

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RHODE ISLAND CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM
BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Paragraphs 2., 3., 5. and 6. of the Cancellation Common Policy Condition are replaced by the following:

2. We may cancel this policy by giving, mailing or delivering to the first Named Insured and the insurance producer of record, if any, written notice of cancellation at least:

- a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
- b.** 30 days before the effective date of cancellation if we cancel for any other reason.

If this policy has been in effect for 60 days or more, or if this is a renewal of a policy we issued, we may cancel only for one or more of the following reasons:

- a.** Nonpayment of premium;
- b.** Fraud or material misrepresentation made by you or with your knowledge in obtaining the policy, continuing the policy, or in presenting a claim under the policy;
- c.** Activities or omissions on your part which increase any hazard insured against, including a failure to comply with loss control recommendations;
- d.** Change in the risk which increases the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to regulation, legislation, or court decision;
- e.** Loss or decrease of our reinsurance covering all or part of the risk or exposure covered by the policy;

f. Determination by the Commissioner of Insurance that the continuation of the policy would jeopardize our solvency or would place us in violation of the insurance laws of this state;

g. Owner or occupant incendiarism;

h. Violation or breach by you of any policy terms or conditions;

i. Constructive or actual total "loss" of the Covered Property; or

j. Such other reasons as may be approved by the Commissioner of Insurance.

3. We will give, mail or deliver written notice to the first Named Insured at the mailing address shown in the policy and to the insurance producer of record, if any.

5. If this policy is cancelled, we will send the first Named Insured any premium refund due.

The cancellation will be effective even if we have not made or offered a refund.

The following provisions govern the calculation of return premium:

a. We will compute return premium pro rata and round to the next higher whole dollar when a policy is:

(1) Cancelled at our request;

(2) Cancelled because you no longer have a financial or insurable interest in the property or business operation that is the subject of insurance;

(3) Cancelled and rewritten by us or a member of our company group;

- (4) Cancelled after the first year, if it is a prepaid policy written for a term of more than one year; or
- (5) Cancelled by us at the request of any premium finance company upon default of the first Named Insured, when this policy is financed under a premium finance agreement.
- b. When this policy is cancelled at your request (except when Paragraph **a.(2)**, **a.(3)** or **a.(4)** applies), we will return 90% of the pro rata unearned premium, rounded to the next higher whole dollar. However, when such cancellation takes place during the first year of a multiyear prepaid policy, we will return the full annual premium for the subsequent years.
- c. When this policy is cancelled at your request and is an auto dealer's policy written on a reporting form basis, we will calculate the return or additional premium as follows:
 - (1) Final annual premium will be determined on the basis of the average value reported during the period in which the policy was in effect.
 - (2) Pro rata earned premium will be determined based on the final annual premium for the number of days the policy was in force as determined by Paragraph **c.(1)** rounded to the next higher whole dollar.
 - (3) Pro rata unearned premium will be determined by subtracting Paragraph **c.(2)** from Paragraph **c.(1)**.
 - (4) The short rate surcharge will be determined by multiplying the unearned premium by 10% and rounding to the next higher whole dollar.
 - (5) Calculate the short rate earned premium by adding Paragraphs **c.(2)** and **c.(4)**.
 - (6) If the short rate earned premium is less than the sum of all payments (including any deposit premium), the difference is the return premium.
 - (7) If the short rate earned premium is greater than the sum of all payments (including any deposit premium), the difference is the additional premium due.
- 6. Proof of giving, mailing or delivering notice of cancellation will be sufficient proof of notice.
- B. The following is added to the **Cancellation** Common Policy Condition:
 - 7. We will provide you with the reason or reasons for cancellation if:
 - a. You request in writing a statement of the reasons for cancellation; and
 - b. You agree in writing to hold us harmless from liability for any:
 - (1) Communication giving notice of, or specifying the reasons for, cancellation; or
 - (2) Statement made in connection with an attempt to discover or verify the existence of conditions which would be a reason for cancellation as provided under Paragraph **A.2**.
- C. The following is added and supersedes any provision to the contrary:

Nonrenewal

 - 1. If we decide not to renew or continue this policy, we will give, mail or deliver to the first Named Insured and to the insurance producer of record, if any, written notice of our intent not to renew at least 60 days before:
 - a. The expiration date of the policy; or
 - b. An anniversary date of the policy, if the policy is written for a term longer than one year or with no fixed expiration date.
 - 2. If nonrenewal is mailed to the insured, we shall forward the notice of nonrenewal to the last known address of the first Named Insured by first-class mail and maintain proof of mailing by the United States Postal Service certificate of mailing. This proof of mailing will be sufficient proof of notice.
 - 3. We need not give, mail or deliver this notice if:
 - a. We have offered to issue a renewal policy; or
 - b. The first Named Insured has obtained, or has agreed in writing to obtain, replacement coverage.
- D. We will also give, mail or deliver written notice of cancellation and nonrenewal, as provided under Paragraphs **A.** and **C.** above, to any loss payee named in the policy.