

proceeding from an escrow account, insurance coverage will be afforded as of the effective date shown on the declarations of this policy only if, within thirty (30) days following the end of the month in which the policy is to be effective, we receive from the bank or financing institution the corresponding total premium. In the event the payment from the bank or financing institution is not received by us or our authorized representative by the due date indicated above, no insurance coverage will be afforded under this policy and the same will be void as of the date on which it should have become effective.

6. **Policy Premium to be Partly Paid with Proceeds of Single Interest Insurance Cancellation:** If a portion of the total premium for this policy will be paid with the proceeds of the premium return resulting from the cancellation of a single interest policy or certificate, this policy will be effective as of the date the greater of the following amounts is paid to, and received by, us or our authorized representative:

- a. 20% of the annual premium corresponding to this policy; or
- b. the difference between the total premium payable under this policy and the proceeds of the premium return resulting from the cancellation of the single interest policy or certificate.

In the event said premium return is not received by us or our authorized representative within the sixty (60) days following the end of the month in which this policy became effective, we will mail you a notice of cancellation in accordance with the cancellation clause of this policy, to be effective on the date the premium paid by you is exhausted.

7. **Endorsement Premium:** Endorsements issued after the inception date of this policy, affording additional insurance and which result in an additional premium, shall not be effective until the total additional premium due thereon is paid in full to, and received by, us or our authorized representative. This procedure will be followed if the premium for this policy has been paid in full by you or has been financed by the bank or financing institution. If the premium for this policy is subject to a deferred payment plan the aforesaid endorsement shall not be effective until a down payment of the additional premium in accordance with such plan is paid to, and received by, us or our authorized representative, and accordingly subsequent payments of the plan are amended to include the unpaid portion of the additional premium for the endorsement.

8. **Premium Corrections:** Any additional premium due resulting from changes in rates, classifications, premium bases, or any other adjustments (as determined by us or the proper rating organization), shall be paid in full within thirty (30) days from the date of billing of the corrective endorsement. If the payment corresponding to this policy is subject to a deferred payment plan or a premium financing contract, a down payment of the additional premium in accordance with such plan or financing contract shall be paid to, and received by, us or our authorized representative within that same thirty (30) day period and accordingly subsequent payments of the plan will be amended to include the unpaid portion of the additional premium for the endorsement. Otherwise, we shall mail to you a notice of cancellation in accordance with the cancellation clause of this policy using the sum of the original premium plus the premium of the corrective endorsement as the basis for the calculation of the amount of premium return due to you, if any.

9. **Late Payments:** If payment is received after the specified due date, we will proceed as follows:
- a. For new policies (Sections 1 and 2 above) we will issue a change of effective date of coverage notice stating:
 - i. that the insurance afforded under the policy is effective as of the date of receipt of the applicable premium payment;

- ii. the resulting amended inception and expiration dates of the policy, which will be postponed by the same number of days that coverage was not afforded due to the late receipt of the premium payment; and
 - iii. the corresponding period of time during which coverage is not afforded under the policy.
- b. For premium correction endorsements (Section 8 above) we will issue, subject to the applicable regulations, a limited reinstatement notice stating:
 - i. that the insurance afforded by the policy will be reinstated as of the date of receipt of the applicable additional premium payment;
 - ii. the period for which coverage is not afforded; and
 - iii. the amount of premium return due to you, if any.
- 10. **Cancellation of Policy:** Upon failure of any premium when due under a policy in force, we must, within the next twenty (20) days following the due date, issue a notice of cancellation in accordance with the provisions of the policy.
- 11. **Definition of Authorized Representative:** Authorized representative for the purpose of this endorsement means a general agent, an authorized policy writing agent, or a person duly authorized in writing by us for premium collection purposes.
- 12. This mandatory endorsement supersedes any other conditions to this effect in this policy to which it is attached.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.