

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPLACEMENT COST COVERAGE A (DWELLING)
(Form HO-A only)

SECTION I – CONDITIONS

4. **Loss Settlement** is deleted and replaced by the following:

4. **Loss Settlement.** Covered property losses are settled as follows:

a. Our limit of liability and payment for covered losses to:

1. personal property;
2. wall to wall carpeting, cloth awnings and fences;
3. structures that are not buildings;

will not exceed the smallest of the following:

1. the actual cash value at the time of loss determined with proper deduction for depreciation;
2. the cost to repair or replace the damaged property with material of like kind and quality with proper deduction for depreciation; or
3. the specified limit of liability of the policy.

b. Our limit of liability for covered losses to dwelling and other building structure(s) under Coverage A (Dwelling), except wall to wall carpeting, cloth awnings and fences, will be at replacement cost settlement subject to the following:

1. If, at the time of loss, the Coverage A (Dwelling) limit of liability is 80% or more of the full replacement cost of the dwelling, we will pay the repair or replacement cost of the damaged building structure(s), without deduction for depreciation.
2. If, at the time of loss, the Coverage A (Dwelling) limit of liability is less than 80% of the full replacement cost of the dwelling, we will pay only the proportionate share of the full replacement cost of the damaged building structure(s). Our share is equal to:
$$\frac{\text{Replacement Cost of the Loss} \times \text{Coverage A (Dwelling) Limit of Liability}}{80\% \text{ of Replacement Cost of the Dwelling}}$$
3. If, at the time of loss, the actual cash value of the damaged building structure(s) is greater than the replacement cost determined under (1) or (2) above, we will pay the actual cash value up to the applicable limit of liability.

In determining the amount of insurance required to equal 80% of the full replacement cost of the dwelling, do not include the value of excavations, underground pipes, and wiring and foundations which are below the surface of the ground.

We will pay only the actual cash value of the damaged building structure(s) until repair or replacement is completed. Repair or replacement must be completed within 365 days after loss unless you request in writing that this time limit be extended for an additional 180 days. Upon completion of repair or replacement, we will pay the additional amount claimed under replacement cost coverage, but our payment will not exceed the smallest of the following:

1. the limit of liability under this policy applicable to the damaged or destroyed building structure(s);
2. the cost to repair or replace the part of the building structure(s) damaged, with material of like kind and quality and for the same use and occupancy on the same premises; or
3. the amount actually and necessarily spent to repair or replace the damaged building structure(s).

All other provisions of this policy apply.