PENNSYLVANIA 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, Paragraph (1) Policy Cancellation of the Cancellation Or Termination Condition is replaced by the following:

(1) Policy Cancellation

(a) The first Named Insured shown in the Declarations may cancel this Policy by writing or giving notice of cancellation.

(b) Cancellation Of Policies In Effect For Less Than 60 Days

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

(c) 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:

(i) You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation;

(ii) You have failed to pay a premium when due, whether the premium is payable directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation;

(iii) A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the Policy Period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

(iv) Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

(v) Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation; or

(vi) Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This Policy may also be cancelled from inception upon discovery that the Policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

(d) We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.

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(e) Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.

(f) If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.

(g) If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

B. Under the Kidnap/Ransom And Extortion Policy, the Cancellation Of Policy Condition is replaced by the following:

Cancellation Of Policy

1. The first Named Insured shown in the Declarations may cancel this Policy by writing or giving notice of cancellation.

2. Cancellation Of Policies In Effect For Less Than 60 Days

We may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least 30 days before the effective date of cancellation.

3. 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. You have made a material misrepresentation which affects the insurability of the risk. Notice of cancellation will be mailed or delivered at least 15 days before the effective date of cancellation;

b. You have failed to pay a premium when due, whether the premium is payable directly to us or our agents or indirectly under a premium finance plan or extension of credit. Notice of cancellation will be mailed at least 15 days before the effective date of cancellation;

c. A condition, factor or loss experience material to insurability has changed substantially or a substantial condition, factor or loss experience material to insurability has become known during the Policy Period. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

d. Loss of reinsurance or a substantial decrease in reinsurance has occurred, which loss or decrease, at the time of cancellation, shall be certified to the Insurance Commissioner as directly affecting in-force policies. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation;

e. Material failure to comply with policy terms, conditions or contractual duties. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation; or

f. Other reasons that the Insurance Commissioner may approve. Notice of cancellation will be mailed or delivered at least 60 days before the effective date of cancellation.

This Policy may also be cancelled from inception upon discovery that the Policy was obtained through fraudulent statements, omissions or concealment of facts material to the acceptance of the risk or to the hazard assumed by us.

4. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. Notice of cancellation will state the specific reasons for cancellation.

5. Notice of cancellation will state the effective date of cancellation. The Policy Period will end on that date.

6. If this Policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata and will be returned within 10 business days after the effective date of cancellation. If the first Named Insured cancels, the refund may be less than pro rata and will be returned within 30 days after the effective date of cancellation. The cancellation will be effective even if we have not made or offered a refund.

7. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

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C. The following are added and supersede any other provisions to the contrary:

1. Nonrenewal

If we decide not to renew this Policy, we will mail or deliver written notice of nonrenewal, stating the specific reasons for nonrenewal, to the first Named Insured at least 60 days before the expiration date of the Policy.

2. Increase Of Premium

If we increase your renewal premium, we will mail or deliver to the first Named Insured written notice of our intent to increase the premium at least 30 days before the effective date of the premium increase.

Any notice of nonrenewal or renewal premium increase will be mailed or delivered to the first Named Insured's last known address. If notice is mailed, it will be by registered or first class mail. Proof of mailing will be sufficient proof of notice.

D. The Transfer Of Your Rights And Duties Under This Policy Condition is replaced by the following:

Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this Policy may not be transferred without our written consent, except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

If you die, this Policy will remain in effect as provided in Paragraph **1.** or **2.,** whichever is later:

1. For 180 days after your death, regardless of the Policy Period shown in the Declarations, unless the insured property is sold prior to that date; or

2. Until the end of the Policy Period shown in the Declarations, unless the insured property is sold prior to that date.

Coverage during the period of time after your death is subject to all provisions of this Policy, including payment of any premium due for the Policy Period shown in the Declarations and any extension of that period.

E. The following is added to the Valuation – Settlement Condition:

Actual cash value is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of covered property, regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

F. The following is added to Section E. Conditions:

Insurance Services

An insurance company, its agents, employees, or service contractors acting on its behalf, may provide services to reduce the likelihood of injury, death or loss. These services may include any of the following or related services incident to the application for, issuance, renewal or continuation of, a policy of insurance:

1. Surveys;

2. Consultation or advice; or

3. Inspections.

The "Insurance Consultation Services Exemption Act" of Pennsylvania provides that the insurance company, its agents, employees or service contractors acting on its behalf are not liable for damages from injury, death or loss occurring as a result of any act or omission by any person in the furnishing of or the failure to furnish these services.

The Act does not apply:

1. If the injury, death or loss occurred during the actual performance of the services and was caused by the negligence of the insurance company, its agents, employees or service contractors;

2. To consultation services required to be performed under a written service contract not related to a policy of insurance; or

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3. If any acts or omissions of the insurance company, its agents, employees or service contractors are judicially determined to constitute a crime, actual malice or gross negligence.