

Amended Basis of Loss Payment – Replacement Cost For Use With Dwelling Fire Policy – DH 25-04

In consideration of the payment of premium and subject to all terms and conditions of the policy of which this endorsement is a part, **we** and **you** agree that the BASIS OF LOSS PAYMENT section of the policy is deleted in its entirety and is replaced with the following:

BASIS OF LOSS PAYMENT

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

1. Dwellings and other 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 less all sums which were not incurred at the time of the loss or damage for planned additions, alterations, repairs or renovations.
 - 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 like kind, quality and use less all sums which were not incurred at the time of the loss or damage for planned additions, alterations, repairs or renovations. 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 less all sums which were not incurred at the time of the loss or damage for planned additions, alterations, repairs or renovations; 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 less all sums which were not

incurred at the time of the loss or damage for planned additions, alterations, repairs or renovations.

- 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 reasonably required and actually expended to purchase within a reasonable time after the loss a structure of like kind, quality and use as the structure totally destroyed; 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 less all sums which were not incurred at the time of the loss or damage for planned additions, alterations, repairs or renovations.

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

You may first make claim for the loss under paragraph 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. Personal Property

- 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 damaged property with property of like 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 paragraph a. and, within one (1) year from the payment of that loss, make claim for any additional amount then payable by reason of b.