

LIMITED WAIVER OF DEPRECIATION EXTENSION

(Words and phrases that appear in quotation marks have special meaning or reference. Refer to Definitions of this form and the Policy.)

If the Declaration Page shows that Limited Waiver of Depreciation Extension applies, then the Insurer agrees to amend the basis of settlement from "Actual Cash Value" to "Replacement Cost" under the Contractors Tools and Equipment coverage subject to the following:

Conditions

For this extension to apply, all of the following conditions must be met:

- (a) the "item" insured is less than 36 months old in the case of a "power tool" or less than 60 months for all other contractors equipment, at the time of loss or damage; and
- (b) the insured limit on the damaged item is:
 - a. 100% of the current "Replacement Cost" value; or
 - b. 100% of the original purchase price;
- (c) the insured is the first owner/lessee of the "item"; and
- (d) replacement or repair has been made and a bill of sale has been presented.

Otherwise, settlement will be made on an "Actual Cash Value" basis.

Co-Insurance

"You" are required to maintain a limit of insurance on the Contractors Tools and Equipment equal to at least the amount that is calculated when 100% is multiplied against the replacement cost of the insured tools and equipment that meet the "Conditions" under this extension, plus 80% of the "actual cash value" of the remainder of the tools and equipment, at the time of the loss. Failure to do so will result in "you" only being entitled to recover that portion of any loss that the amount of insurance in force at the time of loss bears to the amount of insurance required to be maintained by this clause.

This clause will apply only where the total loss exceeds the lesser of 2% of the applicable amount of insurance or \$5,000.

Exclusions

This extension does not apply to:

- (a) tires;
- (b) batteries;
- (c) any equipment in connection with logging or forestry;
- (d) any property of others;
- (e) betterments resulting from the necessary repair or replacement of parts having prior unrepaired damage.

Amount Payable

The insurer will pay the actual cost to repair or replace the damaged or destroyed "item" up to:

- (a) the actual purchase price of the "item"; or
- (b) the manufacturer's suggested list price; or
- (c) the limit of insurance on the "item", however if the "item" is not specifically listed, then the original purchase price; whichever is the lesser amount.

Definitions

- (a) "Actual Cash Value" means a value which will take into account such things as the resale value and the normal life expectancy, and the cost of replacement less any depreciation. In determining depreciation, the insurer will consider the condition immediately before the damage.
- (b) "Item" means one tool or one piece of equipment insured under the Contractors Tool and Equipment coverage.
- (c) "Power tool" means an electrical powered hand tool.
- (d) "Replacement Cost" means the actual cost of repairs or replacement without depreciation.

ALL THE PROVISIONS, CONDITIONS, EXCLUSIONS AND THE BASIS OF CLAIM PAYMENT OF THE CONTRACTORS TOOL AND EQUIPMENT COVERAGE APPLY.