

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OREGON CHANGES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

A. Section I – Property is amended as follows:

1. Paragraph **E.2. Appraisal** Property Loss Conditions is replaced by the following:

2. **Appraisal**

If we and you disagree on the value of the property or the amount of loss both parties may agree to an appraisal of the loss and to be bound by the results of that appraisal. If both parties so agree, then each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Paragraph **E.3.a.(7) Duties In The Event Of Loss Or Damage** Property Loss Conditions is replaced by the following:

(7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 90 days after you receive the necessary forms from us.

3. Paragraph **F.2. Mortgageholders** Property General Conditions is replaced by the following:

2. **Mortgageholders**

- a. Oregon law states as follows:

- (1) "If loss hereunder is made payable, in whole or in part, to a designated mortgagee not named herein as the insured, such interest in this policy may be canceled by giving such mortgagee a ten days' written notice of cancellation."
- (2) "If the insured fails to render proof of loss such mortgagee, upon notice, shall render proof of loss in the form herein

specified within 60 days thereafter and shall be subject to the provisions hereof relating to appraisal and time of payment and of bringing suit. If this company shall claim that no liability existed as to the mortgagor or owner, it shall, to the extent of payment of loss to the mortgagee, be subrogated to all the mortgagee's rights of recovery, but without impairing mortgagee's right to sue; or it may pay off the mortgage debt and require an assignment thereof and of the mortgage. Other provisions relating to the interests and obligations of such mortgagee may be added hereto by agreement in writing."

- b. The term mortgageholder includes trustee.
- c. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- d. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- e. If we deny your claim because of your acts or because you have failed to comply with the terms of this insurance, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this insurance at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss in accordance with Paragraph **a.(2)**; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All the terms of the affected insurance will then apply directly to the mortgageholder.

- f. If we cancel this policy, we will give written notice to the mortgageholder:
 - (1) In accordance with Paragraph **a.(1)**; or

(2) At least:

- (a) Ten days before the effective date of the cancellation if we cancel for your nonpayment of premium; or
- (b) 30 days before the effective date of the cancellation if we cancel for any other reason other than provided for in Paragraph a.(1).

g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least ten days before the expiration date of this policy.

B. Section II – Liability is amended as follows:

The term "spouse" is replaced by the following:

Spouse or individual who is in a domestic partnership recognized under Oregon law.

C. Section III – Common Policy Conditions is amended as follows:

1. Paragraph **A. Cancellation** is amended as follows:

a. Paragraph **2.** is replaced by the following:

2. If this policy has been in effect for:

- a. Fewer than 60 days and is not a renewal policy, we may cancel for any reason.
- b. 60 days or more 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) Substantial increase in the risk of loss after insurance coverage has been issued or renewed, including but not limited to an increase in exposure due to rules, legislation or court decision;
 - (4) Failure to comply with reasonable loss control recommendations;
 - (5) Substantial breach of contractual duties, conditions or warranties;
 - (6) Determination by the commissioner that the continuation of a line of insurance or class of business to which the policy belongs will jeopardize our solvency or will place us in violation of the

insurance laws of Oregon or any other state; or

(7) Loss or decrease in reinsurance covering the risk.

c. 60 days or more or is a renewal policy, we may cancel for any other reason approved by the commissioner by rule.

b. Paragraph **3.** is amended by the addition of the following:

3. We will mail or deliver to the first Named Insured written notice of cancellation, stating the reason for cancellation.

c. Paragraph **6. Cancellation** does not apply.

d. The following paragraph is added:

7. Number of Days' Notice of Cancellation:

a. Cancellation will not be effective until at least ten working days after the first Named Insured receives our notice.

2. Paragraph **C. Concealment**

Misrepresentation Or Fraud is replaced by the following:

C. Concealment, Misrepresentation Or Fraud

1. Subject to Paragraphs **2.** and **3.** below, this entire policy will be void if, whether before or after a loss, you have willfully concealed or misrepresented any material fact or circumstance concerning this insurance or the subject of it, or your interest in it, or in case of any fraud or false swearing by you relating to it.

2. All statements made by you or on your behalf, in the absence of fraud, will be deemed representations and not warranties. No such statements that arise from an error in the application will be used in defense of a claim under this Coverage Form unless:

- a. The statements are contained in a written application; and
- b. A copy of the application is endorsed upon or attached to this Coverage Form when issued.

3. In order to use any representation made by you or on your behalf in defense of a claim under the Coverage Form, we must show that the representations are material and that we relied on them.

3. The following paragraphs are added and supersede any provision to the contrary:

M. Nonrenewal

We may elect not to renew this policy by mailing or delivering to the first Named

Insured, at the last mailing address known to us, written notice of nonrenewal before the:

- a. Expiration date of the policy; or
- b. Anniversary date of the policy if the policy is written for a term of more than one year or without a fixed expiration date.

However, if this policy is issued for a term of more than one year and for additional consideration the premium is guaranteed, we may not refuse to renew the policy at its anniversary date.

Nonrenewal will not be effective until at least 45 days after the first Named Insured receives our notice.

N. Mailing Of Notices

If notice of cancellation or nonrenewal is mailed, a post office certificate of mailing will be conclusive proof that the first Named Insured received the notice on the third calendar day after the date of the certificate of mailing.

SAMPLE