

FORMS – IMPLEMENTATION

JULY 19, 2019

COMMERCIAL LINES

LI-CL-2019-033

ARIZONA REVISION TO CHANGES ENDORSEMENTS FILED AND TO BE IMPLEMENTED

KEY MESSAGE

Forms filing CL-2019-OCH1 has been filed and approved. It revises various Arizona Changes endorsements for consistency with changes made under forms filing HO-2018-OSPE1.

Applicable LOBs: AG, BP, CF, CM, CR, CU, EB, FR, GL, OP, PR

Effective Date: 01/01/2020

BACKGROUND

- In circular [LI-HO-2018-058](#), we announced forms filing HO-2018-OSPE1 in Arizona, which revised HO 01 02, Special Provisions – Arizona following discussions with the Arizona Department of Insurance.
- In circular [LI-HO-2018-098](#), we announced the amendment and approval of forms filing HO-2018-OSPE1, effective February 1, 2019.

ISO ACTION

We are revising the Intentional Loss Exclusion in AG 01 03, BP 01 38, CM 01 43, CP 01 32, FP 01 02 and OP 01 03:

- In response to ARIZ. REV. STAT. § 20-1503 to reinforce that with respect to a fire loss caused by another insured, the Intentional Loss Exclusion does not apply to an insured who did not cooperate in or contribute to the creation of the loss. References to "any insured" are revised to "the insured".
- To reflect the position of the Arizona Department of Insurance with respect to loss caused by fire by removing reference to "an act of domestic violence". The Department has cited *Nangle v. Farmers Ins. Co. of Arizona*, 205 Ariz. 517 (Ariz. Ct. App. 2003) as part of the basis for their decision.
- To add the title Intentional Loss Exclusion in several of the endorsements to reinforce the purpose of the provision.

Additionally, we are revising the Intentional Loss Exclusion in CM 01 43, CP 01 32, BP 01 38 and OP 01 03 in response to ARIZ. REV. STAT. § 20-448 in order to add a statement informing that the insurer may apply reasonable standards of proof for such claims as those described with the exclusion.

We are revising the Nonrenewal provision in AG 01 03, BP 01 38 and IL 02 58 in response to ARIZ. REV. STAT. § 20-1653 to reinforce that the reason for nonrenewal must be included with the notice to the insured.

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

INSURANCE DEPARTMENT ACTION

The Arizona Department of Insurance 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 January 1, 2020.

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-2019-OCH1, 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 existing form numbers 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-2018-044](#) 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 1-20 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-CL-2018-044](#) (11/27/2018) Revised Lead Time Requirements Listing
- [LI-HO-2018-098](#) (07/27/2018) Arizona Revised Endorsement Amended And Approved; Amendments Provided
- [LI-HO-2018-058](#) (05/24/2018) Arizona Revised Endorsement Filed; Implementation Pending

ATTACHMENT(S)

- Arizona Forms Filing [CL-2019-OCH1](#)
- Final copies of [AG 01 03 01 20](#), [BP 01 38 01 20](#), [CM 01 43 01 20](#), [CP 01 32 01 20](#), [FP 01 02 01 20](#), [IL 02 58 01 20](#) and [OP 01 03 01 20](#)

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CONTACT INFORMATION

If you have any questions concerning:

- The content of this circular, please contact:
Joseph Ameen
Compliance & Product Services – Property
201-469-2589
property@verisk.com
Joseph.Ameen@verisk.com
- Other issues for this circular, please contact Customer Support:
E-mail: info@verisk.com
Phone: 800-888-4476

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Revision To Arizona Changes Endorsements

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
- ◆ Commercial General Liability
- ◆ Commercial Inland Marine
- ◆ Commercial Liability Umbrella
- ◆ Crime and Fidelity
- ◆ Equipment Breakdown
- ◆ Farm
- ◆ Medical Professional Liability

About This Filing

We are revising the Arizona Changes Endorsements applicable to the lines listed above for consistency with changes made under forms filing HO-2018-OSPE1.

Revised Forms

We are revising the following forms:

- ◆ AG 01 03 12 14 Arizona Changes
- ◆ BP 01 38 12 14 Arizona Changes
- ◆ CM 01 43 06 04 Arizona Changes
- ◆ CP 01 32 06 04 Arizona Changes
- ◆ FP 01 02 04 16 Arizona Changes
- ◆ IL 02 58 12 14 Arizona Changes – Cancellation And Nonrenewal
- ◆ OP 01 03 06 04 Arizona 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 01 20 editions. Concurrent with implementation, the 01 20 editions will supersede the prior editions.

Background

Following discussions with the Arizona Department of Insurance, we submitted forms filing HO-2018-OSPE1, which revised HO 01 02, Special Provisions – Arizona. Several of the revised provisions in that endorsement are similar to provisions in commercial lines endorsements. Subsequent to the approval of HO 01 02 11 18, we are revising commercial lines endorsements for consistency.

Explanation of Changes

We are revising the Intentional Loss exclusion in AG 01 03, BP 01 38, CM 01 43, CP 01 32, FP 01 02 and OP 01 03:

- ◆ In response to ARIZ. REV. STAT. § 20-1503 to reinforce that with respect to a fire loss caused by another insured, the Intentional Loss exclusion does not apply to an insured who did not cooperate in or contribute to the creation of the loss. References to "any insured" are revised to "the insured".
- ◆ To reflect the position of the Arizona Department of Insurance with respect to loss caused by fire by removing reference to "an act of domestic violence". The Department has cited *Nangle v. Farmers Ins. Co. of Arizona*, 205 Ariz. 517 (Ariz. Ct. App. 2003) as part of the basis for their decision.
- ◆ To add the title Intentional Loss in several of the endorsements to reinforce the purpose of the provision.

Additionally, we are revising the Intentional Loss exclusion in CM 01 43, CP 01 32, BP 01 38 and OP 01 03 in response to ARIZ. REV. STAT. § 20-448 in order to add a statement informing that the insurer may apply reasonable standards of proof for such claims as those described within the exclusion.

We are revising the Nonrenewal provision in AG 01 03, BP 01 38 and IL 02 58 in response to ARIZ. REV. STAT. § 20-1653 to reinforce that the reason for nonrenewal must be included with the notice to the insured.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART SCHEDULED LOCATION ENDORSEMENT

- A.** The following provision is added and supersedes any provision to the contrary:

Electrical Water-pumping Machinery

The following property is covered under this Policy only if the:

1. Make;
2. Model;
3. Serial number; and
4. Location;

of the property are described in the Declarations or Scheduled Location Endorsement **AG 14 01**:

Electrical water-pumping machinery, including its equipment that is housed or out in the open, and is located in that area of Pinal and Pima Counties, Arizona, which is bounded:

- a. On the north by the south boundary of Townships 2 South;
- b. On the south by the north boundary of Townships 13 South;
- c. On the west by the east boundary of Townships Range 1 East; and
- d. On the east by the west boundary of Townships Range 10 East;

from its intersection with the northern boundary to its intersection with U.S. Highway 80-89, and then southeasterly along the highway to its intersection with the southern boundary.

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

Intentional Loss

1. With respect to loss caused by fire:

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

a-(1) By or at the direction of ~~any~~the insured; and

b-(2) With the intent to cause a loss.

~~2b.~~ However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by ~~an act of domestic violence by another insured under this Policy and the insured making this claim:~~

a-(1) Did not cooperate in or contribute to the creation of the loss; and

b-(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by an act of domestic violence by another insured under this Policy and the insured making this claim:

(1) Did not cooperate in or contribute to the creation of the loss; and

(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

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

If we pay an insured for a loss described in Paragraph **B.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

D. Additional Coverage **A.3.d. Fire Department Service Charge does not apply.**

E. The **Concealment, Misrepresentation Or Fraud Condition is replaced by the following:**

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk or to the hazard assumed by us; and
3. Where, if the true facts had been known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

F. The following is added to the **Cancellation Common Policy Condition (and applies except in situations where Paragraph **G.**, below, applies):**

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;
- d. Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;

e. Substantial breach of contractual duties or conditions;

f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

g. Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or

h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any of the other reasons.

G. If the Agricultural Capital Assets (Output Policy) Coverage Part provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four "dwelling" units; and/or
2. Personal property (except business personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Paragraph **F.** above) with respect to cancellation of such coverage:

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the Policy, continuing the Policy or presenting a claim under the Policy;

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- d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
- e. Substantial change in the risk assumed by us, since the Policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- f. A determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state; or
- g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this Policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any of the other reasons.

H. The following condition is added and supersedes any provision to the contrary (and applies except in situations where Paragraph I., below, applies):

Nonrenewal

- 1. If we elect not to renew this Policy, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
- 2. If notice is mailed, proof of mailing will be sufficient proof of notice.
- 3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.

- 4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither 3.a. nor 3.b. applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.

I. If the Agricultural Capital Assets (Output Policy) Coverage Part provides coverage for:

- 1. Real property which is used predominantly for residential purposes and consists of one through four "dwelling" units; and/or
- 2. Personal property (except business personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Paragraph H. above) with respect to nonrenewal of such coverage:

- 1. If we elect not to renew, we will mail written notice of nonrenewal, stating our reason(s) for nonrenewal, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof of mailing will be sufficient proof of notice.
- 2. If either one of the following occurs, we are not required to provide notice of nonrenewal:
 - a. You have agreed to nonrenewal; or
 - b. You have accepted replacement coverage.
- 3. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective condition.

J. The following condition is added:

Renewal

- 1. If we elect to renew this Policy and the renewal is subject to any of the following:
 - a. Increase in premium;
 - b. Change in deductible;
 - c. Reduction in limits of insurance; or
 - d. Substantial reduction in coverage;
 we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.

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2. If renewal is subject to any condition described in Paragraphs 1.a. through 1.d. above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:

a. The present policy will remain in effect until the earlier of the following:

(1) 30 days after the date of mailing or delivery of the notice; or

(2) The effective date of replacement coverage obtained by the first Named Insured.

b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:

(1) The rates applicable to the terminated policy; or

(2) The rates presently in effect.

c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. Paragraph **A.5.c. Fire Department Service Charge** Additional Coverage does not apply.
2. The following exclusion and related provisions are added to Paragraph **B.2. Exclusions:**

Intentional Loss

a. With respect to loss caused by fire:

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

(1a) By or at the direction of ~~any~~the insured; and

(2b) With the intent to cause a loss.

b.(2) However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by ~~an act of domestic violence~~ by another insured under this Policy and the insured making claim:

(1a) Did not cooperate in or contribute to the creation of the loss; and

(2b) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

b. With respect to loss caused by a peril other than fire:

(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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by an act of domestic violence by another insured under this Policy and the insured making claim:

(a) Did not cooperate in or contribute to the creation of the loss; and

(b) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

c. If we pay a claim pursuant to Paragraph **2.a.(2)** or **2.b.(2)** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

3. Paragraph **E.2. Appraisal** Property Loss Condition is replaced by the following:

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select a competent and impartial umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

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

1. The following is added to Paragraph **A. Cancellation**:

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;
- d. Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- e. Substantial breach of contractual duties or conditions;

f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

- g. Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or
- h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any of the other reasons.

2. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

~~4.~~We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

- ~~a~~**1.** That are fraudulent;
- ~~b~~**2.** That are material either to the acceptance of the risk, or to the hazard assumed by us; and
- ~~e~~**3.** Where, if the true facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
~~(4)~~**a.** Not have issued the Policy;

(2)b. Not have issued the Policy in as large an amount; or

(3)c. Not have provided coverage with respect to the hazard resulting in the loss.

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

If we pay an insured for a loss described in Paragraph **A.2.b.**, the rights of the 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 insured may not waive such rights to recover against the perpetrator of the domestic violence.

4. 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 by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice, stating the reason(s) for nonrenewal, to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither **3.a.** nor **3.b.** applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.

5. The following paragraph is added:

N. Renewal

1. If we elect to renew this Policy and the renewal is subject to any of the following:
 - a. Increase in premium;
 - b. Change in deductible;
 - c. Reduction in limits of insurance; or
 - d. Substantial reduction in coverage;we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.
2. If renewal is subject to any condition described in **1.a.** through **1.d.** above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:
 - a. The present policy will remain in effect until the earlier of the following:
 - (1) 30 days after the date of mailing or delivery of the notice; or
 - (2) The effective date of replacement coverage obtained by the first Named Insured.
 - b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
 - (1) The rates applicable to the terminated policy; or
 - (2) The rates presently in effect.
 - c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. The following exclusion is added:

Intentional Loss

1. With respect to loss caused by fire:

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

a-(1) By or at the direction of ~~any~~the insured; and

b-(2) With the intent to cause a loss.

2b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Coverage Part if such loss is caused by ~~an act of domestic violence by another insured under this Coverage Part and the insured making claim:~~

a-(1) Did not cooperate in or contribute to the creation of the loss; and

b-(2) Cooperates in any investigation relating to the loss.

We will apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

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 an insured's claim for an otherwise covered property loss under this Coverage Part if such loss is caused by ~~an act of domestic violence by another insured under this Coverage Part and the insured making claim:~~

(1) Did not cooperate in or contribute to the creation of the loss; and

(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph A.1.b. or A.2.b., our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

B. The **Transfer Of Rights Of Recovery Against Others To Us** Loss Condition in the Commercial Inland Marine Conditions is amended by the addition of the following:

If we pay an insured for a loss described in Paragraph **A.2.**, the rights of the 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 insured may not waive such rights to recover against the perpetrator of the domestic violence.

C. The **Concealment, Misrepresentation Or Fraud** General Condition in the Commercial Inland Marine Conditions is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA 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 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:

Intentional Loss

1. With respect to loss caused by fire:

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

(1) By or at the direction of ~~any~~the insured; and

(2) With the intent to cause a loss.

2b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this policy if such loss is caused by ~~an act of domestic violence~~ by another insured under this policy and the insured making this claim:

~~a.~~(1) Did not cooperate in or contribute to the creation of the loss; and

~~b.~~(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

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 an insured's claim for an otherwise covered property loss under this policy if such loss is caused by an act of domestic violence by another insured under this policy and the insured making this claim:

(1) Did not cooperate in or contribute to the creation of the loss; and

(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

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

If we pay an insured for a loss described in Paragraph **B.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

D. The Concealment, Misrepresentation Or Fraud Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and

3. Where, if the true facts had been known to us as required either by the application for the policy or otherwise, we in good faith would either:

- a. Not have issued the policy;
- b. Not have issued the policy in as large an amount; or
- c. Not have provided coverage with respect to the hazard resulting in the loss.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA 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 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 Fire Department Service Charge Additional Coverage in the:

1. Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;
 2. Mobile Agricultural Machinery And Equipment Coverage Form; and
 3. Livestock Coverage Form;
- is deleted.

B. 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. With respect to loss caused by fire:

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

a-(1) By or at the direction of ~~any~~the insured; and

b-(2) With the intent to cause a loss ("loss").

2.b. However, this exclusion will not apply to deny an "insured's" claim for an otherwise covered property loss ("loss") if such loss ("loss") is caused by ~~an act of domestic violence by another "insured" under this Policy and the "insured" making this claim:~~

a-(1) Did not cooperate in or contribute to the creation of the loss ("loss"); and

b-(2) Cooperates in any investigation relating to the loss ("loss").

We may apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

a. We will not pay for loss ("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 ("loss").

b. However, this exclusion will not apply to deny an "insured's" claim for an otherwise covered property loss ("loss") if such loss ("loss") is caused by an act of domestic violence by another "insured" under this Policy and the "insured" making this claim:

(1) Did not cooperate in or contribute to the creation of the loss ("loss"); and

(2) Cooperates in any investigation relating to the loss ("loss").

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

C. 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 "insured" for a loss ("loss") described in Paragraph **B.2.**, the rights of the "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 "insured" may not waive such rights to recover against the perpetrator of the domestic violence.

D. The Concealment, Misrepresentation Or Fraud 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:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss ("loss") or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;

2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the risk or hazard resulting in the loss ("loss").

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** The following is added to the **Cancellation** Common Policy Condition (and applies except in situations where **B.**, below, applies):

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a.** Nonpayment of premium;
- b.** Your conviction of a crime arising out of acts increasing the hazard insured against;
- c.** Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;
- d.** Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- e.** Substantial breach of contractual duties or conditions;
- f.** Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

- g.** Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or

- h.** Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b.** 45 days before the effective date of cancellation if we cancel for any of the other reasons.

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B. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **A.** above) with respect to cancellation of such coverage:

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the Policy, continuing the Policy or presenting a claim under the Policy;
- d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
- e. Substantial change in the risk assumed by us, since the Policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- f. A determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state; or
- g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this Policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any of the other reasons.

C. The following is added and supersedes any provision to the contrary (and applies except in situations where **D.**, below, applies):

Nonrenewal

1. If we elect not to renew this Policy, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither **3.a.** nor **3.b.** applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.

D. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **C.** above) with respect to nonrenewal of such coverage:

1. If we elect not to renew, we will mail written notice of nonrenewal, stating the reason(s) for nonrenewal, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof of mailing will be sufficient proof of notice.

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2. If either one of the following occurs, we are not required to provide notice of nonrenewal:

- a. You have agreed to nonrenewal; or
- b. You have accepted replacement coverage.

3. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective conditions.

E. The following condition is added:

Renewal

1. If we elect to renew this Policy and the renewal is subject to any of the following:

- a. Increase in premium;
- b. Change in deductible;
- c. Reduction in limits of insurance; or
- d. Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.

2. If renewal is subject to any condition described in 1.a. through 1.d. above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:

a. The present policy will remain in effect until the earlier of the following:

- (1) 30 days after the date of mailing or delivery of the notice; or
- (2) The effective date of replacement coverage obtained by the first Named Insured.

b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:

- (1) The rates applicable to the terminated policy; or
- (2) The rates presently in effect.

c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

A. The following exclusion and related provisions are added to Paragraph **C.2. Exclusions** in the Capital Assets Program Coverage Form (Output Policy) **OP 00 01**:

Intentional Loss

1. With respect to loss caused by fire:

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

a.(1) By or at the direction of ~~any~~the insured; and

b.(2) With the intent to cause a loss.

2b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by ~~an act of domestic violence by another insured under this Policy and the insured making this claim:~~

a.(1) Did not cooperate in or contribute to the creation of the loss; and

b.(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof to such claims.

2. With respect to loss caused by a peril other than fire:

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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by ~~an act of domestic violence by another insured under this Policy and the insured making this claim:~~

(1) Did not cooperate in or contribute to the creation of the loss; and

(2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof to such claims.

3. If we pay a claim pursuant to Paragraph A.1.b. or A.2.b. of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

B. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Capital Assets Program Coverage Form Condition:

If we pay an insured for a loss described in Paragraph **A.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

C. Additional Coverage **A.3.d. Fire Department Service Charge** does not apply.

D. The **Concealment, Misrepresentation Or Fraud** Capital Assets Program Coverage Form Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;

2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and

3. Where, if the true facts had been known to us as required either by the application for the Policy or otherwise, we in good faith would either:

a. Not have issued the Policy;

b. Not have issued the Policy in as large an amount; or

c. Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART SCHEDULED LOCATION ENDORSEMENT

- A.** The following provision is added and supersedes any provision to the contrary:

Electrical Water-pumping Machinery

The following property is covered under this Policy only if the:

1. Make;
2. Model;
3. Serial number; and
4. Location;

of the property are described in the Declarations or Scheduled Location Endorsement **AG 14 01**:

Electrical water-pumping machinery, including its equipment that is housed or out in the open, and is located in that area of Pinal and Pima Counties, Arizona, which is bounded:

- a. On the north by the south boundary of Townships 2 South;
- b. On the south by the north boundary of Townships 13 South;
- c. On the west by the east boundary of Townships Range 1 East; and
- d. On the east by the west boundary of Townships Range 10 East;

from its intersection with the northern boundary to its intersection with U.S. Highway 80-89, and then southeasterly along the highway to its intersection with the southern boundary.

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

Intentional Loss

1. With respect to loss caused by fire:
 - a. We will not pay for loss or damage arising out of any act committed:
 - (1) By or at the direction of the insured; and

- (2) With the intent to cause a loss.

- b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by another insured under this Policy and the insured making this claim:

- (1) Did not cooperate in or contribute to the creation of the loss; and

- (2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

- 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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by an act of domestic violence by another insured under this Policy and the insured making this claim:

- (1) Did not cooperate in or contribute to the creation of the loss; and

- (2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

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

If we pay an insured for a loss described in Paragraph **B.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

D. Additional Coverage **A.3.d. Fire Department Service Charge does not apply.**

E. The **Concealment, Misrepresentation Or Fraud Condition is replaced by the following:**

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk or to the hazard assumed by us; and
3. Where, if the true facts had been known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

F. The following is added to the **Cancellation Common Policy Condition (and applies except in situations where Paragraph **G.**, below, applies):**

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;

- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;

- d. Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;

- e. Substantial breach of contractual duties or conditions;

- f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

- g. Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or

- h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any of the other reasons.

G. If the Agricultural Capital Assets (Output Policy) Coverage Part provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four "dwelling" units; and/or
2. Personal property (except business personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Paragraph F. above) with respect to cancellation of such coverage:

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the Policy, continuing the Policy or presenting a claim under the Policy;
- d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
- e. Substantial change in the risk assumed by us, since the Policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- f. A determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state; or
- g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this Policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 30 days before the effective date of cancellation if we cancel for any of the other reasons.

H. The following condition is added and supersedes any provision to the contrary (and applies except in situations where Paragraph I., below, applies):

Nonrenewal

1. If we elect not to renew this Policy, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither 3.a. nor 3.b. applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.
- I. If the Agricultural Capital Assets (Output Policy) Coverage Part provides coverage for:
 1. Real property which is used predominantly for residential purposes and consists of one through four "dwelling" units; and/or
 2. Personal property (except business personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Paragraph **H.** above) with respect to nonrenewal of such coverage:

1. If we elect not to renew, we will mail written notice of nonrenewal, stating our reason(s) for nonrenewal, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof of mailing will be sufficient proof of notice.
2. If either one of the following occurs, we are not required to provide notice of nonrenewal:
 - a. You have agreed to nonrenewal; or
 - b. You have accepted replacement coverage.
3. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective condition.

J. The following condition is added:

Renewal

1. If we elect to renew this Policy and the renewal is subject to any of the following:
 - a. Increase in premium;
 - b. Change in deductible;
 - c. Reduction in limits of insurance; or
 - d. Substantial reduction in coverage;
- we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.
2. If renewal is subject to any condition described in Paragraphs **1.a.** through **1.d.** above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:
 - a. The present policy will remain in effect until the earlier of the following:
 - (1) 30 days after the date of mailing or delivery of the notice; or
 - (2) The effective date of replacement coverage obtained by the first Named Insured.
 - b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
 - (1) The rates applicable to the terminated policy; or
 - (2) The rates presently in effect.
 - c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. Paragraph **A.5.c. Fire Department Service Charge** Additional Coverage does not apply.

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

Intentional Loss

a. With respect to loss caused by fire:

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

(a) By or at the direction of the insured; and

(b) With the intent to cause a loss.

(2) However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by another insured under this Policy and the insured making claim:

(a) Did not cooperate in or contribute to the creation of the loss; and

(b) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

b. With respect to loss caused by a peril other than fire:

(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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by an act of domestic violence by another insured under this Policy and the insured making claim:

(a) Did not cooperate in or contribute to the creation of the loss; and

(b) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

c. If we pay a claim pursuant to Paragraph **2.a.(2)** or **2.b.(2)** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

3. Paragraph **E.2. Appraisal** Property Loss Condition is replaced by the following:

2. Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select a competent and impartial umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

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

1. The following is added to Paragraph **A. Cancellation:**

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;
- d. Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- e. Substantial breach of contractual duties or conditions;
- f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;
- g. Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or
- h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b. 45 days before the effective date of cancellation if we cancel for any of the other reasons.

2. Paragraph **C. Concealment, Misrepresentation Or Fraud** is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

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

If we pay an insured for a loss described in Paragraph **A.2.b.**, the rights of the 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 insured may not waive such rights to recover against the perpetrator of the domestic violence.

4. 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 by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice, stating the reason(s) for nonrenewal, to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither **3.a.** nor **3.b.** applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.

5. The following paragraph is added:

N. Renewal

1. If we elect to renew this Policy and the renewal is subject to any of the following:
 - a. Increase in premium;

- b. Change in deductible;
 - c. Reduction in limits of insurance; or
 - d. Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.

2. If renewal is subject to any condition described in **1.a.** through **1.d.** above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:

- a. The present policy will remain in effect until the earlier of the following:

- (1) 30 days after the date of mailing or delivery of the notice; or
 - (2) The effective date of replacement coverage obtained by the first Named Insured.

- b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:

- (1) The rates applicable to the terminated policy; or
 - (2) The rates presently in effect.

- c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. The following exclusion is added:

Intentional Loss

1. With respect to loss caused by fire:

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

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

- b.** However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Coverage Part if such loss is caused by another insured under this Coverage Part and the insured making claim:

- (1)** Did not cooperate in or contribute to the creation of the loss; and
- (2)** Cooperates in any investigation relating to the loss.

We will apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:

- 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 an insured's claim for an otherwise covered property loss under this Coverage Part if such loss is caused by an act of domestic violence by another insured under this Coverage Part and the insured making claim:

- (1)** Did not cooperate in or contribute to the creation of the loss; and
- (2)** Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

- 3.** If we pay a claim pursuant to Paragraph **A.1.b.** or **A.2.b.**, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

B. The Transfer Of Rights Of Recovery Against Others To Us Loss Condition in the Commercial Inland Marine Conditions is amended by the addition of the following:

If we pay an insured for a loss described in Paragraph **A.2.**, the rights of the 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 insured may not waive such rights to recover against the perpetrator of the domestic violence.

C. The Concealment, Misrepresentation Or Fraud General Condition in the Commercial Inland Marine Conditions is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

- 1.** That are fraudulent;
- 2.** That are material either to the acceptance of the risk, or to the hazard assumed by us; and
- 3.** Where, if the true facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a.** Not have issued the Policy;
 - b.** Not have issued the Policy in as large an amount; or
 - c.** Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA 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 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:

Intentional Loss

1. With respect to loss caused by fire:
 - a. We will not pay for loss or damage arising out of any act committed:
 - (1) By or at the direction of the insured; and
 - (2) With the intent to cause a loss.
 - b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this policy if such loss is caused by another insured under this policy and the insured making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss; and
 - (2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.
2. With respect to loss caused by a peril other than fire:
 - 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 an insured's claim for an otherwise covered property loss under this policy if such loss is caused by an act of domestic violence by another insured under this policy and the insured making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss; and

- (2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

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

If we pay an insured for a loss described in Paragraph **B.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

- D.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been known to us as required either by the application for the policy or otherwise, we in good faith would either:
 - a. Not have issued the policy;
 - b. Not have issued the policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA 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 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 Fire Department Service Charge Additional Coverage in the:

1. Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;
 2. Mobile Agricultural Machinery And Equipment Coverage Form; and
 3. Livestock Coverage Form;
- is deleted.

B. 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. With respect to loss caused by fire:
 - a. We will not pay for loss ("loss") or damage arising out of any act committed:
 - (1) By or at the direction of the insured; and
 - (2) With the intent to cause a loss ("loss").
 - b. However, this exclusion will not apply to deny an "insured's" claim for an otherwise covered property loss ("loss") if such loss ("loss") is caused by another "insured" under this Policy and the "insured" making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss ("loss"); and
 - (2) Cooperates in any investigation relating to the loss ("loss").

We may apply reasonable standards of proof for such claims.

2. With respect to loss caused by a peril other than fire:
 - a. We will not pay for loss ("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 ("loss").
 - b. However, this exclusion will not apply to deny an "insured's" claim for an otherwise covered property loss ("loss") if such loss ("loss") is caused by an act of domestic violence by another "insured" under this Policy and the "insured" making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss ("loss"); and
 - (2) Cooperates in any investigation relating to the loss ("loss").

We may apply reasonable standards of proof for such claims.

3. If we pay a claim pursuant to Paragraph **B.1.b.** or **B.2.b.**, our payment to the "insured" is limited to that "insured's" insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

C. 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 "insured" for a loss ("loss") described in Paragraph **B.2.**, the rights of the "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 "insured" may not waive such rights to recover against the perpetrator of the domestic violence.

D. The Concealment, Misrepresentation Or Fraud 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:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss ("loss") or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the facts had been made known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the risk or hazard resulting in the loss ("loss").

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** The following is added to the **Cancellation** Common Policy Condition (and applies except in situations where **B.**, below, applies):

7. Cancellation Of Policies In Effect For 60 Days Or More

If this Policy has been in effect for 60 days or more, or if this Policy is a renewal of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

- a.** Nonpayment of premium;
- b.** Your conviction of a crime arising out of acts increasing the hazard insured against;
- c.** Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this Policy, in continuing this Policy or in presenting a claim under this Policy;
- d.** Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
- e.** Substantial breach of contractual duties or conditions;
- f.** Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;

- g.** Determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or

- h.** Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this Policy based on one or more of the above reasons, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of cancellation stating the reason(s) for cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b.** 45 days before the effective date of cancellation if we cancel for any of the other reasons.

B. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **A.** above) with respect to cancellation of such coverage:

If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a. Nonpayment of premium;
- b. Your conviction of a crime arising out of acts increasing the hazard insured against;
- c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in obtaining the Policy, continuing the Policy or presenting a claim under the Policy;
- d. Discovery of grossly negligent acts or omissions by you substantially increasing any of the hazards insured against;
- e. Substantial change in the risk assumed by us, since the Policy was issued, except to the extent that we should reasonably have foreseen the change or contemplated the risk in writing the contract;
- f. A determination by the Director of Insurance that the continuation of the Policy would place us in violation of the insurance laws of this state; or
- g. Your failure to take reasonable steps to eliminate or reduce any conditions in or on the insured premises which contributed to a loss in the past or will increase the probability of future losses.

If we cancel this Policy based on one or more of these reasons, we will mail written notice of cancellation, stating the reason(s) for cancellation, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any of the other reasons.

C. The following is added and supersedes any provision to the contrary (and applies except in situations where **D.**, below, applies):

Nonrenewal

1. If we elect not to renew this Policy, we will mail by certified mail or by first-class mail using Intelligent Mail barcode or another similar tracking method used or approved by the United States Postal Service to the first Named Insured, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 45 days prior to the expiration of this Policy.
2. If notice is mailed, proof of mailing will be sufficient proof of notice.
3. If either one of the following occurs, we are not required to provide written notice of nonrenewal:
 - a. We or a company within the same insurance group has offered to issue a renewal policy; or
 - b. You have obtained replacement coverage or agreed in writing to do so.
4. If written notice of nonrenewal is mailed less than 45 days prior to expiration of this Policy, and neither **3.a.** nor **3.b.** applies, the coverage shall remain in effect until 45 days after the notice is mailed. Earned premium for any period of coverage that extends beyond the expiration date of this Policy shall be considered pro rata based upon the previous year's rate.

D. If the Commercial Property Coverage Part, Capital Assets Program (Output Policy) Coverage Part or the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form provides coverage for:

1. Real property which is used predominantly for residential purposes and consists of one through four dwelling units; and/or
2. Personal property (except business or farm personal property) of a person residing in such real property;

the following provisions apply (instead of those provided in Item **C.** above) with respect to nonrenewal of such coverage:

1. If we elect not to renew, we will mail written notice of nonrenewal, stating the reason(s) for nonrenewal, to the first Named Insured. We will mail this notice to the last mailing address known to us, at least 30 days before the end of the policy period. Proof of mailing will be sufficient proof of notice.

2. If either one of the following occurs, we are not required to provide notice of nonrenewal:

- a. You have agreed to nonrenewal; or
- b. You have accepted replacement coverage.

3. If our nonrenewal is based on the condition of the premises, you will be given 30 days' notice to remedy the identified conditions. If the identified conditions are remedied, coverage will be renewed. If the identified conditions are not remedied to our satisfaction, you will be given an additional 30 days, upon payment of premium, to correct the defective conditions.

E. The following condition is added:

Renewal

1. If we elect to renew this Policy and the renewal is subject to any of the following:

- a. Increase in premium;
- b. Change in deductible;
- c. Reduction in limits of insurance; or
- d. Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first Named Insured, at the last mailing address known to us, at least 30 days before the anniversary or expiration date of the Policy.

2. If renewal is subject to any condition described in 1.a. through 1.d. above, and we fail to provide notice 30 days before the anniversary or expiration date of this Policy, the following procedures apply:

a. The present policy will remain in effect until the earlier of the following:

- (1) 30 days after the date of mailing or delivery of the notice; or
- (2) The effective date of replacement coverage obtained by the first Named Insured.

b. If the first Named Insured elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:

- (1) The rates applicable to the terminated policy; or
- (2) The rates presently in effect.

c. If the first Named Insured accepts the renewal, the premium increase, if any, and other changes are effective the day following this Policy's anniversary or expiration date.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARIZONA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

- A.** The following exclusion and related provisions are added to Paragraph **C.2. Exclusions** in the Capital Assets Program Coverage Form (Output Policy) **OP 00 01:**

Intentional Loss

1. With respect to loss caused by fire:
 - a. We will not pay for loss or damage arising out of any act committed:
 - (1) By or at the direction of the insured; and
 - (2) With the intent to cause a loss.
 - b. However, this exclusion will not apply to deny an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by another insured under this Policy and the insured making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss; and
 - (2) Cooperates in any investigation relating to the loss.
2. With respect to loss caused by a peril other than fire:
 - 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 an insured's claim for an otherwise covered property loss under this Policy if such loss is caused by an act of domestic violence by another insured under this Policy and the insured making this claim:
 - (1) Did not cooperate in or contribute to the creation of the loss; and
 - (2) Cooperates in any investigation relating to the loss.

We may apply reasonable standards of proof to such claims.

3. If we pay a claim pursuant to Paragraph **A.1.b.** or **A.2.b.** of this endorsement, our payment to the insured is limited to that insured's insurable interest in the property as reduced by any payments we first made to a mortgagee or other party with a secured interest in the property. In no event will we pay more than the Limit of Insurance.

- B.** The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Capital Assets Program Coverage Form Condition:

If we pay an insured for a loss described in Paragraph **A.2.**, the rights of the insured to recover damages from the perpetrator of domestic violence are transferred to us to the extent of our payment. Following the loss, the insured may not waive such rights to recover against the perpetrator of the domestic violence.

- C.** Additional Coverage **A.3.d. Fire Department Service Charge** does not apply.

- D.** The **Concealment, Misrepresentation Or Fraud** Capital Assets Program Coverage Form Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We will not pay for any loss or damage in any case involving misrepresentations, omissions, concealment of facts or incorrect statements:

1. That are fraudulent;
2. That are material either to the acceptance of the risk, or to the hazard assumed by us; and
3. Where, if the true facts had been known to us as required either by the application for the Policy or otherwise, we in good faith would either:
 - a. Not have issued the Policy;
 - b. Not have issued the Policy in as large an amount; or
 - c. Not have provided coverage with respect to the hazard resulting in the loss.