



FUNCTIONAL REPLACEMENT COST PROVISION

Refer to the Declarations if information is not shown on this form.
The coverage under this endorsement is subject to the *terms* contained in *your* policy.

SCHEDULE

Location of Building	Amount of Insurance
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
Description of <i>Business</i> Property	
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____

DEFINITIONS

The following definition applies to this policy form:

1. **Functional replacement cost** means the cost to repair or replace the damaged building or *business* property using common materials and construction methods that are comparable in function to the property it replaces.

BASIS OF LOSS ADJUSTMENT

Covered losses will be adjusted on the basis of the Settlement provision shown in this form. The Amount of Insurance shown in the Schedule is the only amount of insurance applicable to the scheduled building or *business* property. The Coinsurance provision contained in form SF-20 does not apply to the **Functional Replacement Cost** Provision.

The following are not eligible for **functional replacement cost**:

1. **Stock**;
2. Articles being stored or not being used;
3. Household furniture or residential contents;
4. Property of others; or
5. Antique, custom or obsolete items.

HOW MUCH WE PAY FOR LOSS OR CLAIM

Section 1. Settlement under E. How Much *We* Pay For Loss Or Claim in form SF-20 is amended for the property shown in the Schedule:

Settlement

1. **Our** liability for loss on a **functional replacement cost** basis will not exceed the smallest of the following amounts:
 - a. The Amount of Insurance shown in the Schedule;
 - b. **Functional replacement cost** when a total loss occurs, and *you* choose to replace the damaged building or *business* property at the same location, or at another location when it is required by ordinance or law;

- c. **Functional replacement cost** when a partial loss occurs, and **you** choose to repair the damaged building or **business** property at the same location; or
 - d. The amount **you** actually spend to repair or replace the loss or damage to the building or **business** property on a **functional replacement cost** basis.
2. The provisions for **functional replacement cost** set forth in 1. above do not apply until the damaged or destroyed property is repaired or replaced. A claim for any additional amount payable under **functional replacement cost** must be made in writing within 180 days after the loss. Until that time, **our** payment will not exceed the smallest of the following amounts:
- a. The Amount of Insurance shown in the Schedule; or
 - b. The amount it would cost to repair or replace the loss or damage at **functional replacement cost** less depreciation.

All other **terms** and conditions remain unchanged.