OREGON CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS  
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM

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

CONCEALMENT, MISREPRESENTATION OR FRAUD

1. Subject to Paragraphs 2. and 3. below, this entire Coverage Part or Coverage Form will be void if, whether before or after a loss, you have willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject of it, or your interest in it, or in case of any fraud or false swearing by you relating to it.

2. All statements made by you or on your behalf, in the absence of fraud, will be deemed representations and not warranties. No such statements that arise from an error in the application will be used in defense of a claim under this Coverage Part or Coverage Form unless:

a. The statements are contained in a written application; and

b. A copy of the application is endorsed upon or attached to this Coverage Part or Coverage Form when issued.

3. In order to use any representation made by you or on your behalf in defense of a claim under the Coverage Part or Coverage Form, we must show that the representations are material and that we relied on them.

C. Except as provided in D. below, the Appraisal Condition is replaced by the following:

APPRAISAL

If we and you disagree on the value of the property or the amount of loss ("loss") both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an 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 value of the property and amount of loss ("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:

1. Pay its chosen appraiser; and

2. 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.

D. The Appraisal Condition in:

1. Business Income Coverage Form (And Extra Expense) CP 00 30;

2. Business Income Coverage Form (Without Extra Expense) CP 00 32; and

3. Capital Assets Program Coverage Form (Output Policy) OP 00 01, Paragraph H.2. Business Income And Extra Expense

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an 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 Net Income and operating expense or 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.

E. The following Loss Conditions:

1. Duties In The Event Of Loss (Or Damage);

2. Duties If You Incur Extra Expense in Extra Expense Coverage Form CP 00 50; and

3. Duties In The Event Of Loss Of Covered Leasehold Interest in Leasehold Interest Coverage Form CP 00 60

are revised as follows:

The provision requiring a signed, sworn proof of loss is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 90 days after you receive the necessary forms from us.

F. The Mortgageholders Condition in the:

1. Commercial Property Coverage Part; and

2. Farm Coverage Part – Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions;

is replaced by the following and the following is added to the Commercial Inland Marine Coverage Part:

MORTGAGEHOLDERS

a. Oregon law states as follows:

(1) "If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured ('insured'), such interest in this policy may be canceled by giving to such mortgagee a 10 days' written notice of cancellation".

(2) "If the insured ('insured') fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing".

b. The term mortgageholder includes trustee.

c. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.

d. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.

e. If we deny your claim because of your acts or because you have failed to comply with the terms of this insurance, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this insurance at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss in accordance with Paragraph a.(2); and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All the terms of the affected insurance will then apply directly to the mortgageholder.

f. If we cancel this policy, we will give written notice to the mortgageholder:

(1) In accordance with Paragraph a.(1); or

(2) At least:

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

(b) 30 days before the effective date of cancellation if we cancel for any other reason other than provided for in Paragraph a.(1).

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. The Intentional Loss Exclusion in the Capital Assets Program (Output Policy) Coverage Part is replaced by the following:

Intentional Loss

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

This exclusion only applies to an insured who commits or conspires to commit an act with the intent to cause a loss.

H. 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

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

This exclusion only applies to an "insured" who commits or conspires to commit an act with the intent to cause a loss ("loss").