

COMMON POLICY CONDITIONS WASHINGTON

1. Assignment -- This policy is void if it is assigned without "our" written consent.

2. Cancellation or Nonrenewal

a. "You" may cancel this policy by returning the policy to "us" or by giving "us" notice requesting cancellation. If notice is not in writing, "we" may request written confirmation. "Your" notice must state at what date coverage is to stop. "We" will cancel the policy on the later of the date notice is received or the date "you" request cancellation. "Our" request for "your" written confirmation will not delay the requested effective date.

b. "We" may cancel or not renew this policy, or one or more of its parts, by delivering or mailing written notice of cancellation or nonrenewal to "you" at "your" last mailing address known to "us", and to "your" agent or broker of record. If notice is mailed, proof of mailing will be sufficient proof of notice. The notice will include the reasons for cancellation or nonrenewal and will state the time that the cancellation is to take effect.

c. Except as provided in d. below, if "we" cancel this policy for:

- 1) nonpayment of premium, "we" will give notice at least ten days before the cancellation is effective.
- 2) any other reason, "we" will give notice at least 45 days before the cancellation is effective.

Except as provided in d. below, "we" will also deliver or mail like notice of cancellation to each mortgagee, pledgee, or other person shown by the policy to have an interest in any loss.

d. This section applies to policies providing coverage for fire damage to a structure except it does not apply to an Inland Marine policy.

If "we" cancel this policy because two or more of the following conditions exist at any structure that is covered under this policy, "we" will give "you" notice at least five days before cancellation is effective.

- 1) Without reasonable explanation, the building is unoccupied for more than 60 consecutive days, or at least 65% of the rental units are unoccupied for more than 120 consecutive days unless the structure is maintained for seasonal occupancy or is under construction or repair;
- 2) without reasonable explanation, progress toward completion of permanent repairs to the structure has not occurred within 60 days after receipt of funds following satisfactory adjustment or adjudication of loss resulting from a fire;
- 3) because of its physical condition, the building is in danger of collapse;
- 4) because of its physical condition, a vacation or demolition order has been issued for the building, or it has been declared unsafe in accordance with applicable law;
- 5) fixed and salvageable items have been removed from the building, indicating an intent to vacate the building;
- 6) without reasonable explanation, heat, water, sewer, and electricity are not furnished for the building for 60 consecutive days; or
- 7) the structure is not maintained in substantial compliance with fire, safety and building codes.

The notice to "you" will be delivered or mailed by certified mail, return receipt requested, and by first class mail. A copy of the notice will also be mailed to the insurance commissioner. Coverage will remain in force solely for the benefit of each mortgagee, pledgee, or other person shown by the policy to have an interest in any covered loss until 20 days after "we" notify such mortgagee, pledgee, or other person of cancellation.

- e. If "we" decide not to renew this policy, "we" will give notice at least 45 days before the policy expiration or anniversary date. However, a nonrenewal notice is not required if:
- 1) "you" have procured equivalent coverage prior to the expiration of the policy period; or
 - 2) at least 20 days prior to the expiration of the policy period:
 - a) "we" have expressed to "you" in writing, either directly or through "our" agent, "our" willingness to renew the policy;
 - b) "we" have included with "our" written offer of renewal a statement of the amount of the premium, or portion thereof, which "you" are required to pay in order to renew the policy; and
 - c) "you" have failed to pay that required premium when due.

In the event of 1) or 2) above, the policy will terminate on its expiration date without further notice.

- f. If "you" cancel this policy, "we" will refund "your" return premium, if any, as soon as possible after receiving "your" policy or "your" written notice of cancellation.

If "we" cancel this policy, "your" return premium, if any, will be refunded:

- 1) no more than 30 days after the date of "our" notice of cancellation to "you" if "we" cancel for two or more of the conditions described in d.1) through d.7); and
- 2) as soon as possible if "we" cancel for any other reason.

Any return premium will be computed on a pro rata basis. Payment or tender of the unearned premium is not a condition of cancellation.

3. Change, Modification, or Waiver of Policy Terms -- A change or waiver of "terms" of this policy must be issued by "us" in writing to be valid.
4. Inspections --
 - a. "We" have the right, but are not obligated, to inspect "your" property and operations. This inspection may be made by "us" or may be made on "our" behalf.
 - b. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.

However, this does not apply to an inspection, or its resulting advice or report, that "we" make relating to the certification, under state or local statutes, ordinances, or regulations, of boilers, pressure vessels, or elevators.

5. Examination of Books and Records -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

6. Renewal -- If "we" decide to renew this policy, "we" will give "you" and "your" agent on the account or broker of record written notice of "our" intent to renew and any changes in rates or contract provisions at least 20 days before the policy expiration or anniversary date. The renewal notice is not necessary if "you" have procured equivalent coverage prior to the expiration of the policy period.