SOUTH CAROLINA CHANGES

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This endorsement modifies insurance provided under the following:

COMMERCIAL CRIME POLICY  
COMMERCIAL FIDELITY AND FORGERY POLICY  
GOVERNMENT CRIME POLICY  
GOVERNMENT FIDELITY AND FORGERY POLICY  
KIDNAP/RANSOM AND EXTORTION POLICY

A. Under the Commercial Crime Policy, Commercial Fidelity And Forgery Policy, Government Crime Policy, and Government Fidelity And Forgery Policy, Paragraphs (b) and (c) of (1) Policy Cancellation under the Cancellation Or Termination Condition are replaced by the following:

(b) We may cancel this Policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation at least:

(i) 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or

(ii) 30 days before the effective date of cancellation if we cancel for any other reason.

(c) We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

B. The following is added to the Policy Cancellation Condition of the Commercial Crime Policy, Commercial Fidelity And Forgery Policy, Government Crime Policy, and Government Fidelity And Forgery Policy:

(g) Cancellation Of Policies In Effect For 120 Days Or More

If this Policy has been in effect for 120 days or more, or is a renewal or continuation of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

(i) Nonpayment of premium;

(ii) Material misrepresentation of fact which, if known to us, would have caused us not to issue the Policy;

(iii) Substantial change in the risk assumed, except to the extent that:

i. We had notice of the risk within the first 120 days of the Policy Period and this is not a renewal or continuation of a policy we issued; or

ii. We should reasonably have foreseen the change or contemplated the risk in writing the Policy;

(iv) Substantial breaches of contractual duties, conditions or warranties; or

(v) Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the Policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this Paragraph **B.(g)(v),** we will notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner will, within 30 days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

C. Under the Kidnap/Ransom And Extortion Policy, Paragraphs (2) and (3) of the Cancellation Of Policy Condition are replaced by the following:

(2) We may cancel this Policy by mailing or delivering to the first Named Insured and the agent, if any, written notice of cancellation 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 other reason.

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(3) We will mail or deliver our notice to the first Named Insured's and agent's last known addresses.

D. Under the Kidnap/Ransom And Extortion Policy, the following is added to the Cancellation Of Policy Condition:

(7) Cancellation Of Policies In Effect For 120 Days Or More

If this Policy has been in effect for 120 days or more, or is a renewal or continuation of a policy we issued, we may cancel this Policy only for one or more of the following reasons:

(a) Nonpayment of premium;

(b) Material misrepresentation of fact which, if known to us, would have caused us not to issue the Policy;

(c) Substantial change in the risk assumed, except to the extent that:

(i) We had notice of the risk within the first 120 days of the Policy Period and this is not a renewal or continuation of a policy we issued; or

(ii) We should reasonably have foreseen the change or contemplated the risk in writing the Policy;

(d) Substantial breaches of contractual duties, conditions or warranties; or

(e) Loss of our reinsurance covering all or a significant portion of the particular policy insured, or where continuation of the Policy would imperil our solvency or place us in violation of the insurance laws of South Carolina.

Prior to cancellation for reasons permitted in this Paragraph **D.(7)(e),** we will notify the Commissioner, in writing, at least 60 days prior to such cancellation and the Commissioner will, within 30 days of such notification, approve or disapprove such action.

Any notice of cancellation will state the precise reason for cancellation.

E. The following is added and supersedes any other provision to the contrary:

Nonrenewal

1. We will not refuse to renew a policy issued for a term of more than one year, until expiration of its full term, if anniversary renewal has been guaranteed by additional premium consideration.

2. If we decide not to renew this Policy, we will:

a. Mail or deliver written notice of nonrenewal to the first Named Insured and agent, if any, before:

(1) The expiration date of this Policy, if the Policy is written for a term of one year or less; or

(2) An anniversary date of this Policy, if the Policy is written for a term of more than one year or for an indefinite term; and

b. Provide at least 60 days' notice of nonrenewal.

3. Any notice of nonrenewal will be mailed or delivered to the first Named Insured's and agent's last known addresses. If notice is mailed, proof of mailing will be sufficient proof of notice.

4. Any notice of nonrenewal will state the precise reason for nonrenewal.