

AMENDATORY ENDORSEMENT NORTH CAROLINA

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation And Nonrenewal

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.
- b. "We" may cancel or not renew this policy by delivering or mailing written notice to "you" at the address shown in the policy or, if not indicated in the policy, to the last address known to "us". Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent.

"We" will also give notice to any mortgagee or loss payee, and to "your" agent or broker of record, if any. However, failure to give notice to such mortgagee, loss payee, agent, or broker will not invalidate the cancellation or nonrenewal.

"Our" notice will state the precise reason for cancellation or nonrenewal.

Proof of delivery or mailing is sufficient proof of notice.

- c. If this policy has been in effect for less than 60 days, "we" may cancel for any reason. "We" will give "you" notice at least 15 days before the cancellation is effective.
- d. If the policy has been in effect for 60 days or more, or if it is a renewal policy issued by "us", "we" may cancel this policy only on the anniversary date unless one or more of the following reasons apply:
- 1) the premium has not been paid when due;

- 2) there has been an act or omission by an "insured" or an "insured's" representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining the policy, continuing the policy, or presenting a claim under the policy;
- 3) there has been an 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 risk;
- 4) there has been a substantial breach of a contractual duty, condition, or warranty that materially affects the insurability of the risk;
- 5) there has been a fraudulent act against "us" by an "insured" or an "insured's" representative that materially affects the insurability of the risk;
- 6) there has been a willful failure by an "insured" or an "insured's" representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by "us";
- 7) there has been a loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in the North Carolina statutes;
- 8) an "insured" has been convicted of a crime arising out of an act that materially affects the insurability of the risk;
- 9) the Commissioner has determined that the continuation of the policy would place "us" in violation of the laws of this state; or
- 10) "you" have failed to meet the requirements contained in "our" corporate charter, articles of incorporation, or bylaws when "we" are a company organized for the sole purpose of providing members of an organization with insurance coverage in this state.

However, "we" may cancel for any other reason if "we" receive prior written consent from "you".

"We" will give "you" notice at least 15 days before cancellation is effective. Cancellation for nonpayment of premium is not effective if the amount due is paid before the effective date set forth in the notice of cancellation.

- e. If "we" decide not to renew this policy, "we" will give "you" notice at least 45 days before the nonrenewal is effective.

However, notice of nonrenewal is not required if "you" have:

- 1) insured elsewhere;
- 2) accepted replacement coverage; or
- 3) requested or agreed to nonrenewal.

- f. "Your" return premium, if any, will be calculated on a pro rata basis and will be refunded to "you" at the time of cancellation or as soon as practicable. Payment or tender of the unearned premium is not a condition of cancellation.

2. Under Common Policy Conditions, the following condition is added:

Conditional Renewal -- If "we" intend to renew the policy with:

- a. a decrease in coverage;
- b. an increase in deductible;
- c. any kind of surcharge imposed; or
- d. an increase in the premium rate;

"we" will deliver or mail notice of the renewal "terms" and a statement of the premium due to "you", at the address shown in the policy or, if not indicated in the policy, the last address known to "us", at least 45 days before the expiration date or anniversary date of the policy. Such notice may be delivered by electronic means if "you" have affirmatively consented to that method of delivery and have not withdrawn such consent.

"We" will also give notice to any mortgagee or loss payee, and to "your" agent or broker of record, if any.