

REPLACEMENT COST ON DWELLING BUILDING AND DETACHED PRIVATE STRUCTURES ENDORSEMENT

Dwelling Building and Detached Private Structures

Replacement Cost basis:

If Replacement Cost is shown on the Coverage Summary page, we will pay the cost of repairs or replacement (whichever is less) of the Dwelling Building and Detached Private Structures without deduction for depreciation, subject to the Amount of Insurance shown on the Coverage Summary page if you repair or replace the damaged or destroyed building on the same location with a building of the same occupancy constructed with materials of similar quality within a reasonable time after the damage. We will pay in proportion that the applicable Amount of Insurance bears to 80% of the replacement cost of the damaged building at the date of damage, but not exceeding the actual cost incurred. If you do not repair or replace the damaged or destroyed building, we will pay the Actual Cash Value of the damage on the date of occurrence, subject to the Amount of Insurance shown on the Coverage Summary page.

By-Laws

In determining the cost of repairs or replacement, we will pay up to \$10,000 in all for:

- (1) The cost of demolition and removal of any undamaged portion of the dwelling building or detached private structures;
- (2) The increased cost of construction or repair of the dwelling building or detached private structures; or
- (3) The cost of installation or repair of a sprinkler system;

In order to comply with the minimum requirements of any law regulation demolition, repair or construction of buildings or any by-law, regulation, ordinance or law requiring installation of a sprinkler system.

We will not pay the additional cost unless your building(s) is (are) actually repaired or replaced on the same site or adjacent site with a building of the same occupancy, constructed with materials of similar quality, within a reasonable time after the damage.

If we insure more than one building under this policy, this coverage applies separately to each building.

The by-law, regulation, ordinance or law must be in force at the time of such loss or damage.

Replacement Cost Value

Replacement Cost Value means:

a. the cost at the time of loss of a new Dwelling of like kind and quality to the one damaged, destroyed or stolen; or

b. when a Dwelling of similar dimensions is not available then Replacement Cost shall also mean a Dwelling of the next nearest dimensions.

However, we will pay whichever is the least of the following:

- i) the Amount of Insurance for the policy applicable to the damaged or destroyed Dwelling;
- ii) the amount actually and necessarily expended for repair or replacement.

Actual Cash Value

Actual Cash Value means the cost of replacement less any depreciation, and in determining depreciation we will consider the condition immediately before the loss or damage, the resale value and the normal life expectancy.

Inflation Protection

If there is a loss insured under Section I, we will automatically increase the Amounts of Insurance shown on the Coverage Summary page under Section I by amounts which are solely attributable to the inflation increase since the inception date of this policy, the latest renewal, anniversary date or annual review date or the date of the most recent change to the Amounts of Insurance shown on the Coverage Summary page, whichever is the latest. On renewal, anniversary date or annual review date of this policy, we will automatically increase the Amounts of Insurance shown on the Coverage Summary page under Section I by amounts which are solely attributable to the inflation increase since the inception date of this policy or the latest renewal, anniversary date or annual review date and we may adjust the premium accordingly.

All other terms, exclusions and conditions of the policy to which this endorsement applies remain unchanged.