

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NEW JERSEY CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
FARM UMBRELLA LIABILITY POLICY  
LIQUOR LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Pursuant to New Jersey law, this policy cannot be cancelled or nonrenewed for any underwriting reason or guideline which is arbitrary, capricious or unfairly discriminatory or without adequate prior notice to the insured. The underwriting reasons or guidelines that an insurer can use to cancel or nonrenew this policy are maintained by the insurer in writing and will be furnished to the insured and/or the insured's lawful representative upon written request.

This provision shall not apply to any policy which has been in effect for less than 60 days at the time notice of cancellation is mailed or delivered, unless the policy is a renewal policy.

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

- 2.** If this policy has been in effect for less than 60 days, we may cancel this policy for any reason subject to the following:

- a.** We may cancel this policy by mailing or delivering to the first Named Insured and any person entitled to notice under this policy written notice, of cancellation, at least:

- (1)** 10 days before the effective date of cancellation if we cancel for:

- (a)** Nonpayment of premium; or

- (b)** Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f) as follows:

- (i)** "The risk, danger or probability that the insured will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. Any change in the circumstances of an insured that will increase the probability of such a destruction may be considered a 'moral hazard'; and

- (ii)** "The substantial risk, danger or probability that the character, circumstances or personal habits of the insured may increase the possibility of loss or liability for which an insurer will be held responsible. Any change in the character or circumstances of an individual, corporate, partnership or other insured that will increase the probability of such a loss or liability may be considered a 'moral hazard'".

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.
  - b. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation.
- C. The following is added to the **Cancellation** Common Policy Condition:
- 7. Cancellation Of Policies In Effect For 60 Days Or More**
- a. 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 only for one or more of the following reasons:
    - (1) Nonpayment of premium;
    - (2) Existence of a moral hazard, as defined in N.J.A.C. 11:1-20.2(f);
    - (3) Material misrepresentation or nondisclosure to us of a material fact at the time of acceptance of the risk;
    - (4) Increased hazard or material change in the risk assumed which we could not have reasonably contemplated at the time of assumption of the risk;
    - (5) Substantial breaches of contractual duties, conditions or warranties that materially affect the nature and/or insurability of the risk;
    - (6) Lack of cooperation from the insured on loss control matters materially affecting insurability of the risk;
    - (7) Fraudulent acts against us by the insured or its representative that materially affect the nature of the risk insured;
    - (8) Loss of or reduction in available insurance capacity;
    - (9) Material increase in exposure arising out of changes in statutory or case law subsequent to the issuance of the insurance contract or any subsequent renewal;
    - (10) Loss of or substantial changes in applicable reinsurance;
    - (11) Failure by the insured to comply with any Federal, State or local fire, health, safety or building or construction regulation, law or ordinance with respect to an insured risk which substantially increases any hazard insured against within 60 days of written notification of a violation of any such law, regulation or ordinance;
  - (12) Failure by the insured to provide reasonable and necessary underwriting information to us upon written request therefore and a reasonable opportunity to respond.
  - (13) Agency termination, provided:
    - (a) We document that replacement coverage at comparable rates and terms has been provided to the first Named Insured, and we have informed the first Named Insured, in writing, of the right to continue coverage with us; or
    - (b) We have informed the first Named Insured, in writing, of the right to continue coverage with us and the first Named Insured has agreed, in writing, to the cancellation or nonrenewal based on the termination of the first Named Insured's appointed agent.
  - (14) Any other reasons in accordance with our underwriting guidelines for cancellation of commercial lines coverage.
  - b. If we cancel this policy based on Paragraph 7.a.(1) or (2) above, we will mail or deliver a written notice, to the first Named Insured and any person entitled to notice under this policy, at least 10 days before the effective date of cancellation. If we cancel this policy for any other reason listed above, we will mail or deliver a written notice to the first Named Insured and any person entitled to notice under this policy, not more than 120 days nor less than 30 days before the effective date of such cancellation.
  - c. In the notice of cancellation which is sent to the first Named Insured, we will state the reason for cancellation. For cancellation due to the nonpayment of premium, the notice will state the effect of nonpayment by the due date. Cancellation for nonpayment of premium will not be effective if payment of the amount due is made before the effective date set forth in the notice.
  - d. Notice will be sent to the last mailing addresses known to us, by:
    - (1) Certified mail; or
    - (2) First class mail, if we have obtained from the post office a date stamped proof of mailing showing names and addresses.

- e. We need not send notice of cancellation if you have:
  - (1) Replaced coverage elsewhere; or
  - (2) Specifically requested termination.
- D. The following is added and supersedes any other provision to the contrary:

**NONRENEWAL**

- 1. We may elect not to renew this policy for any reason permitted to cancel it. If we elect not to renew this policy, we will mail a notice of nonrenewal, stating the reasons for nonrenewal, to the first Named Insured at least 30 days but not more than 120 days before the expiration date of this policy. If this policy does not have a fixed expiration date, it shall be deemed to expire annually on the anniversary of its inception.
- 2. This notice will be sent to the first Named Insured at the last mailing address known to us by:
  - a. Certified mail; or
  - b. First class mail, if we have obtained from the post office a date stamped proof of mailing showing the first Named Insured's name and address.
- 3. We need not mail or deliver this notice if you have:
  - a. Replaced coverage elsewhere; or
  - b. Specifically requested termination.