

REPLACEMENT COST LOSS SETTLEMENT ENDORSEMENT

(Use with Form HO-A)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

For an additional premium, your policy is changed as follows:

SECTION I – CONDITIONS

In the **Duties After Loss** Condition, Item A. **Your Duties After Loss** is replaced by the following:

a. **Your Duties After Loss.** In case of loss to covered property caused by a peril insured against, you must:

- (1) give prompt written notice to us of the facts relating to the claim.
- (2) notify the policy in case of loss by theft.
- (3) (a.) protect the property from further damage.
(b.) make reasonable and necessary repairs to protect the property.
(c.) keep an accurate record of repair expenses.
- (4) furnish a complete inventory of damaged personal property showing the quantity, description, and amount of loss. Attach all bills, receipts, and related documents which you have that justify the figures in the inventory.
- (5) as often as we reasonable require:
 - (a.) provide us access to the damaged property.
 - (b.) provide us with pertinent records and documents we request and permit us to make copies.
 - (c.) submit to examination under oath and sign and swear to it.
- (6) send to us, if we request, your signed sworn proof of loss within 91 days of our request on a standard form supplied by us. We must receive a signed sworn proof of loss not later than the 15th business day after we receive your written notice, or we waive our right to require a proof of loss. Such waiver will not waive our other rights under this policy.
 - (a.) This proof of loss shall state, to the best of your knowledge and belief:
 - (i.) the time and cause of loss;
 - (ii.) the interest of the insured and all others in the property involved including all liens on the property;
 - (iii.) other insurance which may cover the loss;
 - (iv.) the actual cash value of each item of property and the amount of loss to each item.

(b.) If you elect to make claim under the Replacement Cost Coverage of this policy, this proof of loss shall also state, to the best of your knowledge and belief:

- (i.) the replacement cost of the described dwelling;
- (ii.) the replacement cost of any other building on which loss is claimed;
- (iii.) the full cost of repair or replacement of loss without deduction for depreciation.

The **Loss Settlement** Condition is 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 personal property, wall to wall carpeting, cloth awnings, and fences 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 specific limit of liability of the policy.

b. Our limit of liability for covered losses to dwelling and other structures 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 only pay a proportionate share of the full replacement cost of the damaged building structure(s). Our share is equal to:

$$\text{Replacement Cost of the Loss} \times \frac{\text{Coverage A Limit}}{80\% \text{ of Replacement Cost of the Dwelling}}$$

(3) if, at the time of loss, the actual cash value of the damaged 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.

Each party will pay its own appraiser and bear the other expenses of the appraisal and umpire equally.

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.

All other provisions of this policy apply.

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 repairs 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 that 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 structure(s).

The **Appraisal** Condition is replaced by the following:

7. Appraisal. If you and we fail to agree on the actual cash value, amount of loss, or cost of repair or replacement, either can make a written demand for appraisal. Each will then select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a district court of a judicial district where the loss occurred. The two appraisers will then set the amount of loss, stating separately the actual cash value and loss to each item. If you or we request that they do so, the appraisers will also set:

- a. the full replacement cost of the dwelling.
- b. the full replacement cost of any other building upon which loss is claimed.
- c. the full cost of repair or replacement of loss to such building, without deduction for depreciation.

If the appraisers fail to agree, they will submit their differences to the umpire. An itemized decision agreed to by any two of these three and filed with us will set the amount of the loss. Such award shall be binding on you and us.