

FORMS – APPROVED

JANUARY 19, 2023

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY)	LI-AG-2023-005
BUSINESSOWNERS	LI-BP-2023-009
COMMERCIAL PROPERTY	LI-CF-2023-007
COMMERCIAL INLAND MARINE	LI-CM-2023-004
EQUIPMENT BREAKDOWN	LI-EB-2023-003
COMMERCIAL FLOOD	LI-FC-2023-001
FARM	LI-FR-2023-009
HOME HEALTHCARE	LI-HH-2023-001
CAPITAL ASSETS PROGRAM (OUTPUT POLICY)	LI-OP-2023-005

NORTH CAROLINA CHANGES ENDORSEMENTS REVISIONS APPROVED

KEY MESSAGE

Revisions to various North Carolina Commercial Lines Changes endorsements have been approved in response to 2022 N.C. Sess. Laws ____ (former S.B. 496).

Filing ID: CL-2022-OEND1

Applicable Lines: AG, BP, CF, CM, EB, FC, FR, HH, OP

BACKGROUND

In circular [LI-AG-2022-033](#), et al., we informed you that in response to 2022 N.C. Sess. Laws ____ (former S.B. 496), we revised the Time Period For Performance Of Contractual Obligations Condition in various Commercial Lines North Carolina Changes endorsements.

INSURANCE DEPARTMENT ACTION

The North Carolina Department of Insurance has approved this filing as submitted.

EFFECTIVE DATE

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

These changes are applicable to all policies effective on or after June 1, 2023.

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-2022-OEND1 and the following SERFF Tracking Numbers, not this circular number:

- Agricultural Capital Assets (Output Policy)/Capital Assets (Output Policy) ISOF-133497782
- Businessowners ISOF-133497657
- Commercial Property ISOF-133498506
- Commercial Inland Marine ISOF-133497824
- Equipment Breakdown ISOF-133497892
- Commercial Flood ISOF-133497845
- Farm ISOF-133498518
- Home Healthcare ISOF-133497760

Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

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

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2022-006](#) 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 6-23 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-AG-2022-033/LI-BP-2022-143/LI-CF-2022-163/LI-CM-2022-033/LI-EB-2022-014/LI-FC-2022-014/LI-FR-2022-045/LI-HH-2022-015/LI-OP-2022-034](#) (12/23/2022) North Carolina Revised Commercial Lines Changes Endorsements Filed
- [LI-CL-2022-006](#) (02/22/2022) Revised Lead Time Requirements Listing

ATTACHMENT(S)

Final copy of [AG 01 38 06 23](#), [BP 01 16 06 23](#), [BP 58 01 06 23](#), [CM 01 03 06 23](#), [CP 01 18 06 23](#), [EB 01 01 06 23](#), [FC 01 32 06 23](#), [FP 01 32 06 23](#), [HH 04 31 06 23](#), [HH 04 32 06 23](#) and [OP 01 21 06 23](#)

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CONTACT INFORMATION

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART

A. Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this policy has been 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:

- (1)** 15 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 other reason.

b. Policies In Effect More Than 60 Days

If this policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this policy prior to the:

- (1)** Expiration of the policy term; or
- (2)** Anniversary date;

stated in the policy only for one or more of the following reasons:

- (a)** Nonpayment of premium;
- (b)** An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this policy, continuing this policy or presenting a claim under this policy;
- (c)** Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d)** Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;

(e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or by-laws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(i) 15 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. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

- d. We may also cancel this policy for any reason not stated above provided we obtain your prior written consent.
- B.** The following provisions are added and supersede any other provisions to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - (1) Expiration of the policy if this policy has been written for one year or less; or
 - (2) Anniversary date of the policy if this policy has been written for more than one year or for an indefinite term.
- b. We need not mail or deliver the notice of nonrenewal if you have:
 - (1) Insured property covered under this policy, under any other insurance policy;
 - (2) Accepted replacement coverage; or
 - (3) Requested or agreed to nonrenewal of this policy.
- c. If notice is mailed, proof of mailing will be sufficient proof of notice.

2. The written notice of cancellation or nonrenewal will:

- a. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the policy, or if not indicated in the policy, at their last known addresses; and
- b. State the reason or reasons for cancellation or nonrenewal.

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

Legal Action Against Us

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

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

D. Paragraph **H.7.a.(3)** of the **Valuation** Loss Condition is replaced by the following:

Valuation

- 1. We will not pay on a replacement cost basis for any loss or damage:
 - a. Until the lost or damaged property is actually repaired or replaced:
 - (1) On the "covered location"; or

- (2) At some other location in the State of North Carolina; and

- b. Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

- c. If the conditions in Paragraphs **1.a.** and **1.b.** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition; and
- d. We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

E. The **Appraisal** Loss Condition is replaced by the following:

Appraisal

If we and you disagree on the value of the property, the amount of Net Income and operating expense or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the amount of Net Income and operating expense or the amount of loss as applicable. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. If you make a written demand for an appraisal of the loss, each party will:

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

F. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

 - a. A premium or debt payment; or
 - b. Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.
3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:
 - a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph A. of this endorsement.
 - b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in Paragraph B. of this endorsement.
4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph A. of this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM
INFORMATION SECURITY PROTECTION ENDORSEMENT

A. Section I – Property is amended as follows:

1. If loss or damage to Covered Property in the Beach Territory is caused by or results from Windstorm Or Hail, the following additional exclusion applies to **Section I – Property**:

Windstorm Or Hail Exterior Paint And Waterproofing Exclusion

We will not pay for loss or damage to:

- a. Paint; or
- b. Waterproofing material;
applied to the exterior of Buildings.

We will not include the value of paint or waterproofing material to determine the value of Covered Property.

The Beach Territory consists of localities south and east of the Inland Waterway:

- a. From the South Carolina line to Fort Macon (Beaufort Inlet); and
- b. From there south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, generally known as the Outer Banks.

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

2. Appraisal

If we and you disagree on the value of the property or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:

- a. Pay its chosen appraiser; and

- b. Bear the other expenses of the appraisal and umpire equally.
- 3. Paragraph **E.4. Legal Action Against Us** Property Loss Condition is replaced by the following:

4. Legal Action Against Us

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

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

- 4. Paragraph **E.5.d.(1)(d) Loss Payment** Property Loss Condition is replaced by the following:

5. Loss Payment

- (d) We will not pay on a replacement cost basis for any loss or damage:

- (i) Until the lost or damaged property is actually repaired or replaced:

- i. On the described premises; or
 - ii. At some other location in the State of North Carolina; and

- (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

- 5. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the State of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

- 1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Policy or in an endorsement attached to this Policy) shall be extended by a time period not exceeding the earlier of:

- a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.

2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Policy or an endorsement attached to this Policy imposes a time limitation on you or us for a performance of:

- a. A premium or debt payment; or
- b. Any other duty or any act (including transmittal of information and communications);

under the terms of this Policy and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:

- a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph B.1. of this endorsement.
- b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in Paragraph B.2. of this endorsement.

4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:

- a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
- b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph B.1. of this endorsement.

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

1. Paragraph **A.2. Cancellation** is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this Policy has been 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:

- (1) 15 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 other reason.

b. Policies In Effect More Than 60 Days

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

- (1) Expiration of the policy term; or
- (2) Anniversary date;

stated in the Policy only for one or more of the following reasons:

- (a) Nonpayment of premium;
- (b) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this Policy, continuing this Policy or presenting a claim under this Policy;
- (c) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (d) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (e) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;

(f) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(g) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(h) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(i) A determination by the Commissioner of Insurance that the continuation of the Policy would place us in violation of the laws of North Carolina; or

(j) You fail to meet the requirements contained in our corporate charter, articles of incorporation or bylaws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

(a) 15 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.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this Policy for any reason not stated above provided we obtain your prior written consent.

2. The following paragraphs are added and supersede any other provision to the contrary:

M. Nonrenewal

1. If we elect not to renew this Policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the:
 - a. Expiration of the Policy if this Policy has been written for one year or less; or
 - b. Anniversary date of the Policy if this Policy has been written for more than one year or for an indefinite term.
2. We need not mail or deliver the notice of nonrenewal if you have:
 - a. Insured property covered under this Policy, under any other insurance policy;
 - b. Accepted replacement coverage; or
 - c. Requested or agreed to nonrenewal of this Policy.
3. If notice is mailed, proof of mailing will be sufficient proof of notice.

N. The written notice of cancellation or nonrenewal will:

1. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the Policy, or if not indicated in the Policy, at their last known addresses; and
2. State the reason or reasons for cancellation or nonrenewal.

- C. The following changes apply only to Information Security Protection Endorsement **BP 15 07** if it is attached to this Policy:

1. The **Limits Of Insurance** Provision under Paragraph **K.** is replaced by the following:

Limits Of Insurance

Information Security Protection Aggregate Limit Of Insurance

a. During The Policy Period

The most we will pay for all "loss" and "defense expenses" covered under this Endorsement is the Information Security Protection Aggregate Limit Of Insurance shown in the Schedule. The Information Security Protection Aggregate Limit of Insurance shall be reduced by the amount of any payment made under the terms of this Endorsement.

Upon exhaustion of the Information Security Protection Aggregate Limit of Insurance by such payments, we will have no further obligations or liability of any kind under this Endorsement.

b. During The Supplemental Extended Reporting Period

The most we will pay for all "loss" and "defense expenses" covered under this Endorsement during the Supplemental Extended Reporting Period is a separate Aggregate Limit of Insurance which is equal to the Information Security Protection Aggregate Limit Of Insurance shown in the Schedule at the inception of the policy period.

If such Aggregate Limit of Insurance is exhausted by the payments of "loss", we shall have no further obligations or liability of any kind to make any payment under the Supplemental Extended Reporting Period Endorsement.

"Defense expenses" are part of the "loss" and are not payable by us in addition to the Aggregate Limit of Insurance applicable to the Supplemental Extended Reporting Period, but are payable within the Aggregate Limit of Insurance, thereby reducing such Aggregate Limit of Insurance.

2. Paragraph 2.g. of Paragraph N. Extended Reporting Periods is replaced by the following:

g. We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- (1) The exposures insured;
- (2) Previous types and amounts of insurance;
- (3) Limit of Insurance available under this Endorsement for future payment of damages; and
- (4) Other related factors.

The additional premium may not exceed 200% of the annual premium for this Endorsement. The premium for the Supplemental Extended Reporting Period will be deemed fully earned as of the date it is purchased.

3. Paragraph 3.b. of Paragraph N. Extended Reporting Periods is replaced by the following:

b. Supplemental Extended Reporting Period Limit

There is a separate Aggregate Limit of Insurance for the Supplemental Extended Reporting Period. The Limit of Insurance available during the Supplemental Extended Reporting Period, if purchased, shall be equal to the Information Security Protection Aggregate Limit Of Insurance shown in the Schedule at the inception of the policy period.

4. The following is added to the Common Policy Conditions under Paragraph P.:

Loss Information

We will provide the Named Insured the following information relating to this and any preceding policy we have issued to you during the previous three years:

- a.** A list or other record of each "wrongful act", not previously reported to any other insurer, of which we were notified in accordance with the Duties In The Event Of Claim Or Loss Condition in Paragraph M. We will include the date and a brief description of the "wrongful act" if that information was in the notice we received.
- b.** A summary, by policy year, of payments made and amounts reserved under the limit of liability.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

If we cancel or elect not to renew this Endorsement, we will provide such information no later than 30 days before the date of termination. In other circumstances, we will provide this information only if we receive a written request from the Named Insured within 60 days after the end of the "policy period". In this case, we will provide this information within 45 days of receipt of the request.

We will compile "claim" and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first "named insured", we make no representations or warranties to the first "named insured", insurers or others to whom this information is furnished by or on behalf of any "insured". Cancellation or nonrenewal will become effective even if we inadvertently provide inaccurate information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – MICRO-BUSINESSOWNERS

This endorsement modifies insurance provided under the following:

MICRO-BUSINESSOWNERS COVERAGE FORM
MICRO-BUSINESSOWNERS PROFESSIONAL LIABILITY ENDORSEMENT

A. Section I – Property is amended as follows:

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

2. **Appraisal**

If we and you disagree on the value of the property or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:

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

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

4. **Legal Action Against Us**

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

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

3. Paragraph **E.5.d.(1)(b) Loss Payment** Property Loss Condition is replaced by the following:

- (b) We will not pay on a replacement cost basis for any loss or damage:
 - (i) Until the lost or damaged property is actually repaired or replaced at a location in the state of North Carolina; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

4. The following condition is added:

**Time Period For Performance Of
Contractual Obligations**

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Policy or in an endorsement attached to this Policy) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or

- b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
- 2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Policy or an endorsement attached to this Policy imposes a time limitation on you or us for a performance of:

 - a. A premium or debt payment; or
 - b. Any other duty or any act (including transmittal of information and communications);

under the terms of this Policy and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.
- 3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:
 - a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph **B.1.** of this endorsement.
 - b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in Paragraph **B.2.** of this endorsement.
- 4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph **B.1.** of this endorsement.

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

1. Paragraph **A.2. Cancellation** is replaced by the following:

2. Cancellation Requirements

a. Policies In Effect Less Than 60 Days

If this Policy has been 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:

- (1) 15 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 other reason.

b. Policies In Effect More Than 60 Days

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

- (1) Nonpayment of premium;
- (2) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this Policy, continuing this Policy or presenting a claim under this Policy;
- (3) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (4) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (5) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (6) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;

(7) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(8) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(9) A determination by the Commissioner of Insurance that the continuation of the Policy would place us in violation of the laws of North Carolina; or

(10) You fail to meet the requirements contained in our corporate charter, articles of incorporation or bylaws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

We will mail or deliver written notice of cancellation to the first Named Insured at least:

- (1) 15 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 other reason.

c. Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

d. We may also cancel this Policy for any reason not stated above provided we obtain your prior written consent.

2. The following paragraphs are added and supersede any other provision to the contrary:

M. Nonrenewal

1. If we elect not to renew this Policy, we will mail or deliver to the first Named Insured shown in the Declarations written notice of nonrenewal at least 45 days prior to the expiration of the Policy if this Policy has been written for one year or less.

2. We need not mail or deliver the notice of nonrenewal if you have:

- a. Insured property covered under this Policy, under any other insurance policy;

- b. Accepted replacement coverage; or
 - c. Requested or agreed to nonrenewal of this Policy.
- 3. If notice is mailed, proof of mailing will be sufficient proof of notice.
- N. The written notice of cancellation or nonrenewal will:
 - 1. Be mailed or delivered to the first Named Insured and any designated loss payee at their addresses shown in the Policy, or if not indicated in the Policy, at their last known addresses; and
 - 2. State the reason or reasons for cancellation or nonrenewal.
- C. The following changes apply only to Micro-businessowners Professional Liability Endorsement **BP 22 02** if it is attached to this Policy:
 - 1. Paragraph 1. **Micro-Businessowners Professional Liability Aggregate Limits** under Paragraph C. is replaced by the following:
 - 1. **Micro-Businessowners Professional Liability Aggregate Limits During The Policy Period**
 - a. The Micro-businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay, regardless of the number of:
 - (1) Insureds;
 - (2) "Claims" made; or
 - (3) Persons or organizations making "claims".
 - b. The Micro-businessowners Professional Liability Aggregate Limit Of Insurance shown in the Schedule of this endorsement is the most we will pay for the sum of:
 - (1) All "loss"; and
 - (2) All "defense expenses";
 because of all "wrongful acts" to which this insurance applies.

c. During The Supplemental Extended Reporting Period

The most we will pay for all "loss" and "defense expenses" covered under this Endorsement during the Supplemental Extended Reporting Period is a separate Aggregate Limit of Insurance which is equal to the Micro-businessowners Professional Liability Annual Aggregate Limit Of Insurance shown in the Schedule at the inception of the policy period.

If such Aggregate Limit of Insurance is exhausted by the payments of "loss", we shall have no further obligations or liability of any kind to make any payment under the Supplemental Extended Reporting Period Endorsement.

"Defense expenses" are part of the "loss" and are not payable by us in addition to the Aggregate Limit of Insurance applicable to the Supplemental Extended Reporting Period, but are payable within the Aggregate Limit of Insurance, thereby reducing such Aggregate Limit of Insurance.

- 2. Paragraph **D.5.b.** is replaced by the following:
 - b. **Supplemental Extended Reporting Period Limit**

There is a separate Aggregate Limit of Insurance for the Supplemental Extended Reporting Period. The Limit of Insurance available during the Supplemental Extended Reporting Period, if purchased, shall be equal to the Micro-businessowners Professional Liability Annual Aggregate Limit Of Insurance shown in the Schedule at the inception of the policy period.

3. The following is added to Paragraph **E. Liability And Medical Expenses General Conditions:**

Loss Information

We will provide the Named Insured the following information relating to this and any preceding policy we have issued to you during the previous three years:

- a. A list or other record of each "wrongful act", not previously reported to any other insurer, of which we were notified in accordance with the Duties In The Event Of Claim Or Loss Condition in Paragraph **E.1**. We will include the date and a brief description of the "wrongful act" if that information was in the notice we received.
- b. A summary, by policy year, of payments made and amounts reserved under the limit of liability.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or any claimant's representative without our consent.

If we cancel or elect not to renew this endorsement, we will provide such information no later than 30 days before the date of termination. In other circumstances, we will provide this information only if we receive a written request from the Named Insured within 60 days after the end of the "policy period". In this case, we will provide this information within 45 days of receipt of the request.

We will compile "claim" and "wrongful act" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first "named insured", we make no representations or warranties to the first "named insured", insurers or others to whom this information is furnished by or on behalf of any "insured". Cancellation or nonrenewal will become effective even if we inadvertently provide inaccurate information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. Warranties

Wherever the words "warrants", "warranties", "warranted", or "warranty" appear in this Coverage Part, you and we agree that they are representations.

B. Protective Safeguards

The **Protective Safeguards** Additional Condition is replaced by the following:

You must maintain the protective safeguards stated by you to be in effect at a location when this coverage began.

You must notify us immediately when you fail to keep the protective safeguards:

1. In working condition at a location; and
2. In operation when you are closed to business.

C. General Condition C. Legal Action Against Us in the Commercial Inland Marine Conditions is replaced by the following:

C. Legal Action Against Us

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

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within three years after you first have knowledge of the direct loss or damage.

D. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Condition or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.

- 2.** Except as otherwise provided in Paragraphs **1.** and **4.**, the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

- a.** A premium or debt payment; or
- b.** Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

- 3.** In addition to Paragraphs **1.** and **2.** above, if you have been displaced from your residence:

- a.** Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
- b.** Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.

- 4.** If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:

- a.** If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.
- b.** Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

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

Legal Action Against Us

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

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

C. Paragraph **d.** of the **Replacement Cost Optional Coverage** is replaced by the following:

Replacement Cost Optional Coverage

d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced:
 - (a) On the described premises; or
 - (b) At some other location in the State of North Carolina; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Condition of the applicable Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

The above Provision, **d.**, does not apply to the Standard Property Policy **CP 00 99**.

D. The **Appraisal Loss** Condition is replaced by the following:

Appraisal

If we and you disagree on the value of the property or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:

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

E. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

 - a. A premium or debt payment; or
 - b. Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:

- a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
 - b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.
4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
- a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

EQUIPMENT BREAKDOWN COVERAGE PART

- A.** Paragraph **(2)** of the **Legal Action Against Us** Condition is replaced by the following:

(2) The action is brought within three years after the date of "Breakdown"; or

- B.** The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

- 1.** If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a.** The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b.** The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
- 2.** Except as otherwise provided in Paragraphs **1.** and **4.**, the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

 - a.** A premium or debt payment; or

- b.** Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

- 3.** In addition to Paragraphs **1.** and **2.** above, if you have been displaced from your residence:
 - a.** Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
 - b.** Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.

4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL FLOOD POLICY

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

Legal Action Against Us

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

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

- B. Paragraph 4.d. of the **Replacement Cost Valuation Option**** is replaced by the following:

- d.** We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced at the same or another premises; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in Paragraph **H.3.e.(2)** of the Valuation Condition; and
- (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- C. The **Appraisal** Property Insurance Loss Condition** is replaced by the following:

Appraisal

If we and you disagree on the value of the property or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and 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 the appraised value of the property or amount of loss. If you make a written demand for an appraisal of the loss, each party will:

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

D. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Policy or in an endorsement attached to this Policy) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.

2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Policy or an endorsement attached to this Policy imposes a time limitation on you or us for a performance of:

- a. A premium or debt payment; or
- b. Any other duty or any act (including transmittal of information and communications);

under the terms of this Policy and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance are subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:

- a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph F. of this endorsement.
- b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in Paragraph G. of this endorsement.

4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:

- a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
- b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in Paragraph F. of this endorsement.

E. The following provision is added to the **Cancellation** Condition:

Cancellation for nonpayment of premium will not become effective if you pay the premium amount due before the effective date of cancellation.

F. The following provisions are added to the **Cancellation** and **Mortgageholders** Conditions and supersede any provisions to the contrary:

1. If we cancel for nonpayment of premium, we will mail or deliver written notice of cancellation at least 15 days before the effective date of cancellation.
2. If this Policy has been in effect for 60 days or more, or is a renewal of a policy we issued, we may cancel this Policy prior to the:

- a. Expiration of the Policy term; or
- b. Anniversary date;

stated in the Policy only for one or more of the following reasons:

- (1) Nonpayment of premium;
- (2) An act or omission by the insured or his or her representative that constitutes material misrepresentation or nondisclosure of a material fact in obtaining this Policy, continuing this Policy or presenting a claim under this Policy;
- (3) Increased hazard or material change in the risk assumed that could not have been reasonably contemplated by the parties at the time of assumption of the risk;
- (4) Substantial breach of contractual duties, conditions or warranties that materially affects the insurability of the risk;
- (5) A fraudulent act against us by the insured or his or her representative that materially affects the insurability of the risk;
- (6) Willful failure by the insured or his or her representative to institute reasonable loss control measures that materially affect the insurability of the risk after written notice by us;
- (7) Loss of facultative reinsurance, or loss of or substantial changes in applicable reinsurance as provided in G.S. 58-41-30;

(8) Conviction of the insured of a crime arising out of acts that materially affect the insurability of the risk;

(9) A determination by the Commissioner of Insurance that the continuation of the Policy would place us in violation of the laws of North Carolina; or

(10) You fail to meet the requirements contained in our corporate charter, articles of incorporation or bylaws when we are a company organized for the sole purpose of providing members of an organization with insurance coverage in North Carolina.

3. We may also cancel this Policy for any reason not stated above provided we obtain prior written consent of the Named insured.

G. The **Nonrenewal** Condition and Paragraph **g.** of the **Mortgageholders** Condition are replaced by the following:

1. If we elect not to renew this Policy, we will give written notice at least 45 days prior to the:

- a. Expiration of the Policy if this Policy has been written for one year or less; or
- b. Anniversary date of the Policy if this Policy has been written for more than one year or for an indefinite term.

2. If notice is mailed, proof of mailing will be sufficient proof of notice.

H. The following is added to the **Cancellation**, **Nonrenewal** and **Mortgageholders** Conditions and supersedes any provisions to the contrary:

The written notice of cancellation or nonrenewal will:

1. Be mailed or delivered to the first Named Insured and any designated mortgagee or loss payee at their addresses shown in the Policy, or if not indicated in the Policy, at their last known addresses; and
2. State the reason or reasons for cancellation or nonrenewal.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

FARM COVERAGE PART

A. The Legal Action Against Us Condition 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 replaced by the following:

Legal Action Against Us

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

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

B. If loss or damage to Covered Property in the Beach Territory is caused by or results from Windstorm or Hail, the following additional exclusion applies:

Windstorm Or Hail Exterior Paint And Waterproofing Exclusion

We will not pay for loss of or damage to:

1. Paint; or
2. Waterproofing material;

applied to the exterior of buildings or structures.

The Beach Territory consists of localities south and east of the Inland Waterway:

1. From the South Carolina line to Fort Macon (Beaufort Inlet),
2. From there south and east of Core, Pamlico, Roanoke and Currituck Sounds to the Virginia line, generally known as the Outer Banks.

C. The following is added to the Valuation Loss Condition applicable to Coverages A and B under the Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form and Coverage G under the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form:

The amount actually and necessarily spent to repair or replace covered property will be determined based on the cost of repair or replacement on the "insured location" or at some other location in the State of North Carolina.

D. In the Farm Property – Other Farm Provisions Form – Additional Coverages, Conditions, Definitions, under A. Additional Coverages, Item 4., Fire Department Service Charge, is replaced by the following:

Fire Department Service Charge

We will pay up to \$1,000 for the liability you have assumed by contract or agreement for fire department charges incurred when the fire department is called to save or protect Covered Property from a Covered Cause of Loss. But we will not pay fire department service charges if the property is located within the limits of the city, municipality or protection district furnishing the fire department response.

The amount we pay under this Additional Coverage will be in addition to any Limit of Insurance that applies under this Coverage Form.

No deductible applies to this Additional Coverage.

E. The following condition is added to 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.

Time Period For Performance Of Contractual Obligation

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss ("loss") or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss ("loss") (as set forth in the Duties In The Event Of Loss (Or Damage) Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

 - a. A premium or debt payment; or
 - b. Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:
 - a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
 - b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.
4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – THEFT OF PATIENTS' OR CLIENTS' PROPERTY COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

SCHEDULE

Deductible:	\$
Theft Of Patients' Or Clients' Property Coverage Limit – \$5,000 unless otherwise indicated:	\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to coverage provided by this endorsement, the following is added to **Section I – Coverages:**

Theft Of Patients' Or Clients' Property Coverage

- A.** We will pay for loss of or damage to "money", "securities" and "other property" sustained by your patient or client resulting directly from theft committed by any of your "employees", acting alone or in collusion with other persons, provided that such "employees" are specifically identified as having committed the theft.

The property covered under this coverage is limited to property that your patient or client:

1. Owns or leases; or
2. Holds for others;

while the property is on your patient's or client's premises. However, this insurance is for your benefit only. It provides no rights or benefits to any other person or organization, including your patient or client. Any claim for loss that is covered under this coverage must be presented by you.

- B.** We will not pay for loss or damage resulting from:
1. Any dishonest or criminal act that you or any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** commit whether acting alone or in collusion with other persons; or
 2. Theft committed by any "employee" that:
 - a. You; or
 - b. Any insured listed under **Section III – Who Is An Insured Paragraphs A.1. through A.5.** not in collusion with the "employee";

discover, prior to the date of such theft, had previously committed any dishonest or criminal act, whether committed by that "employee", before or after being hired by you.

- C.** With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

Section IV – Limits Of Insurance

The most we will pay under this endorsement for loss or damage in any one theft event is \$5,000, unless a higher Theft Of Patients' Or Clients' Property Coverage Limit is shown in the Schedule of this endorsement.

All loss or damage:

1. Caused by one or more persons; or
 2. Involving a single act or series of acts;
- is considered one theft event.

However, if any loss is covered:

1. Partly by this insurance; and
2. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest;

the most we will pay is the larger of the amount recoverable under this insurance or the prior insurance.

We will pay only for loss or damage sustained through acts committed or events occurring during the policy period. Regardless of the number of years this Policy remains in force or the number of premiums paid, no limit of insurance cumulates from year to year or period to period.

- D.** We will pay only for covered loss or damage sustained during the policy period and discovered no later than one year from the end of the policy period.

However, if your patient or client (or any predecessor in interest) sustained loss or damage during the policy period of any prior insurance and you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for such loss or damage provided:

1. The coverage provided in this endorsement became effective at the time of cancellation or termination of the prior insurance; and
2. The loss or damage would have been covered by this endorsement had it been in effect when the acts or events causing the loss or damage were committed or occurred.

- E.** The coverage provided under Paragraph **D.** above is part of, not in addition to, the limit of insurance applying to this endorsement and is limited to the lesser of the amount recoverable under:

1. This endorsement as of its effective date; or
2. The prior insurance had it remained in effect.

- F.** With respect to the coverage provided by this endorsement, the following is added:

We will not pay for loss or damage in any one theft event until the amount of loss or damage exceeds the deductible amount shown in the Schedule of this endorsement. We will then pay the amount of loss or damage in excess of the deductible up to the applicable limit of insurance. No other deductible applies to theft of patients' or clients' property coverage.

- G.** With respect to the coverage provided by this endorsement, Condition **B. Legal Action Against Us**, Condition **C. Other Insurance** and Condition **H. Duties In The Event Of A Wrongful Act, Occurrence, Offense, Claim Or Suit** under **Section V – Conditions** are replaced by the following:

B. Legal Action Against Us

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

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

C. Other Insurance

If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Theft Of Patients' Or Clients' Property Coverage Limit shown in the Schedule of this endorsement.

H. Duties In The Event Of Loss Or Damage

1. You must see that the following are done in the event of loss or damage to "money", "securities" or "other property":

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. As soon as possible, give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect "money", "securities" or "other property" from further loss or damage, and keep a record of your expenses necessary to protect the "money", "securities" or "other property". Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- h. Cooperate with us in the investigation or settlement of the claim.

2. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

H. With respect to the coverage provided by this endorsement, the following conditions are added:

1. Abandonment

There can be no abandonment of any property to us.

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 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 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.

3. Loss Payment

In the event of loss or damage covered by this Policy:

- a. At our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality.
- b. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c. We will determine the value of:
 - (1) "Money" at its face value;
 - (2) "Securities" at their value at the close of business on the day the loss is discovered; and

- (3) "Other property" at actual cash value.

- d. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, provided you have complied with all of the terms of this Policy, and:

- (1) We have reached agreement with you on the amount of loss; or

- (2) An appraisal award has been made.

4. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, you may retain the property. But then you must return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Theft Of Patients' Or Clients' Property Coverage Limit.

5. Policy Period, Coverage Territory

We cover loss or damage commencing:

- a. During the policy period shown in the Declarations; and
- b. Within the "coverage territory" or, with respect to property in transit, while it is between points in the "coverage territory".

6. Insurance Under Two Or More Coverages

If two or more of this Policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

7. Liberalization

If we adopt any revision that would broaden the coverage provided by this endorsement without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to the coverage provided by this endorsement.

8. Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the State of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

- a. If you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this endorsement imposes a time limitation on you or us for a performance of:

- (1) A premium or debt payment; or
- (2) Any other duty or any act (including transmittal of information and communications);

under the terms of this endorsement and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

- b. In addition to Paragraph a. above, if you have been displaced from your residence:

- (1) Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
- (2) Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.

- c. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:

- (1) If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
- (2) Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.

- I. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means:

- 1. The United States of America (including its territories and possessions);
- 2. Puerto Rico; and
- 3. Canada.

J. With respect to the coverage provided by this endorsement, the following definitions are added:

1. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value, but does not include:

- a.** Aircraft, automobiles, motortrucks and other vehicles subject to motor vehicle registration;
- b.** Contraband, or property in the course of illegal transportation or trade;
- c.** Land (including land on which the property is located), water, growing crops or lawns;
- d.** Watercraft (including motors, equipment and accessories) while afloat; or
- e.** Electronic data.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

2. "Money" means:

- a.** Currency, coins and bank notes in current use and having a face value; and
- b.** Traveler's checks, register checks and money orders held for sale to the public.

3. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property and includes:

- a.** Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

but does not include "money".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES – HOME HEALTHCARE EQUIPMENT COVERAGE

This endorsement modifies insurance provided under the following:

HOME HEALTHCARE COVERAGE PART

SCHEDULE

Limits Of Insurance		
A. Your Home Healthcare Equipment Coverage Limits		
1. Blanket: (These limits do not apply with respect to Scheduled Home Healthcare Equipment shown in E. below.)		
a. Maximum For Any One Piece Of Equipment	\$	
b. Maximum In Any One Occurrence (for all Home Healthcare Equipment)	\$	
2. Scheduled: Maximum In Any One Occurrence (Combined Value of Scheduled Home Healthcare Equipment shown in E.1. and E.2. below. This limit applies only with respect to Scheduled Home Healthcare Equipment shown in E.1. and E.2. below.)		
		\$
B. Home Healthcare Equipment Of Others Coverage (except your employees' and volunteer workers' owned home healthcare equipment) Limit (\$5,000 in any one occurrence unless otherwise stated)		
		\$
C. Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage Limit (\$2,500 in any one occurrence unless otherwise stated)		
		\$
D. Rental Reimbursement Coverage Limit		
		\$
E. Scheduled Home Healthcare Equipment		
Description Of Home Healthcare Equipment	Limit Of Insurance	Agreed Value
	\$	\$
	\$	\$
	\$	\$
1. Total Value Of Home Healthcare Equipment (subject to Coinsurance)	\$	N/A
2. Total Agreed Value Of Home Healthcare Equipment	N/A	\$
F. Coinsurance (applicable to Scheduled Home Healthcare Equipment to which Agreed Value does not apply) The coinsurance percentage is 80% unless otherwise stated: %		
G. All Covered Property In Any One Occurrence		\$
H. Deductible		\$
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to Section I – Coverages:

Coverage – Home Healthcare Equipment

1. Covered Property

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

a. Covered Property, as used in this endorsement, means:

- (1) Your "home healthcare equipment".
- (2) "Home healthcare equipment" of others, in the care, custody or control of you, your "employees" or "volunteer workers", used in providing "professional services" to your patients or clients, but this Paragraph a.(2) does not apply to equipment owned by your "employees" or "volunteer workers".
- (3) "Home healthcare equipment" owned by any of your "employees" or "volunteer workers", but this Paragraph a.(3) only applies while such equipment is being used:
 - (a) By the "employee" or "volunteer worker" who owns such equipment; and
 - (b) To provide "professional services" to your patients or clients;
or while such equipment is in transit between visits to your patients or clients for purposes of providing such "professional services".

However, we will not pay for loss of or damage to any "home healthcare equipment" caused by or resulting from theft of such equipment from any unattended vehicle unless, at the time of the theft, the vehicle's windows, doors and compartments were closed and locked, and there are visible signs that the theft was a result of forced entry.

2. Rental Reimbursement Coverage

If a Rental Reimbursement Coverage Limit is shown in the Schedule, we will reimburse you, your "employee" or your "volunteer worker", without application of a deductible, for reasonable expenses incurred in the temporary rental of equipment, if the temporary rental of the equipment is due to the following:

- a. There is direct physical loss of or damage to Covered Property from a Covered Cause of Loss which makes the property unfit for its intended use;

- b. The Covered Property is necessary to continue the providing of "professional services" to your patients or clients; and
- c. You, your "employees" or "volunteer workers" do not have the equivalent "home healthcare equipment" reasonably available for use.

Our payment will be limited to that period of time reasonably required to repair or replace the Covered Property or when such property is no longer necessary to continue the providing of "professional services" to your patients or clients, whichever comes first. However, the most we will pay for all rental reimbursement under this Paragraph 2. as a result of any one occurrence is the Rental Reimbursement Coverage Limit shown in the Schedule of this endorsement. Our payment will not be limited by the expiration date of this Policy, provided that the Covered Cause of Loss to Covered Property occurred during the policy period.

3. Property Not Covered

Covered Property does not include:

- a. Radium;
- b. Contraband or property in the course of illegal transportation or trade;
- c. Electronic data;
- d. "Home healthcare equipment" owned by you, your "employees" or "volunteer workers" that is loaned, rented or leased to anyone for any purpose other than the providing of "professional services" to your patients or clients; or
- e. Equipment temporarily rented to you, your "employee" or your "volunteer worker" and for which Rental Reimbursement Coverage is provided.

As used in this Paragraph A.3., electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

4. Covered Causes Of Loss

Covered Causes of Loss means direct physical loss of or damage to Covered Property except those causes of loss listed in the Exclusions.

B. Exclusions

With respect to the coverage provided by this endorsement, **Section II – Exclusions** is replaced by the following:

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this endorsement.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this endorsement.

c. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

a. Marring, scratching; exposure to light; breakage of tubes, bulbs, lamps or articles made largely of glass (except lenses).

But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, earthquake, flood, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this endorsement.

- b. Delay, loss of use, loss of market or any other consequential loss.

- c. Dishonest or criminal act committed by:

(1) Any insured; or

(2) Anyone else with an interest in the property, or their "employees", "volunteer workers", "temporary workers", officers, directors, trustees, or authorized representatives;

whether acting alone or in collusion with each other or with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- d. Processing or work upon the property.

But if processing or work upon the property results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion does not apply if the processing or work upon the property was performed as a reasonable means to save and preserve property from further damage at and after the time of loss.

- e. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

(1) Electrical or electronic wire, device, appliance, system or network; or

(2) Device, appliance, system or network utilizing cellular or satellite technology;

creating a short circuit or other electric disturbance within an article covered under this endorsement.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this endorsement.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

- f. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- g. Unauthorized instructions to transfer property to any person or to any place.
- h. Neglect of you, your "employees" or "volunteer workers" to use all reasonable means to save and preserve property from further damage at and after the time of loss.
- i. Theft by any person (except carriers for hire) to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion applies whether or not an act occurs during your normal hours of operation.

- 3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
 - a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph B.1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Design, specifications, workmanship or repair;
 - (2) Materials used in repair or renovation; or
 - (3) Maintenance;of part or all of any property.
 - d. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat.

- C. With respect to the coverage provided by this endorsement, **Section IV – Limits Of Insurance** is replaced by the following:

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Schedule of this endorsement; however:

- 1. The most we will pay for loss of or damage to "home healthcare equipment" of others, except equipment owned by your "employees" or "volunteer workers", in any one occurrence is \$5,000 unless a different limit for Home Healthcare Equipment Of Others Coverage is shown in the Schedule of this endorsement. Our payment for such loss or damage to "home healthcare equipment" of others will only be for the account of the owner of the "home healthcare equipment"; and
- 2. The most we will pay for loss of or damage to "home healthcare equipment" owned by any of your "employees" or "volunteer workers" in any one occurrence is \$2,500 unless a different limit for Employees' Or Volunteer Workers' Owned Home Healthcare Equipment Coverage is shown in the Schedule of this endorsement. However, in no event will we pay more than \$500 for any one piece of equipment or more than \$1,000 for all "home healthcare equipment" owned by any one "employee" or "volunteer worker". Our payment for such loss or damage to "home healthcare equipment" owned by your "employees" or "volunteer workers" will only be for the account of the owner of the "home healthcare equipment".

- D. With respect to the coverage provided by this endorsement, Conditions B., C. and H. of **Section V – Conditions** are replaced by the following:

B. Legal Action Against Us

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

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

C. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this endorsement. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable limit of insurance under this endorsement bears to the limits of insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in Paragraph C.1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable limit of insurance.

H. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

- E. With respect to the coverage provided by this endorsement, the following conditions are added to **Section V – Conditions**:

1. Abandonment

There can be no abandonment of property to us.

2. Appraisal

If we and you disagree on the value of the property or 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 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. 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.

3. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of the coverage provided by this endorsement at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

4. Loss Payment

In the event of loss or damage covered by this insurance:

a. At our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality.

We will determine the value of the lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this endorsement.

- b.** We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- c.** We will not pay you more than your financial interest in the Covered Property.
- d.** We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- e.** We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of coverage provided by this endorsement and:
- (1) We have reached agreement with you on the amount of the loss; or
 - (2) An appraisal award has been made.
- f.** We will not be liable for any part of a loss that has been paid or made good by others.

5. No Benefit To Bailee

No person or organization, other than you, your "employees" or your "volunteer workers" having custody of Covered Property will benefit from this insurance.

6. Pair, Sets Or Parts

a. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- (1) Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the loss or damage.

b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

7. Policy Period, Coverage Territory

We cover loss or damage commencing:

- a.** During the policy period shown in the Declarations; and
- b.** Within the "coverage territory".

8. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the applicable limit of insurance.

9. Valuation

- a.** The value of lost or damaged property will be the least of the following amounts:

- (1) The actual cash value of that property;
- (2) The cost of reasonably restoring that property to its condition immediately before loss or damage; or
- (3) The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage. However, this Paragraph **a.** does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

- b. With respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement:

- (1) We will pay no more for loss of or damage to that property than the proportion that the limit of insurance under this Policy for the property bears to the Agreed Value shown for it in the Schedule of this endorsement.

- (2) The terms of this Agreed Value coverage option apply only to loss or damage that occurs:

- (a) On or after the effective date of this Agreed Value coverage option; and

- (b) Before the policy expiration date.

10. Coinsurance

If a Coinsurance percentage is shown in the Schedule of this endorsement or Declarations, the following condition applies, but only with respect to Scheduled Home Healthcare Equipment, as described in the Schedule of this endorsement.

We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the limit of insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- a. Multiply the value of Covered Property, at the time of loss, by the Coinsurance percentage;
- b. Divide the limit of insurance of the property by the figure determined in Step a.;
- c. Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step b.; and
- d. Subtract the deductible from the figure determined in Step c.

We will pay the amount determined in Step d. or the applicable limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

However, this Paragraph 10. does not apply with respect to Covered Property for which an Agreed Value is shown in the Schedule of this endorsement.

11. Deductible

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable limit of insurance exceeds the Deductible shown in the Schedule of this endorsement. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable limit of insurance. However, if a Rental Reimbursement Coverage Limit is shown in the Schedule of this endorsement, the Deductible does not apply to Rental Reimbursement Coverage.

12. Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the State of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

- a. If you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this endorsement imposes a time limitation on you or us for a performance of:

- (1) A premium or debt payment; or
- (2) Any other duty or any act (including transmittal of information and communications);

under the terms of this endorsement and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.

- b. In addition to Paragraph **a.** above, if you have been displaced from your residence:
 - (1) Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
 - (2) Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this Policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.
- c. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - (1) If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the Policy. The Commissioner of Insurance may extend such deferral period.
 - (2) Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
- F. With respect to the coverage provided by this endorsement, the definition of "coverage territory" under **Section VI – Definitions** is replaced by the following:

"Coverage territory" means the United States of America (including its territories and possessions), Puerto Rico and Canada.
- G. With respect to the coverage provided by this endorsement, the following definition is added to **Section VI – Definitions**:

"Home healthcare equipment" means equipment, materials, supplies and books customary to the providing of "professional services".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NORTH CAROLINA CHANGES

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM COVERAGE FORM (OUTPUT POLICY)

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

Legal Action Against Us

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

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

- B. Paragraph H.7.a.(3) of the Valuation Loss Condition** is replaced by the following:

Valuation

1. We will not pay on a replacement cost basis for any loss or damage:
 - a. Until the lost or damaged property is actually repaired or replaced:
 - (1) On the "covered location"; or
 - (2) At some other location in the State of North Carolina; and
 - b. Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, if covered, the following also apply:

- c. If the conditions in 1.a. and 1.b. above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of the Capital Assets Program Coverage Form (Output Policy); and

- d. We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- C. The Appraisal Loss Condition** is replaced by the following:

Appraisal

If we and you disagree on the value of the property, the amount of Net Income and operating expense or 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. You and we must notify the other of the appraiser selected within 20 days of the written demand for appraisal. The two appraisers will select an umpire. If the appraisers do not agree on the selection of an umpire within 15 days, they must request selection of an umpire by a judge of a court having jurisdiction. The appraisers will state separately the value of the property, the amount of Net Income and operating expense or the amount of loss as applicable. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. If you make a written demand for an appraisal of the loss, each party will:

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

D. The following condition is added:

Time Period For Performance Of Contractual Obligations

Whenever a state of disaster is proclaimed for the state of North Carolina or for an area within this state in accordance with state law, or whenever a major disaster is declared for North Carolina or an area within this state by the President of the United States under the Stafford Act or its successors, the following provisions apply:

1. If the Covered Property that has sustained loss or damage is located within the designated area in the disaster declaration or proclamation, the time period for your submission of a proof of loss (as set forth in the Duties In The Event Of Loss Or Damage Condition or similar provision in this Coverage Part or in an endorsement attached to this Coverage Part) shall be extended by a time period not exceeding the earlier of:
 - a. The expiration of the disaster proclamation or declaration and all renewals of the proclamation; or
 - b. The expiration of the Insurance Commissioner's order declaring action for the specific disaster.
2. Except as otherwise provided in Paragraphs 1. and 4., the following applies if you or we reside in or are located in the designated area in the disaster declaration or proclamation:

If this Coverage Part or an endorsement attached to this Coverage Part imposes a time limitation on you or us for a performance of:

 - a. A premium or debt payment; or
 - b. Any other duty or any act (including transmittal of information and communications),

under the terms of this Coverage Part and such performance would be required during the time period prior to the expiration of the Insurance Commissioner's order declaring action for the specific disaster, your performance and our performance is subject to a deferral period of 30 days. The Commissioner of Insurance may extend such deferral period.
3. In addition to Paragraphs 1. and 2. above, if you have been displaced from your residence:
 - a. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.
 - b. Any written notice of nonrenewal scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may elect not to renew this policy subject to the notice requirements in the Nonrenewal Condition of this Coverage Part.
4. If the proclamation or declaration is the result of a public health emergency as determined by the Secretary of the U.S. Department of Health and Human Services, or other situations where the Governor has, by executive order, ordered all individuals in North Carolina to stay at home or at their place of residence, the following provisions shall apply:
 - a. If you reside within the designated area in the proclamation or declaration, you have the option to defer premium payments that are due during the time period covered by the Commissioner's order declaring the specific public health emergency or situation that may require the citizens of North Carolina to shelter in place. The deferral period shall be 30 days from the last day the premium payment may be made under the terms of the policy. The Commissioner of Insurance may extend such deferral period.
 - b. Any written notice of cancellation for nonpayment of premium scheduled to be effective after the deferral period has commenced is deferred. Following the expiration of the deferral period, we may cancel for nonpayment of premium subject to the notice requirements in the Cancellation Condition of this Coverage Part.