

**REPLACEMENT COST ENDORSEMENT  
PRINCIPAL RESIDENCE DWELLINGS ONLY**

These provisions shall apply only to a single family dwelling which is your principal residence and which is covered under this policy. **A flood insurance policy must be in full force and effect at the time of loss. If satisfactory evidence of flood insurance is not provided to the insurance adjuster handling your claim, the loss will be settled on an actual cash value basis (ACV).**

Replacement Cost coverage is not provided for:

1. A unit in a condominium building, or
2. A townhouse, or
3. A manufactured or mobile home including any structures attached to it.

A single family dwelling qualifies as your principal residence provided that, at the time of loss, you or your spouse have lived in your building for either:

1. 80% of the calendar year immediately preceding the loss; or
2. 80% of the period of your ownership of the insured building, if less than one calendar year immediately preceding the loss.

For the premium charged for this policy, Policy Condition 5 - Loss Settlement is amended to read as follows:

5. Loss Settlement. Covered property losses are settled as follows:
  - a) Personal property and structures that are not buildings at actual cash value at the time of loss but not exceeding the amount necessary to repair or replace;
  - b) Carpeting, domestic appliances, awnings, outdoor antennas and outdoor equipment, whether or not attached to buildings, at actual cash value at the time of loss but not exceeding the amount necessary to repair or replace;

- c) Buildings under Coverage A or B at replacement cost without deduction for depreciation, subject to the following;
- (1) If at the time of loss the amount of insurance in this policy on the damaged building is 100% or more of the full replacement cost of the building immediately prior to the loss, we will pay the cost of repair or replacement, without deduction for depreciation, but not exceeding the smallest of the following amounts:
    - (a) the limit of liability under this policy applying to the building;
    - (b) the replacement cost of that part of the building damaged for equivalent construction and use on the same premises; or
    - (c) the amount actually and necessarily spent to repair or replace the damaged building, on the premises described in the policy.
  - (2) If at the time of loss the amount of insurance in this policy on the damaged building is less than 100% of the full replacement cost of the building immediately prior to the loss, we will pay the larger of the following amounts, but not exceeding the limit of liability under this policy applying to the building:
    - (a) the actual cash value of that part of the building damaged; or
    - (b) that proportion of the cost to repair or replace, without deduction for depreciation, of that part of the building damaged, which the total amount of insurance bears to 100% of the replacement cost of the building.
  - (3) In determining the amount of insurance required to equal 100% of the full replacement cost of the building immediately prior to the loss, you shall disregard the value of excavations, foundations, piers and other supports which are below the undersurface of the lowest basement floor or, where there is no basement, which are below the surface of the ground inside the foundation walls, and underground flues, pipes, wiring and drains.
  - (4) When the cost to repair or replace the damage is more than \$1,000 or more than 5% of the amount of insurance in this policy on the building, whichever is less, we will pay no more than the actual cash value of the damage until actual repair or replacement is completed.
  - (5) 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 and then make claim within 180 days after loss for any additional liability on a replacement cost basis.

All other provisions of this policy, including General Exclusions 1. Ordinance or Law, are still applicable to the Dwelling and Other Structures. If this endorsement applies, "actual cash value of the loss" shall read "amount of the loss" in Condition 8. APPRAISAL, page 10, of the WHP1(10/04).