

NORTH CAROLINA
AMENDATORY ENDORSEMENT

This endorsement, effective forms a part of
policy no.: issued to
by:

Wherever used in this endorsement: 1) "we", "us", "our", and "Insurer" mean the insurance company which issued this policy; and 2) "you", "your", "named Insured", "First Named Insured", and "Insured" mean the Named Corporation, Named Organization, Named Sponsor, Named Insured, or Insured stated in the declarations page; and 3) "Other Insured(s)" means all other persons or entities afforded coverage under the policy.

In consideration of the premium charged, it is hereby understood and agreed that the cancellation provision of this policy is deleted in its entirety and replaced by the following:

Cancellation

The Insured may cancel this policy by mailing or delivering to the Insurer a written notice of cancellation indicating the date upon which cancellation will be effective.

Policies in Effect for Less Than Sixty (60) Days

The Insurer may cancel for any reason, a policy in effect for less than sixty (60) days if it is not a renewal, by furnishing the Insured with written notice of cancellation at least fifteen (15) days before the effective date of cancellation. The notice must contain the reason for the cancellation.

Policies in Effect for Sixty (60) Days or More

The Insurer may not cancel a policy in effect for sixty (60) days or more except for one or more of the following reasons:

- (1) Nonpayment of premium in accordance with the policy terms;
- (2) An act or omission by the Insured or Other Insured(s) or a representative of same 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) 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;
- (4) Substantial breach of contractual duties, conditions, or warranties that materially affect the insurability of the risk;
- (5) A fraudulent act against the Insurer by the Insured or Other Insured(s) or a representative of same that materially affects the insurability of the risk;

- (6) Willful failure by the Insured or Other Insured(s) or a representative of same to institute reasonable loss control measures that materially affects the insurability of the risk after written notice by the Insurer;
- (7) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance;
- (8) Conviction of the Insured or Other Insured(s) of a crime arising out of acts that materially affect the insurability of the risk;
- (9) A determination by the Commissioner that the continuation of the policy would place the Insurer in violation of the laws of this State; or
- (10) The Director(s) or Officer(s) or the Insured fails to meet the requirements contained in the corporate charter, articles of incorporation, or bylaws of the Insurer, when the Insurer is a company organized for the sole purpose of providing members of an organization with insurance coverage in this State.

Cancellation is not effective unless written notice of cancellation is mailed or delivered to the Insured at least fifteen (15) days before the effective date of cancellation.

Nonrenewal

The Insurer may nonrenew a policy by mailing or delivering written notice of nonrenewal to the Insured at least forty-five (45) days prior to the policy expiration date (or anniversary if the policy has been written for a term of more than 1 year). The notice must state the precise reason for nonrenewal.

The Insurer will give the Insured forty-five (45) days written notice if it lowers coverage limits or raises deductible or premium rates other than at the request of the Insured.

The nonrenewal provisions do not apply if the Insured has insured elsewhere, has accepted replacement coverage or has requested or agreed to nonrenewal.

Policy Renewal

If the Insurer intends to renew this policy, the Insurer shall furnish the Insured and any designated mortgagee or loss payee notice of the renewal terms and a statement of premium due not less than forty-five (45) days before the policy expiration date.

Notices

All notices of cancellation and nonrenewal must be mailed or delivered to the Insured, the agent or broker of record and any designated mortgagee or loss payee at their address shown in the policy, or if not indicated in the policy at their last known address. The notice must state the precise reason for cancellation or nonrenewal. Proof of mailing is sufficient proof of notice. Failure to send the notice of cancellation or nonrenewal to any designated mortgagee or loss payee invalidates the cancellation only as to the mortgagee's or loss payee's interest.

AUTHORIZED REPRESENTATIVE