**COMMERCIAL PROPERTY**

POLICY NUMBER:PolicyNumberP

**IssuingCompanyP**

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

**WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

CONDOMINIUM ASSOCIATION COVERAGE FORM

**SCHEDULE**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Windstorm Or Hail Deductible: | | |  | % |
| Subject To: | $ | Minimum Deductible Each Occurrence | | |

The Windstorm Or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail. Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy.

**WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS**

A. Calculation Of The Deductible – All Policies

1. A Percentage Deductible is calculated separately for, and applies separately to:

a. Each building that sustains loss or damage;

b. The personal property at each building at which there is loss or damage to personal property; and

c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate percentage Deductibles apply to the building and to the personal property.

If the sum of the percentage Deductible amounts resulting from any one occurrence is less than the Minimum Deductible Each Occurrence amount shown in the Schedule of this endorsement, then the Minimum Deductible Each Occurrence will be applied to all loss from that occurrence.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable limit of insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; or any provision in a Value Reporting Form relating to full reporting or failure to submit reports.

3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss, subject to the Minimum Deductible Each Occurrence shown in the Schedule of this endorsement. The applicable percentage for Newly Acquired Or Constructed Property is the percentage shown in the Schedule of this endorsement.

B. Calculation Of The Deductible – Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage shown in the Schedule of this endorsement of the limit(s) Of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage shown in the Schedule of this endorsement of the value(s) of the property that has sustained loss or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the Deductible amount as a percentage of the full value(s) as of the report dates.

b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the Deductible amount as a percentage of the applicable limit(s) of insurance.

But in no case will the Deductible amount be less than the Minimum Deductible Each Occurrence shown in the Schedule of this endorsement.

C. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to the percentage shown in the Schedule of this endorsement of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to the percentage shown in the Schedule of this endorsement of the value(s) of the property that has sustained loss or damage, subject to the Minimum Deductible Each Occurrence shown in the Schedule of this endorsement. The value(s) to be used is the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the Deductible amount as a percentage of the actual cash value(s) as of the report date.

b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the Deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

But in no case will the Deductible amount be less than the Minimum Deductible Each Occurrence shown in the Schedule of this endorsement.

Examples – Application Of Deductible

Example 1:

The amount of loss to the damaged building is $60,000.

The value of the damaged building at time of loss is $100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum limit of insurance needed to meet the Coinsurance requirement is $80,000 (80% of $100,000).

The actual limit of insurance on the damaged building is $70,000.

The Deductible is 1% with a Minimum Deductible Each Occurrence of $5,000.

|  |  |
| --- | --- |
| Step **(1):** | $70,000 ÷ $80,000 = .875 |
| Step **(2):** | $60,000 x .875 = $52,500 |
| Step **(3):** | $70,000 x 1% = $700 |
| Step **(4):** | $52,500 – $5,000 (Minimum Deductible Each Occurrence) = $47,500 |

The Minimum Deductible Each Occurrence was applied since the calculation of the Deductible based on the percentage did not exceed the Minimum Deductible Each Occurrence.

The most we will pay is $47,500. The remainder of the loss, $12,500, is not covered due to the Coinsurance penalty for inadequate insurance (Steps **(1)** and **(2)**) and the application of the Deductible (Steps **(3)** and **(4)**).

Example 2:

The amounts of loss to the damaged property are $60,000 (Building) and $40,000 (Personal Property in building).

The value of the damaged building at time of loss is $100,000. The value of the personal property in that building is $80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum limits of insurance needed to meet the Coinsurance requirement are $80,000 (80% of $100,000) for the building and $64,000 (80% of $80,000) for the personal property.

The actual limits of insurance on the damaged property are $80,000 on the building and $64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 5% with a Minimum Deductible Each Occurrence of $5,000.

Building

|  |  |
| --- | --- |
| Step **(1):** | $80,000 x 5% = $4,000 |
| Step **(2):** | $60,000 – $4,000 = $56,000 |

Personal Property

|  |  |
| --- | --- |
| Step **(1):** | $64,000 x 5% = $3,200 |
| Step **(2):** | $40,000 – $3,200 = $36,800 |

The most we will pay is $92,800. The portion of the total loss not covered due to application of the Deductible is $7,200.

**Example 3:**

The amounts of loss to the damaged property are $60,000 (Building 1) and $40,000 (Building 2).

The value of each damaged building at time of loss is $100,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum limits of insurance needed to meet the Coinsurance requirement are $80,000 per building.

The actual limits of insurance on the damaged property are $80,000 per building (therefore, no Coinsurance penalty).

The Deductible is 5% with a Minimum Deductible Each Occurrence of $10,000.

**Building 1**

|  |  |
| --- | --- |
| Step **(1):** | $80,000 x 5% = $4,000 |
| Step **(2):** | $60,000 – $4,000 = $56,000 |

**Building 2**

|  |  |
| --- | --- |
| Step **(1):** | $80,000 x 5% = $4,000 |
| Step **(2):** | $40,000 – $4,000 = $36,000 |

|  |  |
| --- | --- |
| Minimum Deductible Each Occurrence: | $100,000 - $10,000 (Minimum Each Occurrence Deductible) = $90,000 |

The most we will pay is $90,000.

The Minimum Deductible Each Occurrence was applied since the calculation of the Deductible based on the percentage did not exceed the Minimum Deductible Each Occurrence.

All other terms and conditions remain unchanged.