

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**BUILDING REPLACEMENT COST LOSS SETTLEMENT ENDORSEMENT
WINDSTORM OR HAIL**

For an additional premium charged DP GUA 301 – Building Replacement Cost and for an additional premium charged DP GUA 0020 – Loss of Use Endorsement will become part of the DP 00 01 – Dwelling Property 1 Basic Form and DP GUA 300 – Special Provisions Windstorm or Hail Form.

CONDITIONS

For the premium charged, Condition E., Loss Settlement, is deleted and replaced in Form DP 00 01 as follows:

- E. Loss Settlement. Covered property losses are settled as follows:
- a. Property of the following types:
 - (1) Personal property;
at actual cash value at time of loss but not more than the amount required to repair or replace.
 - b. Buildings under Coverage A or B at replacement cost without deduction for depreciation. We will pay no more than the smallest of the following:
 - (1) The limit of liability under this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged for like construction and use on the same premises; or
 - (3) The necessary amount actually spent to repair or replace the damaged building.
 - c. We will pay no more than the actual cash value of the damage until actual repair or replacement is complete. Once actual repair or replacement is completed, we will settle the loss according to the provisions of b. above.
 - d. You may disregard the replacement cost loss settlement provisions and make claim under this policy for loss or damage to buildings on an actual cash value basis. You may then make claim within 180 days after loss for any additional liability according to the provisions of this Condition 3. Loss Settlement.

For an additional premium we also cover Fair Rental Value or Additional Living Expense as described in the Amendatory Endorsement DP GUA 0020 and the coverage and premium option selected DP GUA 0030.

The limit of liability for a contents only policy will be described in the Amendatory Endorsement DP GUA 0020 and the coverage and premium option selected DP GUA 0030.

We will pay only 1/12 of the stated amount in the coverage and premium option selected DP GUA 0030 for each month of Fair Rental Value or Additional Living Expense when the described location is unfit for normal use.

Payment under this coverage does not reduce Coverage A or C limit of liability.

All other provisions of this policy apply.

ADDITIONAL CONDITIONS

1. COINSURANCE

We will not pay the full amount of any loss if the value of the covered property at the time of loss is less than 80% of the replacement cost value.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in step (2);
and
- (4) Subtract the deductible from the figure determined in step (3).

We will pay the amount determined in step (4) or the limit of insurance whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example No. 1 (Underinsurance):

| | | |
|-------|--------------------------------------|-----------|
| When: | The value of the property is | \$250,000 |
| | The Coinsurance percentage for it is | 80% |
| | The Limit of Insurance for it is | \$100,000 |
| | The Deductible is | \$250 |
| | The amount of loss is | \$40,000 |

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4) $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example No. 2 (Adequate Insurance):

| | | |
|-------|--------------------------------------|-----------|
| When: | The value of the property is | \$250,000 |
| | The Coinsurance percentage for it is | 80% |
| | The Limit of Insurance for it is | \$200,000 |
| | The Deductible is | \$250 |
| | The amount of loss is | \$40,000 |

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this Example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).