

Form #RC-BD (Rev. November 19, 2015)

Replacement Cost Basis of Claim Settlement Endorsement - Dwelling Building & Detached Structures

It is hereby understood and agreed that Clause 13. Basis of Claim Settlement – Dwelling Building and Detached Structures contained in form RD01 or RD02 (whichever applies as noted on the Declarations page) is deleted in its entirety and replaced with the following:

13. BASIS OF CLAIM SETTLEMENT – DWELLING BUILDING AND DETACHED STRUCTURES

Replacement Cost

Loss settlement shall be on a "Replacement Cost" basis for the Dwelling Building or Detached Structures. The following conditions apply:

On Dwelling Building and Detached Structures, when repaired or replaced for residential use on the same premises, and provided repair or replacement is executed with due diligence, we will pay the replacement cost for equivalent construction, without deduction for depreciation, provided that the limit of insurance is equal to, or greater than, 80% of the replacement cost value of the Dwelling Building or Detached Structures at the time of loss. However, in no circumstances will the replacement cost exceed the applicable limit of insurance.

Should the limit of insurance be less than 80% of the replacement cost value of the Dwelling Building or Detached Structures, then you can choose one of the following options (however, in no circumstances will we pay more for any loss than the applicable limit of insurance):

1. The actual cash value (depreciated value), but not more than the amount necessary to repair or replace;
2. The replacement cost. If you elect to have your loss adjusted and paid on this basis, then we shall not pay more than the proportion of the cost of repairs or replacement which the insured amount bears to 80% of the actual replacement cost value of the Dwelling Building or Detached Structures at the time of the loss.

Should the Dwelling Building or Detached Structures not be repaired or replaced, the loss shall be settled on an Actual Cash Value basis but not more than the amount necessary to repair or replace and in no circumstances will we pay more for any loss than the applicable limit of insurance.

Bylaws Extension of Coverage

We will pay the additional cost of demolition, construction or repair which is required to comply with any laws regulating demolition, construction or repair of Dwelling Building or Detached Structures. However, we will not be liable for more than the least of:

1. 10% of the limit of insurance shown on the Declarations page for Dwelling Building or Detached Structures
2. The replacement cost of that part of the property damaged for equivalent construction, and use, on the same premises.

This bylaws extension will not increase the limit of insurance shown on the Declarations page.

Nothing herein contained shall vary, alter or extend any provision or conditions of the policy as otherwise shown.