

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ARIZONA - AMENDATORY ENDORSEMENT

Do not attach this form to a policy. It is for informational use only.

I. SECTION VIII - CONDITIONS H, Cancellation, is amended by adding the following:

7. Cancellation Of Policies In Effect For 60 Days Or More

If this policy has been in effect for 60 days or more, or if this policy is a renewal of a policy we issued, we may cancel this policy only for one or more of the following reasons:

- a. Nonpayment of premium;
b. Your conviction of a crime arising out of acts increasing the hazard insured against;
c. Acts or omissions by you or your representative constituting fraud or material misrepresentation in the procurement of this policy, in continuing this policy or in presenting a "claim" under this policy;
d. Substantial change in the risk assumed, except to the extent that we should have reasonably foreseen the change or contemplated the risk in writing the contract;
e. Substantial breach of contractual duties or conditions;
f. Loss of reinsurance applicable to the risk insured against resulting from termination of treaty or facultative reinsurance initiated by our reinsurer or reinsurers;
g. Determination by the Director of Insurance that the continuation of the policy would place us in violation of the insurance laws of this state or would jeopardize our solvency; or
h. Acts or omissions by you or your representative which materially increase the hazard insured against.

If we cancel this policy based on one or more of the above reasons, we will mail by certified mail to the

first "Named Insured" in Item 1 of the Declarations and mail to the agent, if any, written notice of cancellation. We will mail this notice to the last mailing addresses known to us, at least:

- a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
b. 60 days before the effective date of cancellation if we cancel for any of the other reasons.

II. SECTION VIII - CONDITIONS is amended by adding the following:

O. Nonrenewal

If we elect not to renew this policy, we will mail by certified mail to the first "Named Insured" in Item 1 of the Declarations, and mail to the agent, if any, written notice of nonrenewal. We will mail this notice to the last mailing addresses known to us at least 60 days prior to the expiration of this policy.

If notice is mailed, proof of mailing will be sufficient proof of notice.

If either one of the following occurs, we are not required to provide written notice of nonrenewal:

- a. We or a company within the same insurance group has offered to issue a renewal policy; or
b. The first "Named Insured" in Item 1 of the Declarations has obtained replacement coverage or agreed in writing to do so.

P. Renewal

If we elect to renew this policy and the renewal is subject to any of the following:

- 1. Increase in premium;
2. Change in deductible;

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- 3. Reduction in limits of insurance;
or
- 4. Substantial reduction in coverage;

we will mail or deliver written notice of the change(s) to the first "Named Insured" in Item 1 of the Declarations, at the last mailing address known to us, at least 60 days before the anniversary or expiration date of the policy.

If renewal is subject to any condition described in 1 through 4 above, and we fail to provide notice 60 days before the anniversary or expiration date of this policy, the following procedures apply:

- (1) The present policy will remain in effect until the earlier of the following:
 - (a) 60 days after the date of mailing or delivery of the notice; or

- (b) The effective date of replacement coverage obtained by the first "Named Insured" shown in Item 1 of the Declarations.

- (2) If the first "Named Insured" in Item 1 of the Declarations elects not to renew, any earned premium for the period of extension of the terminated policy will be calculated pro rata at the lower of the following rates:
 - (a) The rates applicable to the terminated policy; or
 - (b) The rates presently in effect.
- (3) If the first "Named Insured" in Item 1 of the Declarations accepts the renewal, the premium increase, if any, and other changes are effective the day following this policy's anniversary or expiration date.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.