at the time of loss; or
 - d. Breach of a promissory warranty if such breach exists at the time of loss.
2. We may not rescind this policy:
- a. For the reasons in Paragraphs **C.(1)a.** and **C.(1)b.** unless:
 - (1) We rely on the misrepresentation or affirmative warranty and the misrepresentation or affirmative warranty is either material or made with intent to deceive; or
 - (2) The facts misrepresented or falsely warranted contribute to the loss.
 - b. For the reasons in Paragraphs **C.(1)c.** and **C.(1)d.** unless such failure or breach:
 - (1) Increases the risk at the time of loss; or
 - (2) Contributes to the loss.
3. If we elect to rescind this policy, we will notify the first Named Insured of our intention within 60 days after acquiring knowledge of sufficient facts to constitute grounds for rescission.
- D. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy we will mail or deliver written notice of nonrenewal to the first Named Insured's last mailing address known to us. We may elect not to renew for any reason; the notice will state the reason for nonrenewal. We will mail or deliver the notice at least 60 days before the expiration date of this policy.

We need not mail or deliver the notice if:

- (1) You have insured elsewhere;
- (2) You have accepted replacement coverage;
- (3) You have requested or agreed to nonrenewal of this policy; or
- (4) This policy is expressly designated as nonrenewable.

- b. We may refuse to renew this policy because of the termination of an insurance marketing intermediary's contract with us only if the notice of nonrenewal contains an offer to renew the policy with us if we receive a written request from the first Named Insured prior to the renewal date.

- c. If you fail to pay the renewal or continuation premium by the premium due date, this policy will terminate on the policy expiration or anniversary date, if we have:

- (1) Given you written notice of the renewal or continuation premium not more than 75 days nor less than 10 days prior to the due date of the premium; and
- (2) Stated clearly in the notice the effect of nonpayment of premium by the due date.

2. Anniversary Alteration

If this policy is written for a term of more than one year or has no fixed expiration date, we may alter the terms or premiums of this policy by mailing or delivering written notice of less favorable terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the anniversary date.

If we notify the first Named Insured within 60 days prior to the anniversary date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to cancel. The first Named Insured may elect to cancel the policy at any time during the 60 day period, in accordance with Paragraph (1) of the Cancellation Of Policy Condition. If the first Named Insured elects to cancel the policy during the 60 day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

3. Renewal With Altered Terms

If we elect to renew this policy but on less favorable terms or at higher premiums, we will mail or deliver written notice of the new terms or premiums to the first Named Insured's last mailing address known to us. We will mail, by first class mail, or deliver this notice at least 60 days prior to the renewal date.

If we notify the first Named Insured within 60 days prior to the renewal date, the new terms or premiums will not take effect until 60 days after the notice was mailed or delivered. The notice will include a statement of the first Named Insured's right to cancel. The first Named Insured may elect to cancel the renewal policy at any time during the 60 day period, in accordance with Paragraph (1) of the Cancellation Of Policy Condition. If the first Named Insured elects to cancel the renewal policy during the 60 day period, return premiums or additional premium charges will be calculated proportionately on the basis of the old premiums.

We need not mail or deliver this notice if the only change adverse to you is a premium increase that:

- a. Is less than 25% and is generally applicable to the class of business to which this policy belongs; or
 - b. Results from a change based on your action that alters the nature or extent of the risk insured against, including but not limited to a change in the classification or the units of exposure, or increased policy coverage.
- E. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the following is added to Paragraph (4) of the **Duties In The Event Of Loss** Condition:
- If you file proof of loss as soon as possible and within one year after the time limit, your failure to file proof of loss within the time limit will not invalidate or reduce any claim by you unless we are prejudiced by that failure and it was reasonably possible to meet the time limit.
- F. Under the Kidnap/Ransom And Extortion Policy, the following is added to the **Duties In The Event Of An Occurrence** Condition:
- If you file proof of loss as soon as possible and within one year after the time limit, your failure to file proof of loss within the limit will not invalidate or reduce any claim by you unless we are prejudiced by that failure and it was reasonably possible to meet the time limit.
- G. Under the Commercial Crime Policy, Government Crime Policy and Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

1. Until 60 days after you have filed proof of loss with us; and

2. Unless brought within 2 years from the date you "discover" the loss.

- H. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

LEGAL ACTION AGAINST US

You may not bring any legal action against us involving loss:

1. Until 60 days after you have filed proof of loss with us; and
2. Unless brought within 2 years from the date you reported the loss.

- I. The following is added to the **Transfer Of Your Rights Of Recovery Against Others To Us** Condition:

We will be entitled to a recovery only after you have been fully compensated for damages.

- J. The following are added to Section E. **Conditions**:

1. Knowledge And Acts Of Agents

- a. If any of our agents knows any fact that breaches a condition of this policy, we will be considered to know it also if that fact:

- (1) Is known to the agent at the time the policy is issued or an application made; or

- (2) Later becomes known to the agent in the course of his or her dealings as an agent with you.

- b. Any fact that breaches a condition of this insurance and is known to the agent before the loss will not:

- (1) Void this policy; or

- (2) Prevent a recovery in the event of loss.

2. Conformity To Statute Or Rule

Any provision of this policy (including endorsements which modify this policy) that is in conflict with a Wisconsin statute or rule is hereby amended to conform to that statute or rule.

The term rule means a valid rule promulgated by the Commissioner of Insurance in accordance with the rule-making authority conferred under Wis. Stat. Ann. Section 227.11(2) and published in the Wisconsin Administrative Code.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WYOMING CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Of Policies In Effect

a. Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium.
- (2) Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy.

(3) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy.

(4) Substantial breaches of contractual duties, conditions or warranties.

If we cancel, we will mail or deliver to the first Named Insured and the agent, if any, written notice of cancellation, stating the reason for cancellation, at least:

(a) 10 days before the effective date of cancellation if cancellation is for the reason stated in **b.(1)** above; or

(b) 45 days before the effective date of cancellation if cancellation is for the reasons stated in **b.(3)** or **(4)** above.

B. The following is added to the **Cancellation** Common Policy Condition:

7. If we cancel this policy in accordance with Paragraph 2. of the **Cancellation** Common Policy Condition, any unearned premium will be refunded to the first Named Insured prior to the effective date of cancellation.

C. The following is added as an additional Condition and supersedes any other provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and the agent, if any, at least 45 days before:
 - a. The expiration date; or
 - b. The anniversary date if this is a continuous policy.
2. Notice of nonrenewal will state the reason for nonrenewal.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WYOMING CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL CRIME COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 FARM COVERAGE PART
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
 PROFESSIONAL LIABILITY COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Conditions is replaced by the following:

2. Cancellation Of Policies In Effect

a. Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

b. 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (1) Nonpayment of premium.
- (2) Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy.

(3) Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy.

(4) Substantial breaches of contractual duties, conditions or warranties.

If we cancel, we will mail or deliver to the first Named Insured and the agent, if any, written notice of cancellation, stating the reason for cancellation, at least:

- (a) 10 days before the effective date of cancellation if cancellation is for the reason stated in **b.(1)** above; or
- (b) 45 days before the effective date of cancellation if cancellation is for the reasons stated in **b.(3)** or **(4)** above.

B. The following is added to the **Cancellation** Common Policy Condition:

7. If we cancel this policy in accordance with Paragraph **A.1.** of this endorsement, any unearned premium will be refunded to the first Named Insured prior to the effective date of cancellation.

C. The following is added as an additional Condition and supersedes any other provision to the contrary:

NONRENEWAL

1. If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and the agent, if any, at least 45 days before:
 - a. The expiration date; or
 - b. The anniversary date if this is a continuous policy.
2. Notice of nonrenewal will state the reason for nonrenewal.
3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WYOMING CHANGES – LEGAL ACTION AGAINST US

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME COVERAGE FORM
GOVERNMENT CRIME COVERAGE FORM
KIDNAP/RANSOM AND EXTORTION COVERAGE FORM

- A.** Under the Commercial Crime Coverage Form and Government Crime Coverage Form, the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this insurance;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 4 years from the date you "discover" the loss.
- B.** Under the Kidnap/Ransom And Extortion Coverage Form the **Legal Action Against Us** Condition is replaced by the following:
- LEGAL ACTION AGAINST US**
- You may not bring any legal action against us involving loss:
1. Unless you have complied with all the terms of this policy;
 2. Until 90 days after you have filed proof of loss with us; and
 3. Unless brought within 4 years from the date you reported the loss to us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WYOMING CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY
EMPLOYEE THEFT AND FORGERY POLICY
GOVERNMENT CRIME POLICY
GOVERNMENT EMPLOYEE THEFT AND FORGERY POLICY
KIDNAP/RANSOM AND EXTORTION POLICY

Paragraphs **A.**, **B.** and **C.** below apply only to the Commercial Crime Policy and Government Crime Policy.

A. Paragraph **(2)** of the **Cancellation Of Policy** Condition is replaced by the following:

(2) Cancellation Of Policies In Effect

(a) Less Than 60 Days

If this policy has been in effect for less than 60 days, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (i)** 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (ii)** 30 days before the effective date of cancellation if we cancel for any other reason.

(b) 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- (i)** Nonpayment of premium;
- (ii)** Material misrepresentation of fact which, if known to us, would have caused us not to issue the policy;
- (iii)** Substantial change in the risk assumed, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the policy; or
- (iv)** Substantial breaches of contractual duties, conditions or warranties.

If we cancel, we will mail or deliver to the first Named Insured and the agent, if any, written notice of cancellation, stating the reason for cancellation, at least:

- (i)** 10 days before the effective date of cancellation if cancellation is for the reason stated in Paragraph **(b)(i)**; or
- (ii)** 45 days before the effective date of cancellation if cancellation is for the reasons stated in Paragraph **(b)(iii)** or **(iv)**.

B. The following is added to the **Cancellation Of Policy** Condition:

- (7)** If we cancel this policy in accordance with Paragraph **A.** of this endorsement, any unearned premium will be refunded to the first Named Insured prior to the effective date of cancellation.

C. The following is added and supersedes any other provision to the contrary:

Nonrenewal

- 1.** If we decide not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured and the agent, if any, at least 45 days before:
 - a.** The expiration date; or
 - b.** The anniversary date if this is a continuous policy.
- 2.** Notice of nonrenewal will state the reason for nonrenewal.
- 3.** Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

D. Under the Commercial Crime Policy, Government Crime Policy, Government Employee Theft And Forgery Policy and Employee Theft And Forgery Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within four years from the date you "discover" the loss.

E. Under the Kidnap/Ransom And Extortion Policy, the **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

You may not bring any legal action against us involving loss:

1. Unless you have complied with all the terms of this policy;
2. Until 90 days after you have filed proof of loss with us; and
3. Unless brought within four years from the date you reported the loss to us.