

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CALIFORNIA DWELLING AND FARM BUILDING  
REPLACEMENT COST PROTECTION  
(INCLUDING ORDINANCE OR LAW COVERAGE)**

This endorsement modifies insurance provided under the following:

FARM PROPERTY – BARN, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM  
FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL  
PROPERTY COVERAGE FORM

**SCHEDULE**

(1) "Insured Location" Number	(2) Building Number And Description	(3) Amount Of Coverage (See Sections B.2. And B.3. And Sections C. And D. Of This Endorsement.)
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The terms of this endorsement apply separately to each building shown in column (2) of the Schedule. If you are a tenant, building means building additions, alterations, fixtures, improvements or installations made or acquired at your expense to that part of the building used exclusively by you.

**A. Replacement Cost Coverage**

With respect to a building described in the Schedule, the **Valuation** Loss Condition is replaced by the following:

1. We will settle covered loss or damage on the basis of replacement cost without deduction for depreciation.

However, we will pay no more than the smallest of the following amounts for construction with materials of like kind and quality and use on the same premises:

- a. The replacement cost of the damaged part of the building;
- b. The amount actually and necessarily spent to repair or replace the damaged part of the building; or
- c. The applicable Limit Of Insurance for the building, as shown in the Declarations.

2. However, we will pay no more than the actual cash value of the damaged part of the building as of the time of loss, until actual repair or replacement is complete. If the actual cash value does not exhaust the amount that we will pay as specified in Paragraph A.1., we will then pay the difference between the actual cash value and the replacement cost, provided that the repair or replacement is completed:

- a. Within 12 months after we pay the actual cash value; or
- b. Within 36 months after we pay the actual cash value if the loss or damage relates to a state of emergency under California Law.

The following provision applies to real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit:

If you, acting in good faith and with reasonable diligence, encounter a delay or delays in approval for, or reconstruction of, the residence that are beyond your control, we shall provide one or more additional extensions of six months for good cause. Circumstances beyond your control include, but are not limited to:

- a. Unavoidable construction permit delays;
- b. The lack of necessary construction materials; or
- c. The unavailability of contractors to perform the necessary work.

Nothing in this Paragraph 2. constitutes a waiver of our right to deny the claim for any valid reason or to restrict payment in cases of suspected fraud.

3. Actual cash value is determined as follows:

In the event of a partial or total loss to a building, actual cash value is calculated as Paragraph a. or b., whichever is less:

- a. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
- b. The Limit of Insurance applicable to the property.

## B. Ordinance Or Law Coverages

### 1. Coverage 1 – Loss To Undamaged Portion Of Building

If a Covered Cause of Loss occurs to a building described in column (2) of the Schedule, we will pay for the loss in value of the undamaged portions as a consequence of a requirement to comply with any ordinance or law that:

- a. Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- b. Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the "insured location" identified in column (1) of the Schedule; and
- c. Is in force at the time of loss.

This coverage is included in the Limit(s) Of Insurance shown in the Declarations as applicable to the covered building(s).

### 2. Coverage 2 – Demolition Cost

If a Covered Cause of Loss occurs to a building described in column (2) of the Schedule, we will pay the costs that you incur for demolishing and clearing the site of undamaged parts of the building, when demolition is a consequence of a requirement to comply with a building, zoning or land use ordinance or law in force at the time of loss.

### 3. Coverage 3 – Cost To Reconstruct In Compliance With Ordinance Or Law

If a Covered Cause of Loss occurs to a building described in column (2) of the Schedule, we will pay the increased costs that you incur to:

- a. Repair or reconstruct damaged portions of the building; and/or
- b. Reconstruct or remodel undamaged portions of the building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with a building, zoning or land use ordinance or law in force at the time of loss.

However:

- a. We will not pay any increased costs if the building is not repaired, reconstructed or remodeled.
- b. We will not pay any costs incurred due to any ordinance or law that:
  - (1) You were required to comply with before the loss, even if the building was undamaged; and
  - (2) You failed to comply with.
- c. If, in the repair, reconstruction, or remodeling of the building, any applicable building, zoning, or land use ordinance or law in force at time of loss is not complied with as a result of your contractor's error, negligence or inadequate knowledge of that ordinance or law, we will not pay any increased cost you incur in rectifying the work to effect compliance.
- d. If the current building is a "dwelling", we will pay the increased repair or reconstruction costs you incur for a "dwelling" designed for no more than the same number of families as the current "dwelling".
- e. If the current building is not a "dwelling", this coverage applies only if the repaired, reconstructed or remodeled building is intended for similar occupancy as the current building, unless such occupancy is not permitted by zoning or land use ordinance or law.
- f. If you reconstruct on a new site because the ordinance or law prohibits reconstruction on the original site, we will not pay more than the increased cost of construction on the new site.

**C. Coverage 4 – Increased Reconstruction Or Repair Costs Not Related To Ordinance Or Law**

If a Covered Cause of Loss occurs to a building described in column (2) of the Schedule and the reconstruction or repair costs that you consequently incur exceed the Limit of Insurance applicable to that building, and if the excess costs are not related to an ordinance or law, we will pay those excess costs.

However:

- 1. We will not pay any excess costs if the building is not repaired, reconstructed or remodeled; and
- 2. The conditions specified for Coverage 3 in Paragraphs 3.d. and 3.e. above also apply to this coverage.

**D. Amount Of Coverage – Sections B. And C.**

The Amount(s) of Coverage shown in column (3) of the Schedule applies to the total of all costs described in Sections B.2., B.3. and C. of this endorsement. The Amount of Coverage does not represent the value of the building and is not part of the Limit of Insurance that applies to the building.

**E. Exclusion Of Costs Related To "Pollutants"**

Under this endorsement, we will not pay any costs associated with the enforcement of or compliance with any ordinance or law that requires any "insured" or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".