

Functional Replacement Cost Loss Settlement Amendment – Texas

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

DEFINITIONS

The following definitions are added:

"Functional Replacement Cost" means the amount which it would cost to repair or replace the damaged building with less costly common construction materials and methods which are functionally equivalent to obsolete, antique or custom construction materials and methods used in the original construction of the building.

"Roofing" means the material designed and used for application to the exterior of a roof as a permanent protection from the weather, usually made from composition, tile, wood or metal.

"Roof surface(s)" refers to the shingles, tiles, cladding, metal, synthetic sheeting, membranes, tar, gravel, foam, or similar materials associated with covering the roof. Also included are solar panels, solar heating devices, wind generators, sky lights, vents, vent stacks, flashings, antennas, satellite dishes, or other devices affixed to the roof structure. "Roof surface(s)" also includes all materials used in securing the "roof surface(s)" and all materials applied to or under the "roof surface(s)" for moisture protection including underlayment, drip edge, membranes, ice and water shield, flashings and felt. Also included are gutters, guttering systems, downspouts, diverters, gutter screens or other covers designed for attachment to guttering. All elements of labor, overhead, profit, taxes and fees associated with the cost of replacing any "roof surface(s)" is included in this definition.

SECTION I CONDITIONS

Section I Conditions **D. Loss Settlement** is replaced by following:

D. Loss Settlement

In this Condition **D.**, the terms "cost to repair or replace" and "functional replacement cost" do not include the increased costs incurred to comply with the enforcement of any ordinance or law, except to the extent that coverage for these increased costs is provided in **E.11**. Ordinance Or Law under Section I – Property Coverages. Covered property losses are settled as follows:

1. Property of the following types:
 - a. Personal property, other than jewelry;
 - b. Awnings, carpeting, household appliances, outdoor antennas and outdoor equipment, whether or not attached to buildings;
 - c. Structures that are not buildings; and

- d. Grave markers, including mausoleums; at actual cash value at the time of loss but not more than the amount required to repair or replace.

2. Buildings covered under Coverage **A** or **B**.

- a. If, at the time of loss, the amount of insurance in this policy on the damaged building is 80% or more of the "functional replacement cost" of the building immediately before the loss, we will pay not more than the least of the following amounts:

- (1) The limit of liability under this policy that applies to the building; or
- (2) The necessary amount actually spent to repair or replace the damaged building on a "functional replacement cost" basis.

- b. If, at the time of loss, the amount of insurance in this policy on the damaged building is less than 80% of the "functional replacement cost" of the building immediately before the loss, we will pay the greater of the following amounts, but not more than the limit of liability under this policy that applies to the building:

- (1) For all losses, except "roof surface(s)" damaged by windstorm or hail, the actual cash value of that part of the building damaged; or

For "roof surface(s)" damaged by windstorm or hail, the amount payable under **2.d.(2)**; or

- (2) That proportion of the cost to repair or replace, without deduction for depreciation, that part of the building damaged, which the total amount of insurance in this policy on the damaged building bears to 80% of the "functional replacement cost" of the building.

- c. To determine the amount of insurance required to equal 80% of the "functional replacement cost" of the building immediately before the loss, we do not include the value of:

- (1) Excavations, footings, foundations, piers, or any other structures or devices;

es that support all or part of the building, which are below the undersurface of the lowest basement floor;

- (2) Those supports described in (1) above which are below the surface of the ground inside the foundation walls, if there is no basement; and
- (3) Underground flues, pipes, wiring and drains.

d. We will pay no more than the following:

- (1) For all losses except "roof surface(s)" damaged by windstorm or hail, we will pay no more than the actual cash value of the damage until you have complied with the provisions of 2.f. below. Once you have complied with those provisions, we will settle the loss according to the provisions of 2.a. and 2.b. above.

However, if the cost to repair or replace the damage is both:

- (a) Less than 5% of the amount of insurance in this policy on the building; and
- (b) Less than \$2,500;

we will settle the loss according to the provisions of 2.a. and 2.b. above whether or not actual repair or replacement is complete.

- (2) For "roof surface(s)" damaged by windstorm or hail, we will pay no more than the smallest of the following amounts for a covered loss until you have complied with the provisions of 2.e. below. Once you have complied with those provisions, we will settle the loss according to the provisions of 2.a. and 2.b. above.
 - (a) The cost to repair the part(s) of the "roof surface(s)" damaged or destroyed by windstorm or hail;
 - (b) The applicable percentage(s) of the "functional replacement cost" of the "roof surface(s)" damaged or destroyed by windstorm or hail as indicated in the Windstorm Or Hail Roof Payment Schedule found in this endorsement. If the age of the "roofing" cannot be deter-

mined, we will pay no more than the actual cash value of the damaged property until actual repair or replacement is completed; or

- (c) 1. The Limit Of Liability for Coverage A – Dwelling or Coverage B – Other Structures shown in the Declarations that applies to the damaged or destroyed "roof surface(s)" regardless of the number of buildings or other structures involved in the loss; or
- 2. The Blanket Property Limit that applies to the damaged or destroyed "roof surface(s)" regardless of the number of buildings or other structures involved in the loss.

- e. For "roof surface(s)" damaged by windstorm or hail, we will pay no more than the applicable percentage of indemnity shown in the Windstorm Or Hail Roof Payment Schedule for the damaged building structure(s) until repair or replacement is completed and the amount spent is documented. You must provide to us copies of paid receipts for the completed repair work, or a completion certificate and final invoice. Repair or replacement must be completed within 180 days after we or our agent are notified of the loss unless you request an extension of an additional 180 days in writing on a form provided by us, and mail it to us as instructed.
 - f. For loss or damage excluding any "roof surface(s)" damaged by windstorm or hail, we will pay no more than the actual cash value of the damaged building structure(s) until repair or replacement is completed and the amount spent is documented. You must provide to us copies of paid receipts for the completed repair work, or a completion certificate and final invoice. Repair or replacement must be completed within 180 days after we or our agent are notified of the loss unless you request an extension of an additional 180 days in writing on a form provided by us, and mail it to us as instructed.
- 3. Jewelry at replacement cost at the time of loss without deduction for depreciation.

WINDSTORM OR HAIL ROOF PAYMENT SCHEDULE

The applicable percentage of indemnity shown in the Windstorm Or Hail Roof Payment Schedule below will apply to all "roof surface(s)". The age of "roofing"

means the year of the loss minus the year of the last full roof replacement of the most prevalent "roofing" type.

Age of "Roofing"	"Roofing" Type					
	Compo-sition	Slate	Tile	Wood	Metal	All/Other "Roof-ing"Types
0	100%	100%	100%	100%	100%	100%
1	97%	99%	98%	98%	99%	97%
2	94%	98%	96%	96%	98%	94%
3	91%	97%	94%	94%	97%	91%
4	88%	96%	92%	92%	96%	88%
5	85%	95%	90%	90%	95%	85%
6	82%	94%	88%	88%	94%	82%
7	79%	93%	86%	86%	93%	79%
8	76%	92%	84%	84%	92%	76%
9	73%	91%	82%	82%	91%	73%
10	70%	90%	80%	80%	90%	70%
11	67%	89%	78%	78%	89%	67%
12	64%	88%	76%	76%	88%	64%
13	61%	87%	74%	74%	87%	61%
14	58%	86%	72%	72%	86%	58%
15	55%	85%	70%	70%	85%	55%

Age of "Roofing"	"Roofing" Type					
	Compo-sition	Slate	Tile	Wood	Metal	All/Other "Roof-ing"Types
16	52%	84%	68%	68%	84%	52%
17	49%	83%	66%	66%	83%	49%
18	46%	82%	64%	64%	82%	46%
19	43%	81%	62%	62%	81%	43%
20	40%	80%	60%	60%	80%	40%
21	37%	79%	58%	58%	79%	37%
22	34%	78%	56%	56%	78%	34%
23	31%	77%	54%	54%	77%	31%
24	28%	76%	52%	52%	76%	28%
25	25%	75%	50%	50%	75%	25%
26	25%	74%	48%	48%	74%	25%
27	25%	73%	46%	46%	73%	25%
28	25%	72%	44%	44%	72%	25%
29	25%	71%	42%	42%	71%	25%
30 or Over	25%	70%	40%	40%	70%	25%

