

whichever is less.

5. Loss Settlement. Covered property losses are settled as follows:

a. Replacement Cost. Property under Coverage A or B, including fences, at **replacement cost**, but not including those items listed in **b.(2), b.(3)**, and **c.** below, subject to the following:

- (1) We will pay the full cost of repair or replacement, but not exceeding the smallest of the following amounts:
 - (a) the limit of liability under the policy applying to Coverage A or B;
 - (b) the **replacement cost** of that part of the damaged building or fence for equivalent construction and use on the same premises as determined shortly following the loss;
 - (c) the full amount actually and necessarily incurred to repair or replace the damaged building or fence as determined shortly following the loss;
 - (d) the direct financial loss you incur; or
 - (e) our pro rata share of any loss when divided with any other valid and collectible insurance applying to the covered property at the time of loss.
- (2) When more than one layer of siding or roofing exists for **Building Property We Cover**, we will pay for the replacement of one layer only. The layer to be replaced will be at your option. The payment will be subject to all other policy conditions relating to loss payment.

When more than one layer of finished flooring exists we will pay for the finish of only one layer.
- (3) If the cost to repair or replace is \$2,500 or more, we will pay the difference between **actual cash value** and **replacement cost** only when the damaged or destroyed property is repaired or replaced.
- (4) You may disregard the **replacement cost** loss settlement provisions and make claim under this policy for loss or damage to buildings on an **actual cash value** basis but not exceeding the smallest of the following amounts:
 - (a) the applicable limit of liability;
 - (b) the direct financial loss you incur; or
 - (c) our pro rata share of any loss when divided with any other valid and collectible insurance applying to the covered property at the time of loss.

You may still make claim on a **replacement cost** basis by notifying us of your intent to do so within 180 days after the date of loss.

b. Actual Cash Value.

- (1) Personal property covered under Coverage C;
- (2) Wood fences, outdoor antennae and awnings, all whether attached or not to buildings; and
- (3) Structures that are not buildings under Coverage B, except driveways, walkways and other structures connected to the building by only a fence, utility line, plumbing or similar connection;

at **actual cash value** at the time of loss not exceeding the amount necessary to repair or replace.

c. Windstorm or Hail Roof Surfacing Loss Percentage

Roof surfacing losses caused by the peril of windstorm or hail will be paid at the percentage shown in the Roof Surfacing Loss Percentage Table below.

Roof Surfacing Loss Percentage Table

Age	Asphalt	Metal	Other	Slate	Tile	Wood
0	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
1	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
2	94.0%	97.3%	93.8%	97.3%	96.0%	95.0%
3	91.0%	96.0%	90.7%	96.0%	94.0%	92.5%

4	88.0%	94.7%	87.6%	94.7%	92.0%	90.0%
5	85.0%	93.4%	84.5%	93.4%	90.0%	87.5%
6	82.0%	92.0%	81.4%	92.0%	88.0%	85.0%
7	79.0%	90.7%	78.3%	90.7%	86.0%	82.5%
8	76.0%	89.4%	75.2%	89.4%	84.0%	80.0%
9	73.0%	88.0%	72.1%	88.0%	82.0%	77.5%
10	70.0%	86.7%	69.1%	86.7%	80.0%	75.0%
11	67.0%	85.4%	66.0%	85.4%	78.0%	72.5%
12	64.0%	84.0%	62.9%	84.0%	76.0%	70.0%
13	61.0%	82.7%	59.8%	82.7%	74.0%	67.5%
14	58.0%	81.4%	56.7%	81.4%	72.0%	65.0%
15	55.0%	80.1%	53.6%	80.1%	70.0%	62.5%
16	52.0%	78.7%	50.5%	78.7%	68.0%	60.0%
17	49.0%	77.4%	47.4%	77.4%	66.0%	57.5%
18	46.0%	76.1%	44.3%	76.1%	64.0%	55.0%
19	43.0%	74.7%	41.2%	74.7%	62.0%	52.5%
20	40.0%	73.4%	38.1%	73.4%	60.0%	50.0%
21	37.0%	72.1%	35.0%	72.1%	58.0%	47.5%
22	34.0%	70.7%	31.9%	70.7%	56.0%	45.0%
23	31.0%	69.4%	28.8%	69.4%	54.0%	42.5%
24	28.0%	68.1%	25.7%	68.1%	52.0%	40.0%
25	25.0%	66.8%	25.0%	66.8%	50.0%	37.5%
26	25.0%	65.4%	25.0%	65.4%	48.0%	35.0%
27	25.0%	64.1%	25.0%	64.1%	46.0%	32.5%
28	25.0%	62.8%	25.0%	62.8%	44.0%	30.0%
29	25.0%	61.4%	25.0%	61.4%	42.0%	27.5%
30 or more	25.0%	60.1%	25.0%	60.1%	40.0%	25.0%

For **roof surfacing** losses adjusted at ages 0 — 1 in the Roof Surfacing Loss Percentage table, all provisions under **5. Loss Settlement**, item **a.** apply.

- d. We will not pay for the cost to replace and/or match any undamaged siding, **roof surfacing** and/or windows due to any mismatch between the existing undamaged siding, **roof surfacing** and/or windows on a covered dwelling or other structure and any new materials used to repair or replace the damaged siding, roof and/or windows on a covered dwelling or other structure because of:
- (1) wear and tear, marring, scratching or deterioration;
 - (2) fading, weathering, oxidizing or color;
 - (3) texture or dimensional differences;
 - (4) obsolescence or unavailability of materials; or
 - (5) inherent vice, latent defect, mechanical breakdown.