

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ARKANSAS CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided by the policy to which this form is attached.

- A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.a.** Subject to Paragraph **2.b.**, we may cancel this policy by mailing or delivering to the first Named Insured and any lienholder or loss payee named in the policy written notice of cancellation at least:
 - (1)** 10 days before the effective date of cancellation, stating the reason for cancellation, if we cancel for nonpayment of premium; or
 - (2)** 20 days before the effective date of cancellation if we cancel for any other reason.
 - b.** If this policy has been in effect more than 60 days or is a renewal policy, we may cancel only for one or more of the following reasons:
 - (1)** Nonpayment of premium;
 - (2)** 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;
 - (3)** The occurrence of a material change in the risk which substantially increases any hazard insured against after policy issuance;
 - (4)** Violation of any local fire, health, safety, building or construction regulation or ordinance with respect to any insured property or its occupancy which substantially increases any hazard insured against under the policy;
 - (5)** Nonpayment of membership dues in those cases where our bylaws, agreements or other legal instruments require payment as a condition of the issuance and maintenance of the policy; or
 - (6)** A material violation of a material provision of the policy.
- B.** Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 5.a.** If this policy is cancelled, we will send the first Named Insured any premium refund due.
 - b.** We will refund the pro rata unearned premium if the policy is:
 - (1)** Cancelled by us or at our request;
 - (2)** Cancelled but rewritten with us or in our company group;
 - (3)** Cancelled because you no longer have an insurable interest in the property or business operation that is the subject of this insurance; or
 - (4)** Cancelled after the first year of a prepaid policy that was written for a term of more than one year.
 - c.** If the policy is cancelled at the request of the first Named Insured, other than a cancellation described in **b.(2), (3) or (4)** above, we will refund 90% of the pro rata unearned premium. However, the refund will be less than 90% of the pro rata unearned premium if the refund of such amount would reduce the premium retained by us to an amount less than the minimum premium for this policy.
 - d.** The cancellation will be effective even if we have not made or offered a refund.
 - e.** If the first Named Insured cancels the policy, we will retain no less than \$100 of the premium, subject to the following:
 - (1)** We will retain no less than \$250 of the premium for the Equipment Breakdown Coverage Part.
 - (2)** We will retain the premium developed for any annual policy period for the General Liability Classifications, if any, shown in the Declarations.

- (3) If the Commercial Auto Coverage Part covers only snowmobiles or golfmobiles, we will retain \$100 or the premium shown in the Declarations, whichever is greater.
- (4) If the Commercial Auto Coverage Part covers an "auto" with a mounted amusement device, we will retain the premium shown in the Declarations for the amusement device and not less than \$100 for the auto to which it is attached.

C. Paragraph g. of the **Mortgageholders** Condition, if any, is replaced by the following:

g. If we elect not to renew this policy, we will give written notice to the mortgageholder:

- (1) As soon as practicable if nonrenewal is due to the first Named Insured's failure to pay any premium required for renewal; or
- (2) At least 60 days before the expiration date of this policy if we non-renew for any other reason.

All other terms and conditions of this policy remain unchanged.

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