

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT
CAREFULLY.**

MINIMUM EARNED PREMIUM ENDORSEMENT

This endorsement modifies and amends insurance provided under the following:

ALL COVERAGE PARTS

This endorsement sets forth the minimum earned premium for the policy. The minimum earned premium for this policy is calculated with the following:

1. The minimum and deposit premium for the annual policy period is **X%** of the total policy premium as shown on the policy declarations page plus any premium adjustment by endorsement and any additional premium developed by audit.
2. Audits that indicate a return premium will not reduce the minimum as stated in paragraph 1.
3. If the insured cancels this policy and the policy **is not** subject to audit, the return premium will be the appropriate pro-rated amount of the unearned policy premium; however, in no event will the Company retain less than **X%** of the minimum earned premium shown in paragraph 1. above.
4. If the insured cancels this policy and the policy **is** subject to audit, the earned premium will be determined by final audit; however, in no event will it be less than **X%** of the minimum premium as described in paragraph 1. above.
5. If the Company cancels the policy for any reason, other than for non-payment of premium, the return premium will be the appropriate pro-rated amount of the unearned policy premium without any minimum premium restrictions.
 - a. If the policy **is** subject to audit, the Company has the right but is not required to determine the final earned premium by final audit.
6. If the Company cancels the policy for non-payment of premium, the premium will be calculated as follows:
 - a. If the policy **is not** subject to audit, the return premium will be the appropriate pro-rated amount of the unearned policy premium; however, in no event will the Company retain less than **X%** of the minimum earned premium shown in paragraph 1. above
 - b. If the policy **is** subject to an audit, the Company has the right but is not required to determine the final earned premium by final audit. If no audit is performed the return premium will be the appropriate pro-rated amount of the unearned policy premium; however, in no event will it be less than **X%** of the minimum premium as described in paragraph 1. Above
7. In the event of a total loss or a "constructive total loss" to Covered Property by a Covered Cause of Loss, the entire policy premium will be fully earned and no return premium will be due. "Constructive total loss" means the Covered Property damaged by a Covered Cause of loss is treated as a total loss because the cost of repairing the damaged Covered Property exceeds the actual cash value of the Covered Property at the time of loss.

All other terms and conditions of this policy remain unchanged.