

Optional Coverage SDFM-16 (01-2002)

Deferred Loss Payment

If the amount of insurance payable under the **terms** of this policy for loss to any building described below and covered under this policy shall be in excess of 50 percent of the insurance on the described building, **we** will withhold from the initial payment any sum excess of 50 percent subject to the following conditions.

If any building sustaining such loss is repaired or replaced for the same use and occupancy within twelve (12) months from the date of loss and at or within five hundred (500) feet of where the building stood, **we** will pay the additional amount required to repair or replace the damaged building up to the limit of insurance stated on the declarations for the described buildings.

Failure to repair or replace any such building within the time and in the manner provided in the preceding paragraph shall constitute acceptance of the reduced amount of insurance as full and final settlement under this policy.

You further understand that this clause will apply to current and subsequent policies until **we** have revoked it in writing.

Signed: _____, Applicant

Agent: _____

At: _____ Date: _____

All terms not specifically changed by this optional coverage remain the same.