

Optional Coverage

OPTIONAL REPLACEMENT COST COVERAGE FOR UNDERINSURED DWELLINGS

(Applies Only To Coverage "A")

This optional coverage allows the **dwelling** to be insured for 50 percent, 60 percent, 70 percent, or 80 percent of its replacement cost (the agreed percentage) and still retain limited replacement cost coverage. The agreed percentage rate is stated on the declarations.

Applicable to **dwelling**s:

1. This coverage applies on to **dwelling**s scheduled on the declarations and shown as having this form available. This coverage applies only to such covered **dwelling**s, including additions and built-in components and fixtures, covered under Coverage "A". This coverage does not apply to:
 - a. mobile homes, whether or not on a permanent foundation;
 - b. domestic appliances;
 - c. detachable buildings items including awnings and window air-conditioners; or
 - d. outdoor structures which are not permanent components or fixtures of the **dwelling**. These include, but are not limited to, swimming pools, fences, paved areas, submersible pumps and sump pumps.
2. If the limit of insurance on the damaged **dwelling** is less than the agreed percentage (as shown on the declarations) of its replacement cost at the time of loss, **we** pay the larger of the following (in excess of the deductible);
 - a. **actual cash value** of the damaged part of the **dwelling**; or
 - b. that proportion of the replacement cost of the damaged part which **our** limit of insurance on the buildings bears to the agreed percentage (as indicated on the declarations) of the full current replacement cost of the covered **dwelling**.
3. If the limit of insurance on the damaged **dwelling** is at least the agreed percentage (as indicated on the declarations) of its replacement cost at the time of loss, **we** pay the full cost of repair or replacement of the damaged part without deduction for depreciation. **We** pay the smallest of the following amounts:
 - a. the limit of insurance applicable to the covered **dwelling**;
 - b. the cost (in excess of the deductible) to repair or replace the damage on the same premises using materials or installed equipment of equivalent kind and quality, to the extent practical; or
 - c. the amount (in excess of the deductible) actually and necessarily spent to repair or replace the damage.
4. When the damage to repair or replace exceeds the lesser of \$1000 or 5 percent of the applicable limit of insurance on the damaged **dwelling**, **we** are not liable for more than the **actual cash value** of the loss until the actual repair or replacement is completed.
5. **You** may make a claim for the **actual cash value** of the loss before repairs are made. A claim for any additional amount payable under the coverage must be made within 180 days after the loss.

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