

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS SETTLEMENT – BUILDINGS

Condition d. - Loss settlement

Condition d. 2. under 'Loss settlement' is deleted and replaced by the following:

Buildings covered under Coverage A or B at the cost to repair or replace without deduction for depreciation, subject to the following:

- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the full replacement cost of the building immediately before the loss, **we** will pay the cost to repair or replace, without deduction for depreciation, but not more than the least of the following amounts:
 1. The limit of liability under this policy that applies to the building;
 2. The replacement cost of that part of the building damaged with material of like kind and quality and for like use; or
 3. The necessary amount actually spent to repair or replace the damaged building.If the building is rebuilt at a new premises, the cost described in 2. above is limited to the cost which would have been incurred if the building had been built at the original premises.
- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the full replacement cost of the building immediately before the loss, **we** will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:
 1. The actual cash value of that part of the building damaged; or
 2. That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the replacement cost of the building.
- c. To determine the amount of insurance required to equal 80% of the full replacement cost of the building immediately before the loss, do not include the value of:

1. Excavations, footings, foundations, piers, or any other structures or devices that support all or part of the building, which are below the undersurface of the lowest basement floor;
2. Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
3. Underground flues, pipes, wiring and drains.

- d. **We** will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is complete, **we** will settle the loss as noted in a. and b. above.

However, if the cost to repair or replace the damage is both:

1. Less than 5% of the amount of insurance in this policy on the building; and
2. Less than \$2,500;

we will settle the loss as noted in a. and b. above whether or not actual repair or replacement is complete.

- e. **You** may disregard the replacement cost loss settlement provisions and make claim under this policy for loss to buildings on an actual cash value basis. **You** may then make claim for any additional liability according to the provisions of this Condition D. Loss Settlement, provided **you** notify **us**, within 180 days after the date of loss, of **your** intent to repair or replace the damaged building.

All other provisions of the policy not specifically modified by this endorsement apply.