

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

**Replacement Cost Basis of Claim Settlement Endorsement – Contents or Major Appliances**

It is hereby understood and agreed that Clause 14. Basis of Claim Settlement – Contents or Major Appliances contained in Form RD01 or Form RD02 (whichever applies as noted on the Declarations page) is deleted in its entirety and replaced with the following:

**14. BASIS OF CLAIM SETTLEMENT – CONTENTS OR MAJOR APPLIANCES**

Loss settlement shall be on a "Replacement Cost" basis for Contents or Major Appliances. The following conditions apply:

**Contents or Major Appliances**

On contents or major appliances that are not buildings, an insured loss will be paid on the basis of Replacement Cost:

1. Being the cost to repair or replace, whichever is less, at the time of the loss or damage with new materials of like kind and quality, without deduction for depreciation;
2. Provided the repair or replacement is executed with due diligence and promptly;
3. The amount we pay will be the lesser of the actual expenditure to repair or replace, but not exceeding the applicable limit of insurance.

**The replacement cost basis of settlement does not apply to:**

- a. Property which was not in good and workable condition;
- b. Property not being used by you, or being stored by you, unless the property is intended for use and only temporarily out of service;
- c. Articles, which by their inherent nature cannot be replaced with same or similar articles, such as: antiques, fine arts, paintings, statuary, memorabilia, souvenirs, photographs, negatives, rare books, manuscripts and collectors' items;
- d. Other similar articles the age, history and rarity of which contribute significantly to their value;
- e. Property, which at the time of loss or damage is no longer manufactured, or is unobtainable, but we will pay the cost of a new article of comparable quality and usefulness.

**If you do not Repair or Replace**

If you choose not to repair or replace any article, we will pay for the loss or damage to that article on the basis of "Actual Cash Value".

**Loss to a Pair, Set, or Parts**

In the case of an insured loss to a pair, set, or a part of an article which consists of several parts when complete, we have the option to:

1. Repair or replace any part to restore the property to its value before the loss, or
2. Pay the difference between the Actual Cash Value of the property before and after the loss.

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