



## NY COMMERCIAL LINES CANCELLATION AND NONRENEWAL POLICY CONDITIONS

Any cancellation or nonrenewal policy conditions otherwise contained in *your* policy are deleted and replaced by the cancellation and nonrenewal policy conditions contained in this endorsement.

### A. DEFINITIONS

1. **Covered policy** means a policy of commercial risk insurance, professional liability insurance or public entity insurance, and shall include any contract, certificate or other evidence of such insurance.
2. **Renewal or to renew** means the issuance or offer to issue by an insurer of a policy superseding a policy previously issued and delivered by the same insurer, or another insurer within the same group or under common management, or the issuance or delivery of a certificate or notice extending the term of a policy beyond its policy period or term. However, any policy with a policy period or term of less than one year will be considered as if written for a policy period or term of one year, and any policy with no fixed expiration date will be considered as if written for successive policy periods or terms of one year.
3. **Required policy period** means a period of one year from the date of which a **covered policy** is **renewed** or first issued.

### B. CANCELLATION

#### 1. By The First Named *Insured*

The first named *insured* shown in the Declarations may cancel this policy at any time by mailing or delivering to *us* written notice and stating when thereafter the cancellation is to be effective.

#### 2. By The Company

##### a. 60 Days or Less

When the **covered policy** has been in effect for 60 days or less, *we* may cancel the policy by mailing or delivering to the first named *insured* shown in the Declarations at the mailing address shown in the policy and to such *insured's* authorized agent or broker, written notice of cancellation stating the reason for cancellation at least:

- 1) 20 days before the effective date of the cancellation for any reason that is not included in B.2.a.2).
- 2) 15 days before the effective date of the cancellation for any of these reasons:
  - a) Nonpayment of premium, provided, however, that a notice of cancellation on this ground will inform the first named *insured* of the amount due;
  - b) Conviction of a crime arising out of acts increasing the hazard insured against;
  - c) Discovery of fraud or material misrepresentation in the obtaining of the policy or in the presentation of a claim thereunder;
  - d) After issuance of the policy or after the last **renewal** date, discovery of an act or omission, or a violation of any policy condition, that substantially and materially increases the hazard insured against, and which occurred subsequent to inception of the current policy period;
  - e) Material physical change in the property insured, occurring after issuance or last annual **renewal** anniversary date of the policy, which results in the property becoming uninsurable in accordance with the insurer's objective, uniformly applied underwriting standards in effect at the time the policy was issued or last **renewed**; or material change in the nature or extent of the risk, occurring after issuance or last annual **renewal** anniversary date of the policy, which causes the risk of loss to be substantially and materially increased beyond that contemplated at the time the policy was issued or last **renewed**;
  - f) A determination by the superintendent that continuation of the present premium volume of the insurer would jeopardize that insurer's solvency or be hazardous to the interests of

- policyholders of the insurer, its creditors or the public;
- g) A determination by the superintendent that the continuation of the policy would violate, or would place the insurer in violation of, any provision of the New York Insurance Law; or
  - h) Where *we* have reason to believe, in good faith and with sufficient cause, that there is a probable risk or danger that the *insured* will destroy, or permit to be destroyed, the insured property for the purpose of collecting the insurance proceeds. If *we* cancel on this ground, *you* may make a written request to the Department of Financial Services within 10 days of receipt of the cancellation notice to review *our* cancellation decision. *We* will simultaneously send a copy of the cancellation notice to the Department of Financial Services. Upon written request of the *insured* made to the Department of Financial Services within 10 days from the *insured's* receipt of the notice of cancellation on this ground, the Department of Financial Services will undertake a review of the ground for cancellation to determine whether or not *we* have satisfied the criteria for cancellation as specified; if after such review the Department of Financial Services finds no sufficient cause for cancellation on this ground, the notice of cancellation will be deemed null and void.
  - i) With respect to that portion of a *covered policy* providing motor vehicle coverage, in addition to the reasons for cancellation set forth in subsections a) through h) above, *we* may cancel the policy as a result of a suspension or revocation during the *required policy period* of the driver's license of any person who continues to operate a motor vehicle insured under the policy, other than a suspension, or one or more administrative suspensions arising from the same incident which has or have been terminated prior to the effective date of cancellation.
  - j) With respect to professional liability insurance policies, in addition to the reasons for cancellation set forth in a) through h) above, *we* may cancel this policy as a result of revocation or suspension of the *insured's* license to practice his profession, or, if the *insured* is a hospital, it no longer possesses a valid operating certificate.

**b. More Than 60 Days**

When the policy has been in effect for more than 60 days, or on or after the effective date if this policy is a *renewal* or continuation of a policy *we* issued, *we* may cancel the policy for one or more of the reasons set forth in B.2.a.2), provided that:

- 1) *We* mail or deliver written notice stating the specific reason for cancellation to the first named *insured* at least 15 days before the effective date of cancellation; and
- 2) When the reason for cancellation is nonpayment of premium, *our* notice of cancellation will inform the first named *insured* of the amount due.
- 3) With respect to an excess liability or umbrella liability policy, in addition to the reasons for cancellation set forth in B.2.a.2)a) through h), *we* may cancel this policy as a result of the cancellation of one or more of the underlying policies providing primary or intermediate coverage where:
  - i) Such cancellation is based on the reasons set forth in B.2.a.2)a) through j); and
  - ii) Such policies are not replaced without lapse.

**3. Cancellation Of Entire Policy**

When one of the reasons for cancellation set forth in B.2.a.2) exists, *we* may cancel this entire policy, even if the reason for cancellation is applicable only to a new coverage or endorsement effective subsequent to the date of original policy issuance.

**4. Notices Of Cancellation**

- a. *We* will mail or deliver *our* written notice, including the reasons for the cancellation, to the first named *insured* at the address shown in the policy and to such *insured's* authorized agent or broker.
- b. The notice will reference the pertinent paragraph or subparagraph of the New York Insurance Law.
- c. The notice will state the effective date of cancellation. The policy period will end on that date.
- d. The notice will advise the first named *insured* and such *insured's* authorized agent or broker of the availability of loss information.
- e. Proof of mailing or delivery is sufficient proof of notice.

**5. Increase Of Premium For The Term**

After a *covered policy* has been in effect for 60 days, or on or after the effective date if such a policy is a

*renewal*, no premium increase for the term of the policy will be made to become effective unless due to and commensurate with insured value added, subsequent to issuance or the last *renewal* date, pursuant to the policy or at the *insured's* request or, in lieu of cancellation, where such increase is based on one or more reasons for cancellation set forth above under B.2.a.2)d) or B.2.a.2)e).

#### 6. Refund Of Premium

- a. Payment of unearned premium is not a condition of cancellation. Any unearned premium amounts under \$5.00 will be refunded only on written request of the first named *insured*. If an unearned premium is due to the first named *insured* and it is not refunded with a cancellation notice, the payment will be sent to the first named *insured* within a reasonable time.
  - 1) If the first named *insured* cancels the policy, *we* will send the first named *insured* any premium refund of \$5.00 or more that is due, but it may be calculated on less than a pro rata basis.
  - 2) If *we* cancel the policy, *we* refund any premium due for the unexpired policy period on a pro rata basis.
- b. However, when the premium is advanced under a premium finance agreement, the cancellation refund will be pro rata and *we* will retain a minimum earned premium of 10% of the gross policy premium or \$60, whichever is greater.

#### 7. Anti-Arson Application

When the anti-arson application is applicable to the property covered by this policy, *your* policy includes the following provisions:

- a. New Business - If *you* fail to return the completed, signed and affirmed anti-arson application to *us*, the broker or agent within 45 days of the effective date of coverage, *we* will cancel such coverage by giving 20 days written notice to *you* and to the designated mortgagee shown in the Declarations.
- b. *Renewal* Business - If *you* fail to return the completed, signed and affirmed anti-arson application to *us* prior to the *renewal* date of the policy, *we* will cancel the policy by giving at least 15 days written notice prior to the effective date of cancellation to *you* and to the designated mortgagee shown in the Declarations.

### C. NONRENEWAL AND CONDITIONAL RENEWAL

#### 1. Nonrenewal

If *we* choose not to *renew* this policy, the nonrenewal notice will be sent in accordance with the provisions set forth below for such notices in **Notices Of Nonrenewal And Conditional Renewal**.

#### 2. Conditional Renewal

If *we* choose to conditionally *renew* this policy, the conditional *renewal* notice will be sent in accordance with the provisions set forth below for such notices in **Notices Of Nonrenewal And Conditional Renewal** if *we* condition the *renewal* of this policy upon any of the following:

- a. Change of limits;
- b. Change in type of coverage;
- c. Reduction of coverage;
- d. Increased deductible;
- e. Addition of exclusion; or
- f. Premium increase in excess of 10%, exclusive of any premium increase generated as a result of increased exposure units, or as a result of experience rating, loss rating, retrospective rating or audit. Except that with respect to an excess liability or umbrella liability policy, *we* may also, conditionally *renew* this policy upon requirements relating to the underlying coverage, in which event the conditional *renewal* notice will be treated as an effective notice of nonrenewal if such requirements are not satisfied as of the later of the expiration date of the policy or 60 days after mailing or delivery of such notice.

#### 3. Notices Of Nonrenewal And Conditional Renewal

- a. If *we* choose not to *renew* or conditionally *renew* this policy as provided above, *we* will mail or deliver *our* written notice to the first named *insured* shown in the policy at least 60, but not more than 120 days before:
  - 1) The expiration date of the policy; or
  - 2) The anniversary date if this is a continuous policy.

With respect to excess liability policy or an umbrella liability policy, *we* will mail or deliver *our*

written notice to the first named *insured* shown in the policy at least 30, but not more than 120 days before:

- 1) The expiration date of the policy; or
  - 2) The anniversary date if this is a continuous policy.
- b. **We** will mail or deliver **our** written notice to the first named *insured* at the address shown in the policy and to such *insured's* authorized agent or broker.
- c. **Our** notice will include the specific reason(s) for nonrenewal or conditional *renewal*, including the amount of any premium increase for conditional *renewal* and a description of any other changes.
- d. The notice will advise the first named *insured* and such *insured's* authorized agent or broker of the availability of loss information, and upon written request, **we** will furnish such loss information within 10 days.
- e. Proof of mailing or delivery is sufficient proof of notice.
- f. In the event **we** send a late nonrenewal notice or a late conditional *renewal* notice:
- 1) Prior to the expiration date of this policy, coverage will remain in effect at the same *terms* and conditions as the expiring policy, and at the lower of the current rates or the prior period's rates until 60 days after such notice is mailed or delivered, unless the *insured*, during this 60-day period, has replaced the coverage or elects to cancel the policy, in which event such cancellation will be on a pro rata premium basis.
  - 2) On or after the expiration date of this policy, coverage will remain in effect at the same *terms* and conditions of this policy for another *required policy period*, and at the lower of the current rates or the prior period's rates, unless the *insured*, during this additional *required policy period*, has replaced the coverage or elects to cancel this policy, in which event such cancellation will be on a pro rata premium basis.
- g. Every late nonrenewal notice or late conditional *renewal* notice will advise the *insured* of the *insured's* rights to coverage and the duration.
- h. If **you** elect **to renew** on the basis of a late conditional *renewal* notice, the *terms*, conditions and rates set forth in the notice will apply:
- 1) Upon the expiration of the 60-day period; or
  - 2) If **we** send the first named *insured* the late conditional *renewal* notice at least 30 days prior to the expiration or anniversary date of the policy, the *terms*, conditions and rates set forth in the conditional *renewal* notice will apply as of the *renewal* date.

#### 4. **Alternative Renewal**

If **we** choose not **to renew** this policy, or not **to renew** it upon the same *terms*, conditions or rates, an Alternative *Renewal* Notice may be sent in accordance with the provisions set forth below for such notices in **Notice Of Alternative Renewal**.

#### 5. **Notice Of Alternative Renewal**

- a. If **we** choose to undertake alternative *renewal* of this policy, **we** will mail or deliver the alternative *renewal* notice stating the policy will not be *renewed* or will not be *renewed* upon the same *terms*, conditions or rates. Such alternative *renewal* notice will be mailed or delivered on a timely basis and advise the first named *insured* that a second notice will be mailed or delivered at a later date indicating **our** intention to either nonrenew or conditionally *renew* this policy, and that the coverage will continue on the same *terms*, conditions, and rates as the expiring policy, until the later of the expiration date or 60 days after the second notice is mailed or delivered, except when during this period the first named *insured* has replaced the coverage or elects to cancel this policy, in which event such cancellation will be on a pro rata basis. This will not create a new annual aggregate limit, if any, for the *covered policy*, except that the annual aggregate limit of the expiring policy will be increased in proportion to the resulting policy extension, provided, however, that if the first named *insured* elects to accept the *terms*, conditions and rates of the conditional *renewal* notice, a new aggregate limit, if any, will become effective as of the inception date of the *renewal*.
- b. **We** will mail or deliver **our** written notice(s) to the first named *insured* at the address shown in the policy and to such *insured's* authorized agent or broker.
- c. **Our** second notice will be a nonrenewal or conditional *renewal* and will include the specific reason(s) for nonrenewal or conditional *renewal*, including the amount of any premium increase for conditional *renewal* and a description of any other changes.
- d. The notice will advise the first named *insured* and such *insured's* authorized agent or broker of the

availability of loss information and, upon written request, *we* will furnish such loss information within 10 days.

e. Proof of mailing or delivery is sufficient proof of notice.

**6. Notice Requirements**

a. Requirements for notices of nonrenewal, conditional *renewal* and alternative *renewal* do not apply to *us* when the first named *insured*, an agent or broker authorized by the first named *insured*, or another insurer of the first named *insured* has mailed or delivered written notice to *us* that the policy has been replaced or is no longer desired.

b. If *we* provide notice of nonrenewal, conditional *renewal* or alternative *renewal*, and thereafter *we* extend the policy for 90 days or less, an additional notice of nonrenewal is not required with respect to the extension.