

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

- I. If you are an individual and a "covered auto" you own is one of the private passenger type, the **Cancellation** Common Policy Condition does not apply. The following conditions apply instead:

ENDING THIS POLICY

A. Cancellation

1. You may cancel the policy by mailing or delivering to us advance written notice of cancellation.
2. When this policy has been in effect for 45 days or less and is not a renewal or continuation policy, we may cancel this policy by mailing to you within this period written notice of cancellation, stating the reason for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. 15 days before the effective date of cancellation if we cancel because the risk does not meet our underwriting standards.
3. When this policy has been in effect for more than 45 days or is a renewal or continuation policy, we may cancel this policy by mailing to you written notice of cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.

- b. 45 days before the effective date of cancellation for a permissible reason other than nonpayment of premium, stating the reason for cancellation. Under this Paragraph **b.**, we may cancel only for one or more of the following reasons:

- (1) If your driver's license or motor vehicle registration, or that of one or more but not all drivers who live with you or customarily use a "covered auto", has been suspended or revoked during the policy period as a result of the driver's driving record. However, before canceling this policy we will offer to continue this policy with a provision excluding coverage for each driver whose license has been suspended or revoked during the policy period. If such an offer is accepted, we will issue an endorsement to that effect.
- (2) When there exists material misrepresentation or fraud in connection with the application, policy, or presentation of a claim.
- (3) We replace this policy with another one providing similar coverages and the same limits for the "covered auto". The replacement policy will take effect when this policy is cancelled, and will end a year after this policy begins or on this policy's expiration date, whichever is earlier.

- (4) A change in the condition of the risk that results in an increase in the hazard insured against.
- (5) A matter or issue related to the risk that constitutes a threat to public safety.

If we cancel pursuant to Paragraph **b.**, you may request additional information on the reason for cancellation within 30 days from the date of our notice.

But if this policy has been written for a period of more than one year or without a fixed expiration date, we may cancel only at an anniversary of its original effective date.

- 4. Notice of cancellation will state the reason for cancellation and the effective date of cancellation. The policy period will end on that date.
- 5. If this policy is cancelled, we will send you any premium refund due. If we cancel, the refund will be pro rata. If you cancel, the refund will be calculated as follows:

a. Policies Written For One Year Or Less

We will refund 90% of the pro rata unearned premium.

b. Policies Written For More Than One Year

- (1) If the policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.
- (2) If the policy is cancelled after the first year, we will refund the pro rata unearned premium.

c. Continuous And Annual Premium Payment Policies

We will refund 90% of the pro rata unearned premium for the year in which the policy is cancelled.

We will retain the minimum premium, except if the policy is cancelled as of the inception date.

However, if this policy is financed by a premium finance company and we or the premium finance company or you cancel the policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

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

- 6. We will send notice of cancellation to you by certificate of mail if:
 - a. We cancel for nonpayment of premium; or
 - b. This policy is not a renewal of a policy we issued and has been in effect for 45 days or less.

We will send notice to you by certificate of mail or by commercial delivery service if we cancel for a reason other than nonpayment of premium and this policy:

- a. Is a renewal of a policy we issued; or
- b. Has been in effect for more than 45 days.

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

B. Nonrenewal

- 1. If we decide not to renew or continue this policy we will send to you, by certificate of mail or commercial mail delivery service, written notice at least 45 days before the end of the policy period, stating the reason for nonrenewal. We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice. If the policy period is other than one year, we will have the right not to renew or continue it only at an anniversary of its original effective date. If we offer to renew or continue and you do not accept, this policy will terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.
- 2. We will not refuse to renew or continue this policy because of your claim experience or driving record, or that of one or more but not all drivers who live with you or customarily use a "covered auto". However, we will condition renewal or continuation of this policy on a provision excluding coverage for each driver whose claim experience or driving record would have justified nonrenewal. If such an offer is accepted, we will issue an endorsement to that effect.

3. When we elect not to renew a policy for a reason other than nonpayment of premium, we will provide a written statement of the actual reason for the refusal to renew. You may request additional information within 30 days from the date of our notice.
4. If we offer to renew at least 45 days before the renewal date and you fail to make the required premium payment by the renewal date, the policy will terminate on the renewal date for nonpayment of premium.

C. Mailing Of Notices

We will mail our notice of cancellation or non-renewal to your last mailing address known to us.

II. For all other circumstances not described in Section I., the following conditions apply:

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

2. When this policy has been in effect for 45 days or less and is not a renewal policy, we may cancel this Coverage Part by mailing to the first Named Insured, at the last mailing address known to us, written notice of cancellation, stating the reason for cancellation, at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. 15 days before the effective date of cancellation if we cancel because the risk does not meet our underwriting standards.
3. When this policy has been in effect for more than 45 days or is a renewal policy, we may cancel this policy by mailing the first Named Insured, at the last mailing address known to us, written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b. 45 days before the effective date of cancellation if we cancel for a permissible reason other than nonpayment of premium, stating the reason for cancellation. Under this Paragraph b., we may cancel only for one or more of the following reasons:
 - (1) When there exists material misrepresentation or fraud in connection with the application, policy, or presentation of a claim.

- (2) A change in the condition of the risk that results in an increase in the hazard insured against.
- (3) A matter or issue related to the risk that constitutes a threat to public safety.
- (4) If the Named Insured's driver's license or motor vehicle registration, or that of a driver insured under the coverage form, has been suspended or revoked during the policy period as a result of the insured's driving record.

If we cancel pursuant to Paragraph 3.b., you may request additional information on the reason for cancellation within 30 days from the date of our notice.

B. Paragraph 5. of the **Cancellation** Common Policy Condition is replaced by the following:

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

If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be calculated as follows:

a. **Policies Written For One Year Or Less**

We will refund 90% of the pro rata unearned premium.

b. **Policies Written For More Than One Year**

- (1) If the policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.
- (2) If the policy is cancelled after the first year, we will refund the pro rata unearned premium.

c. **Continuous And Annual Premium Payment Policies**

We will refund 90% of the pro rata unearned premium for the year in which the policy is cancelled.

We will retain the minimum premium, except if the policy is cancelled as of the inception date.

However, if this policy is financed by a premium finance company and we or the premium finance company or the first Named Insured cancels the policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

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

C. Paragraph 6. of the Cancellation Common Policy Condition is replaced by the following:

6. We will send notice of cancellation to the first Named Insured by certificate of mail if:

- a. We cancel for nonpayment of premium; or**
- b. This policy is not a renewal of a policy we issued and has been in effect for 45 days or less.**

We will send notice to the first Named Insured by certificate of mail or by commercial mail delivery service if we cancel for a reason other than nonpayment of premium and this policy:

- a. Is a renewal of a policy we issued; or**
- b. Has been in effect for more than 45 days.**

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

D. Condition 10. When We Do Not Renew of Section IV – Conditions is replaced by the following:

10. When We Do Not Renew

- a. We may elect not to renew this policy by mailing notice of nonrenewal to the first Named Insured at the last mailing address known to us at least 45 days before the expiration date of this policy.**
- b. We will send notice of nonrenewal to the first Named Insured by certificate of mail or by commercial mail delivery service. We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.**
- c. When we elect not to renew a policy that has been in effect for more than 45 days for a reason other than nonpayment of premium, we will provide a written statement of the actual reason for the refusal to renew. You may request additional information within 30 days from the date of our notice.**
- d. If we offer to renew at least 45 days before the renewal date and you fail to make the required premium payment by the renewal date, the policy will terminate on the renewal date for nonpayment of premium.**