

FORMS – IMPLEMENTATION

MAY 18, 2017

COMMERCIAL LINES

LI-CL-2017-040

NORTH DAKOTA REVISED VALUATION PROVISIONS FILED AND APPROVED

KEY MESSAGE

Filing CL-2017-OEND1 which revises the valuation provisions for certain policies has been filed and approved by the North Dakota Insurance Department.

Affected lines: AG, BP, CF, FP, OP

BACKGROUND

Currently, N.D. CENT. CODE § 26.1-39-05 provides, in part, that if the covered loss occurred within ninety days after the policy effective date or within ninety days after the policy limits were increased by twenty-five percent or more at the insured's request, the loss payable to the insured is the lesser of the full value of the policy or the actual cash value or replacement cost of the property, depending on the policy provisions applicable to the structure.

In circular, [LI-CL-2017-024](#) we announced that:

- 2017 N.D. Laws __ (former H.B. 1302), which becomes effective August 1, 2017, revises the aforementioned references to the ninety day period to sixty days. The loss payable to the insured during the first sixty days is revised to be the lesser of the full value of the policy or the amount paid in accordance with the policy provisions as if a partial loss occurred.
- Based on our initial review, we anticipate revising various Commercial lines North Dakota endorsements that contain a Valuation loss provision.

ISO ACTION

In response to the requirements 2017 N.D. Laws __ (former H.B. 1302) we have:

- Revised the Valued Policies Condition of the North Dakota Changes endorsements AG 01 39, BP 01 17, CP 01 14, FP 01 12 and OP 01 25 to provide that, if the covered loss occurred within sixty days after the policy effective date or within sixty days after the policy limits were increased by twenty-five percent or more at the insured's request, the loss payable to the insured for covered loss incurred during the first sixty days is the lesser of the full value of the policy or the amount paid in accordance with the policy provisions as if a partial loss occurred.
- Filed these revisions with the North Dakota Insurance Department under the ISO Filing Designation Number CL-2017-OEND1.

Refer to the attached explanatory material for complete details about the filing.

INSURANCE DEPARTMENT ACTION

The North Dakota Insurance Department has approved this revision as filed.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies written on or after August 1, 2017.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CL-2017-OEND1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- A new edition date of an existing form number is being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2016-091](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 8-17 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-CL-2017-024](#) (04/07/2017) North Dakota __ Former H.B. 1302 Pertaining To Valued Policy Requirements Under Review
- [LI-CL-2016-091](#) (11/17/2016) Revised Lead Time Requirements Listing

ATTACHMENT(S)

- Filing CL-2017-OEND1
 - Final copies of [AG 01 39 08 17](#), [BP 01 17 08 17](#), [CP 01 14 08 17](#), [FP 01 12 08 17](#) and [OP 01 25 08 17](#)
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North Dakota Valuation Provision Revised

Applicable Lines of Business

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets Program (Output Policy)
- ◆ Commercial Fire and Allied Lines
- ◆ Farm

About This Filing

We are revising the North Dakota Changes endorsements in response to the amendment to N.D. CENT. CODE § 26.1-39-5 (Former H.B. 1302), which pertains to valued policy requirements.

Revised Forms

We are revising the following forms:

- ◆ **AG 01 39 11 15** - North Dakota Changes
- ◆ **BP 01 17 11 15** - North Dakota Changes
- ◆ **CP 01 14 11 15** - North Dakota Changes
- ◆ **FP 01 12 11 15** - North Dakota Changes
- ◆ **OP 01 25 11 15** - North Dakota Changes

We have used a format of ~~striking through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced editions to the 08 17 editions. Concurrent with implementation, the 08 17 editions will supersede the prior editions.

Background

Currently, N.D. CENT. CODE § 26.1-39-05 provides, in part, that if the covered loss occurred within ninety days after the policy effective date or within ninety days after the policy limits were increased by twenty-five percent or more at the

insured's request, the loss payable to the insured for covered loss incurred during the first ninety days is the lesser of the full value of the policy or the actual cash value or replacement cost of the property, depending on the policy provisions applicable to the structure.

2017 N.D. Laws __ (former H.B. 1302), which becomes effective August 1, 2017, revises the aforementioned references to the ninety day period to sixty days. The loss payable to the insured for covered loss incurred during the first sixty days is revised to be the lesser of the full value of the policy or the amount paid in accordance with the policy provisions as if a partial loss occurred.

Explanation of Changes

In response to the amendment to 2017 N.D. Laws__ (Former H.B. 1302), we are revising the Valued Policies Condition in the aforementioned North Dakota Changes endorsements to provide that, if the covered loss occurred within sixty days after the policy effective date or within sixty days after the policy limits were increased by twenty-five percent or more at the insured's request, the loss payable to the insured for covered loss incurred during the first sixty days is the lesser of the full value of the policy or the amount paid in accordance with the policy provisions as if a partial loss occurred.

In addition, we are removing text that provided that, if the policy contained a provision which adjusted the policy's limit of insurance for inflation, the amount paid would be the limit of insurance that applies to the real property. This provision is no longer required by N.D. CENT. CODE § 26.1-39-05.

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a form and any other part of the attached material, the provisions of the form apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) 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 sixty-two 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

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- (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.

- D. The **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- 1. There has been full compliance with all of the terms of this Coverage Part; and
- 2. The action is brought within three years after the date on which the direct physical loss or damage occurred.

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E. The following is added to the **Valuation** Loss Condition:

Valued Policies

1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the insured or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **E.2.**, **E.3.**, **E.4.**, **E.5.** and **F.** below.
2. If a covered loss occurs within ~~90~~60 days after:
 - a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;

We will pay no more than the ~~least~~ lesser of the following:

- (1) The Limit of Insurance under this Policy that applies to the real property; or
- (2) ~~The actual cash value of that part of the real property damaged when coverage is written on an actual cash value valuation basis; or~~ The amount paid in accordance with the policy provisions as if a partial loss occurred.
- (3) ~~The cost to repair or replace the damaged real property after application of deductible and without deduction for depreciation.~~

~~However, if this Policy contains a provision which adjusts the Policy's Limit of Insurance for inflation, we will pay in accordance with Paragraph **E.1.** above.~~

3. Paragraph **E.2.** does not apply to:
 - a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.

4. Insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.

5. The Valued Policies provisions in Paragraphs **E.1.**, **E.2.**, **E.3.**, **E.4.** and **F.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Policy provisions applicable to that structure.

F. The following is added to the **Other Insurance** Condition and supersedes any provisions to the contrary:

d. With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

G. The **Intentional Loss** Exclusion is replaced by the following:

Intentional Loss

1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

2. However, this exclusion will not apply to deny coverage to an innocent coinsured who did not cooperate in, or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part; and

- a. The loss arose out of domestic violence; and
- b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

If you are an individual, an innocent coinsured includes an innocent "family member".

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3. If we pay a claim pursuant to Paragraph **G.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

H. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Condition:

If we pay an innocent coinsured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent coinsured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the perpetrator of the domestic violence.

I. 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

- 1. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions**:
 - a. We will not pay for loss or damage arising out of any act committed:
 - (1) By or at the direction of any insured; and
 - (2) With the intent to cause a loss.
 - b. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Form and:
 - (1) The loss arose out of domestic violence; and
 - (2) The perpetrator of the loss is criminally prosecuted for the act causing the loss.
 - c. If we pay a claim pursuant to Paragraph **b.** our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.
- 2. Paragraph **E.4. Legal Action Against Us** Property Loss Condition is replaced by the following:
 - 4. Legal Action Against Us**
No one may bring a legal action against us under this insurance unless:
 - a. There has been full compliance with all of the terms of this insurance; and
 - b. The action is brought within three years after the date on which the direct physical loss or damage occurred.

3. The following is added to Paragraph E.5. Loss Payment Property Loss Condition:

Valued Policies

- a. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the insured or assignee, the amount of insurance written on such real property will be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to Paragraphs **b., c., d.** and **B.4.** below.
- b. If a covered loss occurs within 90 days after:
 - (1) The effective date of the Policy; or
 - (2) The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;
 we will pay no more than the ~~least~~ lesser of the following:
 - (a) The Limit of Insurance under this Policy that applies to the real property; or
 - (b) ~~The actual cash value of that part of the real property damaged; or~~ The amount paid in accordance with the policy provisions as if a partial loss occurred.
 - (c) ~~The cost to repair or replace the damaged real property after application of deductible and without deduction for depreciation.~~

~~However, if this Policy contains a provision which adjusts the Policy's Limit of Insurance for inflation, we will pay in accordance with Paragraph **a.** above.~~

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- c. Paragraph **b.** does not apply to:
 - (1) Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - (2) Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - (3) Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.
- d. The Valued Policies provisions in Paragraphs **a.**, **b.**, **c.** and **B.4.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the policy provisions applicable to that structure.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraphs **A.2.** and **A.3. Cancellation** are replaced by Paragraphs **2.** and **3.** below, except to the extent that Paragraph **B.2.** 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.2.** 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 sixty-two years of age or older or to any person who is disabled according to social security standards;

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- (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.2.** 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.2.** 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 (1) 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 (1) through (9) above.

If we cancel for a reason listed in Paragraphs (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.
- 2. We may also cancel the Policy if one or more of the following conditions exist:
 - a. Buildings with at least 65% of the rental units in the building unoccupied.
 - b. 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.
 - c. Buildings to which, following a fire, permanent repairs have not commenced within 60 days following satisfactory adjustment of loss.

- d. 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.
- e. 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.
- f. 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.
- g. Buildings from which fixed and salvageable items have been or are being removed and the "insured" can give no reasonable explanation for the removal.
- h. 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.
- i. Buildings with any of the following conditions:
 - (1) Failure to furnish heat, water, sewer service, or public lighting for 30 consecutive days or more.
 - (2) Failure to correct conditions dangerous to life, health, or safety.
 - (3) Failure to maintain the building in accordance with applicable law.
 - (4) Failure to pay property taxes for more than one year.
- j. Buildings that have characteristics of ownership condition, occupancy, or maintenance which are violative of law or public policy.

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3. Paragraph **D. Examination Of Your Books And Records** is replaced by the following:

D. 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.

4. The following is added to Paragraph **H. Other Insurance** and supersedes any provisions to the contrary:

4. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the Limit of Insurance under its policy bears to the total amount of insurance covering the loss.

5. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us**:

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

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

M. 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:
 - 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.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY 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 **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within three years after the date on which the direct physical loss or damage occurred.

C. Paragraph **B.** above does not apply to the:

1. Legal Action Against Us Loss Condition in the Legal Liability Coverage Form **CP 00 40**; or
2. Legal Action Against Us Condition applicable to Coverages **C** and **D** in the Mortgageholders Errors And Omissions Coverage Form **CP 00 70**.

D. The following is added to the **Valuation** Loss Condition:

Valued Policies

1. When this Coverage Part is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause Of Loss, and the property is wholly or completely destroyed by any Covered Cause Of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **D.2.**, **D.3.**, **D.4.**, **D.5.** and **E.** below.

2. If a covered loss occurs within 90 days after:
 - a. The effective date of the Coverage Part; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;

We will pay no more than the ~~least~~ lesser of the following:

- (1) The Limit of Insurance under this Coverage Part that applies to the real property; or
- (2) ~~The actual cash value of that part of the real property damaged; or~~ The amount paid in accordance with the policy provisions as if a partial loss occurred.
- (3) ~~The cost to repair or replace the damaged real property after application of deductible and without deduction for depreciation.~~

~~However, if this Coverage Part contains a provision which adjusts the Coverage Part's Limit of Insurance for inflation, we will pay in accordance with Paragraph **D.1.** above.~~

3. Paragraph **D.2.** does not apply to:
 - a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.
4. Builders' risk policies of insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.

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5. The Valued Policies provisions in Paragraphs **D.1., D.2., D.3., D.4.** and **E.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Coverage Part provisions applicable to that structure.

E. The following is added to the **Other Insurance** Condition and supersedes any provisions to the contrary:

3. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

F. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:

- 1. We will not pay for loss or damage arising out of any act committed:
 - a. By or at the direction of any insured; and

- b. With the intent to cause a loss.

2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:

- a. The loss arose out of domestic violence; and
 - b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph **F.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

G. The **Transfer Of Rights Of Recovery Against Others To Us** Condition, in the Commercial Property Conditions, is amended by adding the following:

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS FORM – FARM PROPERTY

FARM PROPERTY – BARN, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM

FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL PROPERTY COVERAGE FORM

FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS

LIVESTOCK COVERAGE FORM

MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A.** The **Legal Action Against Us** Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under a Coverage Form to which this condition applies, unless:

1. There has been full compliance with all of the terms of this Coverage Form; and
2. The action is brought within three years after the date on which the direct physical loss ("loss") or damage occurred.

- B.** The following is added to the **Valuation** Loss Condition in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form and Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form:

Valued Policies

1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **B.2.**, **B.3.**, **B.4.** and **C.** below.

2. If a covered loss occurs within ~~90~~60 days after:
 - a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the "insured's" request without construction of additions;

we will pay no more than the ~~least~~ lesser of the following:

- (1) The Limit of Insurance under this Policy that applies to the real property; or
- (2) ~~The actual cash value of that part of the real property damaged; or~~ The amount paid in accordance with the policy provisions as if a partial loss occurred.
- (3) ~~The cost to repair or replace the damaged real property after application of deductible and without deduction for depreciation.~~

~~However, if this Policy contains a provision which adjusts the Policy's Limit of Insurance for inflation, we will pay in accordance with Paragraph **B.1.** above.~~

3. Paragraph 2. does not apply to:
 - a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.

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4. The Valued Policies provisions in Paragraphs **B.1.**, **B.2.**, **B.3.** and **C.** do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the policy provisions applicable to that structure.

C. The following is added to the **Other Insurance And Service Agreement** Loss Condition, Loss Condition **8.** in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions and supersedes any provisions to the contrary:

e. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the Limit of Insurance under its policy bears to the total amount of insurance covering the loss.

D. The **Intentional Loss Exclusion** in the Causes Of Loss Form – Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:

Intentional Loss

1. We will not pay for loss ("loss") or damage arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss ("loss").

In the event of such loss ("loss"), no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss ("loss").

2. However, this exclusion will not apply to deny coverage to an innocent co-"insured" who did not cooperate in, or contribute to the creation of the loss ("loss"), provided the loss ("loss") is otherwise covered under a Coverage Form to which this exclusion applies; and

a. The loss ("loss") arose out of domestic violence; and

b. The perpetrator of the loss ("loss") is criminally prosecuted for the act causing the loss ("loss").

3. If we pay a claim pursuant to Paragraph **E.2.**, our payment to the "insured" is limited to that "insured's" ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

E. The **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is amended by the addition of the following:

If we pay an innocent co-"insured" victim of domestic violence for loss ("loss") arising out of an act of domestic violence by another "insured", the rights of the innocent co-"insured" to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss ("loss"), the innocent co-"insured" may not waive such rights to recover against the perpetrator of the domestic violence.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

- A. The Legal Action Against Us** Capital Assets Program Coverage Form Condition is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within three years after the date on which the direct physical loss or damage occurred.

- B. The following is added to the Valuation Loss Condition:**

Valued Policies

1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause Of Loss, and the property is wholly or completely destroyed by any Covered Cause Of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **B.2.**, **B.3.**, **B.4.**, **B.5.** and **C.** below.
2. If a covered loss occurs within 90 days after:
 - a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;

We will pay no more than the ~~least~~ lesser of the following:

- (1) The Limit of Insurance under this Policy that applies to the real property; or
- (2) ~~The actual cash value of that part of the real property damaged when coverage is written on an actual cash value valuation basis or~~ The amount paid in accordance with the policy provisions as if a partial loss occurred.

~~(3) The cost to repair or replace the damaged real property after application of deductible and without deduction for depreciation.~~

~~However, if this Policy contains a provision which adjusts the Policy's Limit of Insurance for inflation, we will pay in accordance with Paragraph **B.1.** above.~~

3. Paragraph **B.2.** does not apply to:

- a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
- b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
- c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.

4. Insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.

5. The Valued Policies provisions in Paragraphs **B.1.**, **B.2.**, **B.3.**, **B.4.** and **C.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Policy provisions applicable to that structure.

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C. The following is added to the **Other Insurance Condition** and supersedes any provisions to the contrary:

c. With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

D. The following exclusion and related provisions are added to Paragraph **C.2. Exclusions**:

1. We will not pay for loss or damage arising out of any act committed:

- a. By or at the direction of any insured; and
- b. With the intent to cause a loss.

2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:

- a. The loss arose out of domestic violence; and

b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph **D.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

E. The **Transfer Of Rights Of Recovery Against Others To Us** Condition, in the Capital Assets Program Coverage Form Conditions, is amended by adding the following:

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) 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 sixty-two 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.

- D. The **Legal Action Against Us** Condition is replaced by the following:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- 1. There has been full compliance with all of the terms of this Coverage Part; and
- 2. The action is brought within three years after the date on which the direct physical loss or damage occurred.

E. The following is added to the **Valuation Loss Condition**:

Valued Policies

1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the insured or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **E.2.**, **E.3.**, **E.4.**, **E.5.** and **F.** below.

2. If a covered loss occurs within 60 days after:
- a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;

We will pay no more than the lesser of the following:

- (1) The Limit of Insurance under this Policy that applies to the real property; or
- (2) The amount paid in accordance with the policy provisions as if a partial loss occurred.

3. Paragraph **E.2.** does not apply to:
- a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.

4. Insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.

5. The Valued Policies provisions in Paragraphs **E.1.**, **E.2.**, **E.3.**, **E.4.** and **F.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Policy provisions applicable to that structure.

F. The following is added to the **Other Insurance Condition** and supersedes any provisions to the contrary:

- d. With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

G. The **Intentional Loss Exclusion** is replaced by the following:

Intentional Loss

1. We will not pay for loss or damage arising out of any act an insured commits or conspires to commit with the intent to cause a loss.

In the event of such loss, no insured is entitled to coverage, even insureds who did not commit or conspire to commit the act causing the loss.

2. However, this exclusion will not apply to deny coverage to an innocent coinsured who did not cooperate in, or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part; and

- a. The loss arose out of domestic violence; and
- b. The perpetrator of the loss is criminally prosecuted for the act causing the loss.

If you are an individual, an innocent coinsured includes an innocent "family member".

3. If we pay a claim pursuant to Paragraph **G.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

H. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us Condition**:

If we pay an innocent coinsured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent coinsured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent coinsured may not waive such rights to recover against the perpetrator of the domestic violence.

I. 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:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions**:

a. We will not pay for loss or damage arising out of any act committed:

- (1)** By or at the direction of any insured; and
- (2)** With the intent to cause a loss.

b. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Form and:

- (1)** The loss arose out of domestic violence; and
- (2)** The perpetrator of the loss is criminally prosecuted for the act causing the loss.

c. If we pay a claim pursuant to Paragraph **b.** our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

2. Paragraph **E.4. Legal Action Against Us** Property Loss Condition is replaced by the following:

4. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

- a.** There has been full compliance with all of the terms of this insurance; and
- b.** The action is brought within three years after the date on which the direct physical loss or damage occurred.

3. The following is added to Paragraph **E.5. Loss Payment** Property Loss Condition:

Valued Policies

a. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the insured or assignee, the amount of insurance written on such real property will be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to Paragraphs **b., c., d.** and **B.4.** below.

b. If a covered loss occurs within 60 days after:

- (1)** The effective date of the Policy; or
- (2)** The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;

we will pay no more than the lesser of the following:

- (a)** The Limit of Insurance under this Policy that applies to the real property; or
- (b)** The amount paid in accordance with the policy provisions as if a partial loss occurred.

c. Paragraph **b.** does not apply to:

- (1)** Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
- (2)** Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or

(3) Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.

d. The Valued Policies provisions in Paragraphs a., b., c. and B.4., do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the policy provisions applicable to that structure.

B. Section III – Common Policy Conditions is amended as follows:

1. Paragraphs A.2. and A.3. **Cancellation** are replaced by Paragraphs 2. and 3. below, except to the extent that Paragraph B.2. 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.2. 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 sixty-two 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.2. 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.2. 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 (1) 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 (1) through (9) above.

If we cancel for a reason listed in Paragraphs (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.
- 2. We may also cancel the Policy if one or more of the following conditions exist:
 - a. Buildings with at least 65% of the rental units in the building unoccupied.
 - b. 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.
 - c. Buildings to which, following a fire, permanent repairs have not commenced within 60 days following satisfactory adjustment of loss.
 - d. 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.
 - e. 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.
 - f. 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.
 - g. Buildings from which fixed and salvageable items have been or are being removed and the "insured" can give no reasonable explanation for the removal.

- h. 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.

- i. Buildings with any of the following conditions:

- (1) Failure to furnish heat, water, sewer service, or public lighting for 30 consecutive days or more.
- (2) Failure to correct conditions dangerous to life, health, or safety.
- (3) Failure to maintain the building in accordance with applicable law.
- (4) Failure to pay property taxes for more than one year.

- j. Buildings that have characteristics of ownership condition, occupancy, or maintenance which are violative of law or public policy.

- 3. Paragraph **D. Examination Of Your Books And Records** is replaced by the following:

D. 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.

- 4. The following is added to Paragraph **H. Other Insurance** and supersedes any provisions to the contrary:

4. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the Limit of Insurance under its policy bears to the total amount of insurance covering the loss.

5. The following is added to Paragraph **K. Transfer Of Rights Of Recovery Against Others To Us:**

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

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

M. 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:

- 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

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY 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 **Legal Action Against Us** Condition is replaced by the following:
Legal Action Against Us
No one may bring a legal action against us under this Coverage Part unless:
1. There has been full compliance with all of the terms of this Coverage Part; and
 2. The action is brought within three years after the date on which the direct physical loss or damage occurred.
- C.** Paragraph **B.** above does not apply to the:
1. Legal Action Against Us Loss Condition in the Legal Liability Coverage Form **CP 00 40**; or
 2. Legal Action Against Us Condition applicable to Coverages **C** and **D** in the Mortgageholders Errors And Omissions Coverage Form **CP 00 70**.
- D.** The following is added to the **Valuation** Loss Condition:
Valued Policies
1. When this Coverage Part is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause Of Loss, and the property is wholly or completely destroyed by any Covered Cause Of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **D.2.**, **D.3.**, **D.4.**, **D.5.** and **E.** below.
 2. If a covered loss occurs within 60 days after:
 - a. The effective date of the Coverage Part; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;We will pay no more than the lesser of the following:
 - (1) The Limit of Insurance under this Coverage Part that applies to the real property; or
 - (2) The amount paid in accordance with the policy provisions as if a partial loss occurred.
 3. Paragraph **D.2.** does not apply to:
 - a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.
 4. Builders' risk policies of insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.
 5. The Valued Policies provisions in Paragraphs **D.1.**, **D.2.**, **D.3.**, **D.4.** and **E.**, do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Coverage Part provisions applicable to that structure.

E. The following is added to the **Other Insurance** Condition and supersedes any provisions to the contrary:

3. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

F. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions** in the Causes Of Loss Forms and to any Coverage Form or policy to which a Causes Of Loss Form is not attached:

- 1.** We will not pay for loss or damage arising out of any act committed:
 - a.** By or at the direction of any insured; and
 - b.** With the intent to cause a loss.

2. However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:

- a.** The loss arose out of domestic violence; and
- b.** The perpetrator of the loss is criminally prosecuted for the act causing the loss.

3. If we pay a claim pursuant to Paragraph **F.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

G. The **Transfer Of Rights Of Recovery Against Others To Us** Condition, in the Commercial Property Conditions, is amended by adding the following:

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS FORM – FARM PROPERTY

FARM PROPERTY – BARNS, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM

FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL PROPERTY COVERAGE FORM

FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS

LIVESTOCK COVERAGE FORM

MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

- A.** The **Legal Action Against Us** Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:
- Legal Action Against Us**
- No one may bring a legal action against us under a Coverage Form to which this condition applies, unless:
1. There has been full compliance with all of the terms of this Coverage Form; and
 2. The action is brought within three years after the date on which the direct physical loss ("loss") or damage occurred.
- B.** The following is added to the **Valuation** Loss Condition in the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form and Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form:
- Valued Policies**
1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause of Loss, and the property is wholly or completely destroyed by any Covered Cause of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **B.2.**, **B.3.**, **B.4.** and **C.** below.
 2. If a covered loss occurs within 60 days after:
 - a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the "insured's" request without construction of additions;we will pay no more than the lesser of the following:
 - (1) The Limit of Insurance under this Policy that applies to the real property; or
 - (2) The amount paid in accordance with the policy provisions as if a partial loss occurred.
 3. Paragraph 2. does not apply to:
 - a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.
 4. The Valued Policies provisions in Paragraphs **B.1.**, **B.2.**, **B.3.** and **C.** do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.

When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the policy provisions applicable to that structure.

- C.** The following is added to the **Other Insurance And Service Agreement** Loss Condition, Loss Condition **8.** in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions and supersedes any provisions to the contrary:

e. Valued Policies – Other Insurance

With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the Limit of Insurance under its policy bears to the total amount of insurance covering the loss.

- D.** The **Intentional Loss Exclusion** in the Causes Of Loss Form – Farm Property, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is replaced by the following:

Intentional Loss

1. We will not pay for loss ("loss") or damage arising out of any act an "insured" commits or conspires to commit with the intent to cause a loss ("loss").

In the event of such loss ("loss"), no "insured" is entitled to coverage, even "insureds" who did not commit or conspire to commit the act causing the loss ("loss").

2. However, this exclusion will not apply to deny coverage to an innocent co-"insured" who did not cooperate in, or contribute to the creation of the loss ("loss"), provided the loss ("loss") is otherwise covered under a Coverage Form to which this exclusion applies; and

- a. The loss ("loss") arose out of domestic violence; and
b. The perpetrator of the loss ("loss") is criminally prosecuted for the act causing the loss ("loss").

3. If we pay a claim pursuant to Paragraph **E.2.**, our payment to the "insured" is limited to that "insured's" ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

- E.** The **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition in the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, Mobile Agricultural Machinery And Equipment Coverage Form and Livestock Coverage Form is amended by the addition of the following:

If we pay an innocent co-"insured" victim of domestic violence for loss ("loss") arising out of an act of domestic violence by another "insured", the rights of the innocent co-"insured" to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss ("loss"), the innocent co-"insured" may not waive such rights to recover against the perpetrator of the domestic violence.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH DAKOTA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

- A. The Legal Action Against Us** Capital Assets Program Coverage Form Condition is replaced by the following:
- Legal Action Against Us**
- No one may bring a legal action against us under this Coverage Part unless:
1. There has been full compliance with all of the terms of this Coverage Part; and
 2. The action is brought within three years after the date on which the direct physical loss or damage occurred.
- B. The following is added to the Valuation Loss Condition:**
- Valued Policies**
1. When this Policy is written to insure any real property in North Dakota against loss caused by or resulting from any Covered Cause Of Loss, and the property is wholly or completely destroyed by any Covered Cause Of Loss without fraud on the part of the "insured" or assignee, the amount of insurance written on such real property shall be taken to be the true value of the property insured and the true amount of loss and measure of damages, subject to the exceptions and conditions in Paragraphs **B.2.**, **B.3.**, **B.4.**, **B.5.** and **C.** below.
 2. If a covered loss occurs within 60 days after:
 - a. The effective date of the Policy; or
 - b. The Limit of Insurance applying to the real property was increased by 25% or more at the insured's request without construction of additions;We will pay no more than the lesser of the following:
 - (1) The Limit of Insurance under this Policy that applies to the real property; or
 - (2) The amount paid in accordance with the policy provisions as if a partial loss occurred.
- 3. Paragraph B.2. does not apply to:**
- a. Renewal policies for which the Limit of Insurance applying to the real property is increased less than 25%;
 - b. Policies for which the Limit of Insurance applying to the real property has increased by 25% or more due to the construction of additions; or
 - c. Policies for which an increased Limit of Insurance applying to the real property was approved by us prior to the loss.
- 4. Insurance covering property in the process of being constructed shall be valued and settled according to the actual value of that portion of the construction completed at the time of the loss.**
- 5. The Valued Policies provisions in Paragraphs B.1., B.2., B.3., B.4. and C., do not apply to any claim for loss to an appurtenant or separate structure, unless the appurtenant or separate structure is individually described in the Policy and a value has been assigned to the appurtenant or separate structure before the loss.**
- When the Valued Policies provisions do not apply, the claim for loss to an appurtenant or separate structure will be settled for actual cash value or replacement cost, depending on the Policy provisions applicable to that structure.
- C. The following is added to the Other Insurance Condition and supersedes any provisions to the contrary:**
- c. With respect to valued policies, if two or more policies are written upon the same property interest and cover the loss, each insurer will pay only that proportion of the cost of the loss that the limit of insurance under its policy bears to the total amount of insurance covering the loss.

D. The following exclusion and related provisions are added to Paragraph **C.2. Exclusions:**

- 1.** We will not pay for loss or damage arising out of any act committed:
 - a.** By or at the direction of any insured; and
 - b.** With the intent to cause a loss.
- 2.** However, this exclusion will not apply to deny coverage to an innocent co-insured who did not cooperate in or contribute to the creation of the loss, provided the loss is otherwise covered under this Coverage Part and:
 - a.** The loss arose out of domestic violence; and
 - b.** The perpetrator of the loss is criminally prosecuted for the act causing the loss.
- 3.** If we pay a claim pursuant to Paragraph **D.2.**, our payment to the insured is limited to that insured's ownership interest in the property less any payments we first made to a mortgagee or other party with a legal secured interest in the property. In no event will we pay more than the Limit of Insurance.

E. The **Transfer Of Rights Of Recovery Against Others To Us** Condition, in the Capital Assets Program Coverage Form Conditions, is amended by adding the following:

If we pay an innocent co-insured victim of domestic violence for loss arising out of an act of domestic violence by another insured, the rights of the innocent co-insured to recover damages from the perpetrator of the domestic violence are transferred to us to the extent of our payment. Following the loss, the innocent co-insured may not waive such rights to recover against the perpetrator of the domestic violence.