

Federated Agencies Limited

GUARANTEED REPLACEMENT COST FOR BUILDING

This Endorsement modifies the coverage for "Building" provided under the Property Form to which it is attached.

Applicable only if indicated in the "Certificate of Insurance".

1. The Insurer agrees to amend the basis of settlement from actual cash value to "Replacement Cost" subject to the following provisions:

- a. "Replacement" shall be effected by the Insured with due diligence and dispatch;
- b. settlement on a "Replacement Cost" basis shall be made only when "Replacement" has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such "Replacement";
- c. failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this Endorsement had not been in effect;
- d. any other insurance effected by or on behalf of the Insured in respect of the perils insured against by this Policy on the "Building" to which this Endorsement is applicable shall be on the basis of "Replacement Cost" as defined herein;
- e. if this Policy insures two or more "Buildings", this Endorsement applies separately to each "Building" to which it is applicable;

2. Any reference to actual cash value in a co-insurance clause in this Policy is deemed to be a reference to "Guaranteed Replacement Cost" or "Replacement Cost" of the property insured, whichever is applicable.

3. In this Endorsement,

- a. "Replacement Cost" means the cost of replacing, constructing or re-constructing (whichever is the least) the "Building" with new property of like kind and quality and for like occupancy without deduction for depreciation; and
- b. "Replacement" includes repair, construction or re-construction with new property of like kind and quality.
- c. "Guaranteed Replacement Cost" means "Replacement Cost" whether or not such cost exceeds the Limit of Insurance specified in the "Certificate of Insurance" in respect of the "Building" lost or damaged.

4. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this Endorsement.

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5. EXTENSION – “GUARANTEED REPLACEMENT COST”

The Insurer agrees to amend the basis of settlement from actual cash value to “Guaranteed Replacement Cost” subject to all of the foregoing provisions of this Endorsement and to the following additional provisions:

- a. the Insured shall maintain insurance on the “Building”(s) insured to the extent of at least 100% of the “Replacement Cost” thereof;
- b. to maintain the “Guaranteed Replacement Cost” on the perils insured by the “Flood and Sewer Back-Up Endorsement”, if insured by this policy, the Insured shall maintain insurance of at least 100% of the “Replacement Cost” of the “Building”(s) insured.
- c. if during the policy period any improvements, extensions or additions are made to the “Building”(s) covered under this Policy which have a “Replacement Cost” value equal to or greater than 10% of the applicable Limit of Insurance specified in the “Certificate of Insurance”, then upon installation and/or completion of such improvements, extensions or additions the Insured will pay an additional premium to the Insurer to increase the Limit of Insurance on the “Building”(s) insured to the extent of at least 100% of the new “Replacement Cost” thereof;
- d. failing compliance by the Insured with clause 5. a., 5. b., and 5. c. above, settlement shall be made as if clause 5. **EXTENSION - “GUARANTEED REPLACEMENT COST”** had not been in effect.

Except as otherwise provided in this Endorsement all terms, provisions and conditions of the Policy shall have full force and effect.