

**Amended Basis of Loss Payment
For Use With
Commercial Building Owner's Policy - DH 20-02 (03-93)**

In consideration of the premium and subject to all terms and conditions of the policy to which this endorsement is a part **we** and **you** agree that the BASIS OF LOSS PAYMENT section contained in Section I - Business Property and Rents of form DH 20-02 is deleted in its entirety and is replaced with the following.

BASIS OF LOSS PAYMENT

Subject to the provisions contained in the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

3. Structures
 - a. If a damaged or totally destroyed structure is not repaired or replaced, payment will be limited to the loss of actual cash value at the time and place of loss with due consideration for depreciation from all sources however caused. Payment will not exceed the amount it would cost to repair or replace the damaged or totally destroyed structure with material of like kind, quality and use at the place of the loss and within a reasonable time after the loss.
 - b. If a damaged structure is repaired or if a totally destroyed structure is replaced at the same location, payment will be limited to the amount actually and necessarily expended to repair the damaged structure or to replace the totally destroyed structure with a new structure of kind, quality and use. Regardless of when **you** do complete repair or replacement the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.
 - c. **You** may replace a totally destroyed structure by building a new structure elsewhere. If **you** do so, payment will be limited to the lesser of the following:
 - (1) the amount actually and necessarily expended to replace elsewhere within a reasonable time after the loss with a new structure of like kind, quality and use; or
 - (2) the amount that would be necessarily expended to replace within a reasonable time after the loss with a new structure of like kind, quality and use at the place of the loss.

d. **You** may replace a totally destroyed structure by purchasing an existing structure elsewhere. If you do so, payment will be limited to the lesser of the following:

- (1) the amount actually and necessarily expended to replace elsewhere within a reasonable time after the loss with a new structure of like kind, quality and use; or
- (2) the amount that would be necessarily expended to replace within a reasonable time after the loss with a new structure of like kind, quality and use at the place of the loss.

In no event will **we** pay for the value of land.

You may first make claim for the loss under p h a. and, within one (1) year from the payment of that loss, make claim for any additional amount then payable by reason of b., c., or d.

2. **Your** Personal Property and Personal Property of **Your** Employees

- a. If lost or damaged property is not repaired or replaced, payment will be limited to the loss of actual cash value with due consideration for depreciation from all sources however caused. Payment will not exceed the amount which it would cost to repair or replace the lost or d property with property of kind, quality and use.
- b. If lost or damaged property is repaired or replaced, payment will be limited to the amount actually and necessarily expended to repair or replace with new property of like kind, quality and use.

You may first make claim for the loss under p h a. and, within one (1) year from the payment of that loss, make claim for any additional amount then payable by reason of b.

3. Trees, Shrubs and Other Plants

We will pay the amount actually and necessarily spent to replace lost or damaged trees, shrubs and other plants or, if not replaced, the amount actually and necessarily spent for removal of debris of such property.

4. Personal Property of Others, Except Employees

We will pay the amount for which **you** are legally liable.

5. Rents

We will pay:

- a. **your** net loss of rental income; and
- b. rents accrued but rendered uncollectible by reason of a covered loss at a location described on the Declarations, Page; and
- c. **your** extra expenses necessarily incurred to minimize **your** rental income loss, but only to the extent that the rental income loss **we** would otherwise pay is reduced.

The amount **we** will pay is further limited as follows:

Time Periods for which Loss of Rents may be Covered

- a. If the damaged or totally destroyed property is not repaired or replaced, or if it is repaired or replaced at the same premises, **we** will pay for the time during which the property could be repaired or replaced at the same location with property of like kind, quality and use with the exercise of due diligence and dispatch.
- b. If a covered structure is totally destroyed and is replaced elsewhere by the construction or purchase of another structure of kind, quality and use, **we** will pay for the time during which the structure could be so replaced elsewhere not to exceed the time specified in a. above for the replacement of property at the same location.
- c. In no event will we pay for more than twenty, four (24) months of incurred net loss of rental income.

The period of time **we** use to determine **your** loss of rents is not limited by the expiration date of the policy.