

REPLACEMENT COST ENDORSEMENT

Words and phrases in quotation marks have special meaning as defined below or in the form to which this endorsement is attached

This endorsement modifies insurance provided under the form(s) specified on the "Declarations Page" to which it is attached.

This endorsement applies separately to each item specified on the "Declarations Page" and specific endorsements may include further coverage limitations.

1. The Insurer agrees to amend the basis of settlement from actual cash value to "replacement cost" subject to the following provisions:
 - (a) "replacement" shall be effected by the Insured with due diligence and dispatch;
 - (b) "replacement" shall be on the same site or on an adjacent site;
 - (c) settlement on a "replacement cost" basis shall be made only when "replacement" has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such "replacement";
 - (d) any other insurance effected by or on behalf of the Insured in respect of the insured perils under this Policy on the property to which this endorsement is applicable shall be on the basis of "replacement cost";
 - (e) failing compliance by the Insured with any of the above provisions, settlement shall be made as if this endorsement had not been in effect.
2. Any reference to actual cash value in a co-insurance clause in this Policy is deemed to be a reference to replacement cost of the insured property.
3. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that lost or damaged and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this endorsement
4. **Exclusions**

This endorsement does not apply to:

 - (a) "stock";
 - (b) patterns, dies, moulds;
 - (c) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
 - (d) manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment;
 - (e) any increase in the cost of "replacement" occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.
5. **Definitions**
 - (a) "**replacement**" includes repair, construction or re-construction with new property of like kind and quality; and
 - (b) "**replacement cost**" means whichever is the least of the cost of replacing, repairing, constructing or re-constructing the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation.

All other terms and conditions of this Policy remain unchanged.

