

**Loudoun Mutual Insurance Company**  
**Replacement Cost Terms for FL-1**

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This endorsement broadens the coverages provided by “your” primary coverage form.

**PLEASE READ IT CAREFULLY**

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The following replaces the section HOW MUCH WE PAY FOR LOSS OR CLAIM for coverage provided by form FL-1.

**I. HOW MUCH WE PAY FOR LOSS OR CLAIM**

**Loss Settlement Terms** – Subject to the deductible or other limitation that applies, **we** pay the lesser of:

- a) the limit that applies;
- b) **your** interest in the property; or
- c) the amount determined under the Replacement Cost Terms or the Actual Cash Value Terms, whichever apply.

**1. Replacement Cost Terms**

- a. The Replacement Cost Terms apply only to buildings covered under Coverage A and B that have a permanent foundation and roof. They do not apply to:
  - 1) mobile homes whether or not on a permanent foundation;
  - 2) window air conditioners;
  - 3) awnings and canopies;
  - 4) antennas;
  - 5) appliances;
  - 6) carpets;
  - 7) window coverings; and
  - 8) tenant’s improvements
- b. In determining the replacement cost, do not include the cost of:
  - 1) Excavations;
  - 2) Brick, stone, or concrete foundations;
  - 3) Piers and other supports which are below the surface of the ground inside the foundation walls; and
  - 4) Underground flues, pipes, wiring, and drains.
- c. When the cost to repair or replace exceeds the lesser of \$2,500 or five percent of the **limit** on the damaged building, **we** do not pay for more than the actual cash value of the loss until repair or replacement is completed.

**You** may make a claim for the actual cash value amount of the loss before repairs are made. A claim for an additional amount payable under these **terms** must be made within six months of whichever is latest:

- 1) the last date on which **you** received a payment for the actual cash value; or
- 2) the date of entry of a final order by a court declaring **your** right to full replacement cost.

- d. If the **limit** on the damaged building is less than 80 percent of its replacement cost at the time of loss, the larger of the following amounts is used in applying the Loss Settlement Terms:
  - 1) the actual cash value at the time of the loss; or
  - 2) that part of the replacement cost of the damaged part which **our limit** on the building bears to 80 percent of the full current replacement cost of the building.
- e. If the limit on the damaged building is at least 80 percent of its replacement cost at the time of loss, the smaller of the following amounts is used in applying the Loss Settlement Terms.
  - 1) the cost to repair or replace the damage on the same premises using materials of like kind and quality; or
  - 2) the amount spent to repair or replace the damage.

**2. Actual Cash Value Terms** – Actual Cash Value includes a deduction for depreciation, however caused.

- a. The Actual Cash Value Terms apply to all property not subject to the Replacement Value Terms.
- b. The smallest of the following amounts is used in applying the Loss Settlement Terms:
  - (1) the cost to repair or replace the property with materials of like kind and quality;
  - (2) the actual cash value of the property at the time of loss; or
  - (3) (applies only to mobile homes) the difference in the actual cash value just before the loss and the actual cash value just after the loss.

**3. Deductible** – this applies to Coverages A, B, and C; Debris Removal; Trees, Plants, Shrubs and Lawns; Glass Breakage; and Tenant’s Improvements. It applies to all perils insured against unless otherwise shown.

We pay that part of the loss over the deductible. Not more than one deductible applies per occurrence. If this policy covers more than one residence, the deductible applies separately to each residence.

- 4. Loss to a Pair or Set** – If there is a loss to an item which is part of a pair or set, **we** pay only to replace or repair the item, or **we** pay the difference in the actual cash value or the pair or set just before the loss and the actual cash value just after the loss.
- 5. Insurance Under More Than One Coverage** – If more than one coverage of this policy applies to a loss, we pay no more than the actual loss.
- 6. Insurance Under More Than One Policy** – If there is other insurance that applies to the loss, **we** pay **our** share of the loss. **Our** share is that part of the loss that the **limit** of this policy bears to the total amount of insurance that applies to the loss.
- 7. Restoration of Limits** – Each loss we pay under this policy does not reduce the limits available over the policy term.

All other terms and conditions of the policy apply.