

## REPLACEMENT COST PROVISION (Not Applicable to Mobile Homes Whether Or Not On A Permanent Foundation)

The coverage under this endorsement is subject to the *terms* contained in the General Policy Provisions. Refer to the Supplemental Declarations if information is not shown on this form.

## **SCHEDULE**

Location of Premises Location No. Building No. Property Covered on a Replacement Cost Basis (Specify Coverage A or Coverage B or both).

Items deleted from the section titled WHAT WE DO NOT COVER.

Definition of **Replacement Cost-replacement cost** means the cost at the time of loss to replace the damaged, destroyed or stolen property with new articles of like kind and quality. **Replacement cost** does not apply to stock, merchandise, articles that are outdated or obsolete and to articles being stored or not being used. Loss or damage to any covered property excepted from **replacement cost** coverage will be settled on an actual cash value basis.

For the property described above as being covered on a **replacement cost** basis, the following provisions apply:

- 1. If the amount of insurance on the damaged property is at least 80% of its **replacement cost** at the time of loss, **we** pay the full cost of repair or replacement of the damaged property, up to the limit of insurance, without deduction for depreciation.
- 2. If the amount of insurance on the damaged property is less than 80% of its **replacement cost** at the time of loss, **we** will pay the greater of the following:
  - a. the actual cash value of the damaged property (subject to the provisions of any applicable Coinsurance Clause included in this policy).
  - b. that proportion of the **replacement cost** of the damaged part of the property which the amount of insurance bears to 80% of the **replacement cost** of the property.
- 3. *Our* liability for loss on a **replacement cost** basis, shall not exceed the smallest of the following amounts:
  - a. the amount of this policy applicable to the damaged or destroyed property;
  - b. the **replacement cost** of the property or any part thereof identical with such property on the same premises and intended for the same occupancy and use; or
  - c. the amount actually and necessarily expended in repairing or replacing said property or any part thereof.
- 4. The **Replacement Cost** Provision does not apply until the damaged or destroyed property is repaired or replaced. However, *you* may make a claim for the actual cash value amount of the loss before repairs are made. A claim for any additional amount payable under this **replacement cost** provision must be made in writing within 6 months after the loss.
- 5. If the loss on a **replacement cost** basis is less than \$1000 or less than 5% of the applicable limit of insurance, then the loss will be paid in full.
- 6. If this policy provides more than one limit of insurance on *your* property, these provisions apply separately to the property covered by each limit.

## SPECIAL LIMITATION ON COVERAGE B-BUSINESS PROPERTY

We pay the lesser of the following amounts for each covered item:

- 1. the applicable limit of insurance;
- 2. an amount not greater than *your* interest in the property;
- 3. the **replacement cost** of the property as defined in this endorsement;
- 4. four times the actual cash value of the property at the time of loss; or
- 5. the amount computed after applying the deductible or other limitation applying to the loss.

## WHAT WE DO NOT COVER

Under this provision we do not cover the following for replacement cost:

- 1. awnings, canopies or their supports;
- 2. books of account, abstracts, manuscripts, drawings, card index systems and other records (including film, tape, disc, drum, cell and other magnetic recording or storage media);
- 3. carpeting, cloth awnings and outdoor equipment, all whether permanently attached to the building structure or not;
- 4. domestic appliances;
- 5. fences that are not a permanent part of the building;
- 6. fire extinguishing apparatus;
- 7. floor coverings;
- 8. household furniture or residential contents;
- 9. mobile homes whether or not on a permanent foundation;
- 10. outdoor equipment, whether permanently attached to the building or not;
- 11. paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antiques furniture, rare books, antique silver, porcelains, rare glassware and bric-a-brac or other articles of art, rarity or antiquity;
- 12. permanent fixtures, machinery and equipment forming a part of and pertaining to the services of the building;
- 13. personal property of the *insured* as landlord used for maintenance or service of the building;
- 14. property of others;
- 15. shades and outdoor furniture; or
- 16. stock (raw, in process or finished) or merchandise, including materials and supplies in connection therewith.