

Functional Rebuilding Cost

(Words and phrases that appear in quotation marks have special meaning. Refer to the General Definitions of the policy this form is attached to. This coverage must be shown on the "Declaration Page" of "your" policy for it to apply.)

Insuring Agreement

In consideration of the reduction in overall limit required to be insured, and if the "Declaration Page" shows that Functional Rebuilding Cost coverage applies, the Basis of Claim Payment for the "Dwelling" Building is amended as follows:

Basis of Claim Payment

We will pay for loss or damage if you repair or replace the damaged or destroyed "dwelling" building on the same location with current and common building materials using current building techniques within a reasonable amount of time after the damage.

You may choose as the basis of loss settlement either **(A)** or **(B)** below; otherwise settlement will be as in (B).

(A) the cost of repairs or replacement (whichever is less) without deduction for depreciation for the "dwelling" building provided:

1. The amount of insurance shown on the Declaration Page for the "dwelling" building represents 100% of the cost to rebuild the insured "dwelling" on the same site with current and common materials and methods which are functionally equivalent to custom, antique or obsolete materials and methods used when the "dwelling" building was first constructed; and
2. "You" agree to accept each annual adjustment in the amount of insurance as recommended by "us" and pay the additional premium; and
3. "You" notify "us" within 30 days of the start of any additions or other physical changes to "your" "dwelling" building, which may increase the rebuilding by 5% or more, and pay any resulting additional premium.

(B) the "Actual Cash Value" of the damage at the date of the occurrence.

"Actual Cash Value" will consider the cost to repair or replace the lost or damaged property, whichever is less, with new materials of similar kind, quality, and usefulness, but with proper deduction for depreciation.

In determining the proper deduction for depreciation, "we" will consider:

1. the condition of the property immediately before the loss or damage;
2. the use of the property and its obsolescence;
3. its resale value; and
4. its normal life expectancy.

In all other respects, the policy provisions and limits of liability remain unchanged.

This coverage is void if you fail to comply with its provisions.