

AMENDATORY ENDORSEMENT NEW JERSEY

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

Cancellation and Nonrenewal -- Pursuant to New Jersey law, this policy cannot be canceled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious, or unfairly discriminatory, or without adequate prior notice to "you", when required. The underwriting reasons or guidelines that "we" can use to cancel or nonrenew this policy are maintained by "us" in writing and will be furnished to "you" and/or "your" lawful representative upon written request. However, the provisions of this paragraph do 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 of a policy issued by "us".

"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.

"We" may cancel or not renew this policy by written notice to "you" at the address shown in the policy by certified mail or first class mail evidenced by a Post Office Department proof of mailing. Proof of delivery or mailing is sufficient proof of notice. "Our" notice will state the reason for cancellation or nonrenewal. However, notice is not required if "you" have replaced coverage or have otherwise specifically requested termination of this policy.

If this policy has been in effect less than 60 days, "we" may cancel for any reason.

If this policy has been in effect 60 days or more, or if it is a renewal of a policy issued by "us", "we" may cancel or not renew only if one or more of the following reasons apply:

- a. the premium has not been paid when due;

- b. a moral hazard exists as defined by New Jersey Insurance Regulations;
- c. the policy was obtained through material misrepresentation or omission of fact which, if known by "us", would have caused "us" not to issue the policy;
- d. "you" or "your" representative have committed fraudulent acts against "us" that materially affect the insurability of the risk;
- e. there has been a material change or increase in hazard of the risk which "we" could not have reasonably foreseen when writing this policy;
- f. there have been substantial breaches of contractual duties, conditions, or warranties that materially affect the nature and/or insurability of the risk;
- g. "you" have not cooperated in loss control matters that materially affect the insurability of the risk;
- h. "we" have sustained a loss of or substantial change in applicable reinsurance;
- i. there has been a material change or increase in hazard of the risk arising from changes in statutory or case law after this policy was issued;
- j. "we" have sustained a loss of or reduction in available insurance capacity;
- k. "you" have failed to comply with any federal, state, or local fire, health, safety, building, or construction regulation, law, or ordinance within 60 days of written notification of a violation of such law, regulation, or ordinance and the failure to comply substantially increases any hazard insured against;

- I. "you" have failed to provide reasonable and necessary underwriting information to "us" upon written request allowing a reasonable time to respond;
- m. "your" agent's contract with "us" has been terminated and:
 - 1) "we" document that replacement coverage at comparable rates and "terms" has been provided to "you", and "we" have informed "you", in writing, of "your" right to continue coverage with "us"; or
 - 2) "we" have informed "you", in writing, of "your" right to continue coverage with "us" and "you" have agreed, in writing, to the cancellation or nonrenewal based upon the termination of "your" agent; or
- n. any other reason that conforms with "our" written underwriting guidelines for cancellation or nonrenewal and that was in effect on the original effective date of this policy or on the effective date of any subsequent renewal of this policy.

In addition to the above reasons, "we" may nonrenew this policy for adverse loss experience. "We" will specifically identify the loss experience that supports this action.

If "we" cancel this policy for nonpayment of premium or moral hazard as defined by the New Jersey Insurance Regulations, "we" will give "you" notice at least ten days before cancellation is effective. If "we" cancel this policy for any other reason, or if "we" decide not to renew this policy, "we" will give "you" notice at least 30 days but not more than 120 days before cancellation or nonrenewal is effective.

"Your" return premium, if any, will be refunded within a reasonable time not to exceed 60 days from the date cancellation is effective or the date notice is given, whichever is later. Payment or tender of the unearned premium is not a condition of cancellation.

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

Renewal -- If "we" intend to renew this policy, "we" will furnish a notice of the amount of the renewal premium and any change in policy "terms". The notice will be mailed or delivered to "you" at the address shown in the policy at least 30 days but not more than 120 days before the date the renewal premium is due.

Notice is not required if "you" have replaced coverage or have otherwise specifically requested termination of this policy.