

REPLACEMENT COST ENDORSEMENT – DWELLING

Covered property loss to any building under Coverage A or B of the Dwelling Property Policy (DP 00 01) form will be settled as follows:

- (1) If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the lower of the full cost to reconstruct or replace the building immediately before the loss, we will pay the cost to reconstruct or replace the part of the building damaged, after application of the deductible and without depreciation, but not more than the least of the following amounts:
 - (a) The Limit of Liability under this policy that applies to the building;
 - (b) The lower of either the reconstruction or replacement cost of the damaged part of the building; or
 - (c) The necessary amount actually spent to reconstruct or replace the damaged part of the building.
- (2) If, at the time of loss, the amount of insurance under this policy on the damaged building is less than 80% of the lower of the full cost to reconstruct or replace the building immediately before the loss, we will pay the greater of the following amounts, but not more than the Limit of Liability under this policy that applies to the building:
 - (a) The amount payable for the loss under Condition 5.a. of the policy, without regard to this endorsement; or
 - (b) That proportion of either the lower of the cost to reconstruct or replace the part of the building damaged, without deduction for depreciation, which the total amount of insurance under this policy on the damaged building bears to 80% of the lower of the full cost either to reconstruct or replace the building immediately before the loss.
- (3) To determine the amount of insurance required to equal 80% of the lower of the full cost to reconstruct or replace the building immediately before the loss, do not include the value of:
 - (a) Excavations, foundations, piers or any supports which are below the undersurface of the lowest basement floor;
 - (b) Those supports in (a) above which are below the surface of the ground inside the foundations walls, if there is no basement; and
 - (c) Underground flues, wiring and drains.
- (4)
 - (a) You may meet the 80% requirement of this endorsement by having in force at the time of the loss another policy of insurance subject to the same plan, terms, conditions and provisions as the insurance under this policy. If you do, we will pay our pro rata share of the loss.
 - (b) If, at the time of the loss, there is insurance covering the loss other than as described in (a) above, such as an excess insurance policy, you may include the amount of that insurance in meeting the 80% requirement of this endorsement, but if and only if we are advised that you have purchased such a policy, and there is in force under our policy at the time of the loss a PRIMARY INSURANCE ENDORSEMENT to our policy. There is an additional premium required for such an endorsement.
- (5) We will pay no more than the amount payable for the loss under Condition 5.a. of the policy, without regard to this endorsement, unless:
 - (a) Actual reconstruction or replacement is complete at the Described Location shown in the Declarations; or
 - (b) Actual reconstruction or replacement is complete at a location other than the Described Location; or
 - (c) The cost to reconstruct or replace the damage is both:
 - (i) Less than 5% of the amount of insurance under this policy on the damaged building; and
 - (ii) Less than \$5,000.

Regardless of whether the reconstruction or replacement is completed at the Described Location pursuant to subparagraph (a) above, or at a location other than the Described Location, pursuant to subparagraph (b) above, the measure of indemnity shall be based upon the replacement cost of the insured property and shall not be based upon the cost to repair, rebuild or replace at a location other than the insured premises.

- (6) You may disregard the reconstruction and replacement cost loss settlement provisions of this endorsement and make a claim for the loss based on Condition 5.a. of the policy. After the conditions of (5) (a) or (b) above are satisfied, but not later than 12 months after first payment under Condition 5.a., you may make claim for any additional benefits provided under this endorsement. In the event you are unable to satisfy conditions (5) (a) or (b) above within 12 months after such final payment because of conditions beyond your control, you may request an extension of time in which to do so. Additional extensions of six months shall be provided to policyholders for good cause.
- (7) In the event of a loss relating to a "state of emergency" as defined in Section 8558 of the Government Code, you may satisfy Condition 5 (a) and (b) above within 24 months from the first payment under Condition 5.a. of the policy.