

## REPLACEMENT COST ENDORSEMENT

The Replacement Cost Endorsement applies to the buildings identified on **your** Declarations with this form number.

In consideration of the premium charged, loss to the specified buildings will be settled as follows:

Buildings at replacement cost without deduction for depreciation, subject to the following:

- (1) 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 prior to the loss, **we** will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smallest of the following amounts:
  - (a) the limit of liability under this policy applying to the building;
  - (b) the replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
  - (c) the amount actually and necessarily spent to repair or replace the damaged building.
- (2) 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 prior to the loss, **we** will pay the larger of the following amounts, but not exceeding the limit of liability under this policy applying to the building:
  - (a) the actual cash value of that part of the building damaged; or
  - (b) that proportion of the cost to repair or replace, without deduction for depreciation, of 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.

In determining the amount of insurance required to equal 80% of the full replacement cost of the building immediately prior to the loss, **you** shall disregard the value of excavations, foundations, piers and other supports which are below the undersurface of the lowest basement floor or, where there is no basement, which are below the surface of the ground inside the foundation walls, and underground flues, pipes, wiring and drains.

When the cost to repair or replace the damage is more than \$1,000, **we** will pay no more than the actual cash value of the damage until actual repair or replacement is completed.

**You** may disregard the replacement cost provision and make claim under this policy for loss or damage to buildings on an actual cash value basis and then make claim within 180 days after loss for any additional liability brought about by the replacement cost provision.

This coverage does not apply to domestic appliances, awnings, outdoor antennas and outdoor equipment, whether or not attached to buildings.

All other provisions of this policy apply.