

COMMON POLICY CONDITIONS

MANDATORY ENDORSEMENT

This mandatory endorsement forms a part of and is attached to this policy and shall apply to the current policy and all subsequent renewals.

1. **Assignment**— This policy is void if it is assigned without our written consent.
2. **Cancellation**— You may cancel this policy by returning it to us or by giving us a written notice and stating at what future time coverage is to cease.

We may cancel this policy, or one or more of its parts, by giving the named insured written notice, at the address shown on the Declarations, before the cancellation is to take effect. The notice will state the reasons for cancellation and must be given:

*Not less than 10 days before the cancellation is to take effect when the cancellation is for nonpayment of premium; or

*Not less than 30 days before the cancellation is to take effect when the policy has been in effect less than 90 days and the reason for cancellation is not nonpayment of premium; or

*Not less than 60 days before the cancellation is to take effect when the policy has been in effect 90 days or more and the reason for cancellation is not nonpayment of premium; or

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

- a. nonpayment of premium;
- b. the policy was issued because of a material misrepresentation;
- c. any insured violated any of the material terms and conditions of the policy;
- d. unfavorable underwriting factors, specific to the insured, exist that were not present at the inception of the policy;
- e. a determination by the commissioner that continuation of coverage could place the insurer in a hazardous financial condition or in violation of the laws of this state; or
- f. a determination by the commissioner that the insurer no longer has adequate reinsurance to meet the insurer's needs.

Your return premium, if any, will be calculated according to our rules. It will be refunded to you with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.

3. **Nonrenewal**— If we decided not to renew this policy, we will give the named insured written notice of nonrenewal and the reason for nonrenewal at least 60 days prior to the policy expiration date.
4. **Change, Modification or Waiver of Policy Terms**— A change or waiver to terms of this policy must be issued by us in writing to be valid.

5. **Inspections**— We have the right, but are not obligated, to inspect your property and operations. This inspection may be made by us or may be made on our behalf. An inspection or its resulting advice report does not warrant that your property or operations are safe, healthful or in compliance with laws, rules or regulations. Inspections or reports are for our benefit only.
6. **Examination of Books and Records**— We may examine and audit your books and records that relate to this policy during the policy period and within three years after the policy has expired.
7. **Disagreements**
Suit Against Us— The suit provision in the Inland Marine General Terms is amended to provide that the suit must be commenced within 60 months after the loss.

If the words "You warrant" are used in this policy, they are replaced by "It is a condition of this coverage...."

8. **Actual Cash Value**— Whenever used in this policy, the term Actual Cash Value shall mean the amount which it would cost to repair or replace, including labor, material and taxes, covered property with material of like kind and quality, less allowance for physical deterioration, obsolescence, and depreciation.
9. **Effective Time**— To the extent coverage in this policy replaces coverage in other policies terminating noon standard time on the inception date of this policy, coverage under this policy shall not become effective until such other coverage has been terminated.
10. **Deductible**— The policy deductible provisions and amount provided are deleted and apply as indicated on the declarations page.
11. **Disagreements: #1. Appraisal is deleted and replaced by the following:**
Appraisal— If you and we fail to agree on the amount of loss, an appraisal may take place. However, an appraisal will take place only if both you and we agree, voluntarily, to have the loss appraised. If so agreed, each party will choose a competent appraiser within 20 days after both parties agree. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the "residence premises" is located. The appraisers will separately set: 1. the amount of loss, 2. the actual cash value of the property; and 3. the cost to repair or replace the property. Each amount will be stated separately. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss and will be binding. If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will set the amount of loss and will be binding.

Each Party will:

- a. Pay its own appraiser, and
- b. Bear the others expenses of the appraisal and umpire equally.