



## RESIDENCE SPECIAL LOSS SETTLEMENT ENDORSEMENT

**We** will amend the limit of insurance applying to Coverage A, as shown on form ML-20, for an additional premium subject to these conditions.

A. **We** will:

1. Increase Coverage A limit of insurance to equal the current replacement cost of the **residence** should a covered loss to the **residence** exceed the Coverage A limit of insurance. This agreement is conditioned on **your** obligation to insure the **residence** to 100% of the value that **we** recommend in accordance with B2 following. **Your** failure to comply voids **our** entire obligation under this endorsement.
2. Include any increased cost due to enforcement of any ordinance or law that regulates the construction or repair of **your residence** following a covered loss.

B. **You** will:

1. Elect to repair or replace the **residence** by agreement with **us**; any disagreement will be resolved by arbitration or appraisal.
2. Allow **us** to adjust the Coverage A limit of insurance on policy inception, renewal or anniversaries, or at agreed intervals in accordance with any property evaluation **we** may make, as referenced on the Declarations Page.
3. Notify **us** within 60 days of completion of any improvements to the **residence** that exceed 5% of the limit of insurance of Coverage A and pay any additional premium. **Your** failure to comply voids this entire endorsement and any loss will be settled in accordance with that section titled "How Much **We** Pay for Loss or Claims" on the form ML-20.

C. When this endorsement is applicable, **we** will *not* pay more than the lesser of:

1. The replacement cost of the **residence** or any part of it.
2. The amount actually and necessarily expended to repair or replace the **residence**, or any part of it, in the same construction with materials of like kind and quality at the same location.

When the cost to repair or replace the damage exceeds \$5000, **we** will only pay the actual cash value of the damage until the actual repair or replacement has been completed.