

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INCREASE IN REBUILDING EXPENSES FOLLOWING DISASTER (ADDITIONAL EXPENSE COVERAGE ON ANNUAL AGGREGATE BASIS)

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Additional Expense Coverage Percentage
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

Section I – Property is amended as follows:

- A.** This endorsement applies with respect to a covered loss to a building identified in the Schedule.

Coverage for the loss is determined in accordance with all applicable policy provisions except as otherwise provided in this endorsement.

- B.** The Covered Causes of Loss (including related endorsements, if any) otherwise applicable to a building listed in the Schedule will apply to the coverage provided under this endorsement with respect to that building.

- C.** The Additional Expense Coverage provided under this endorsement applies if all of the following conditions are met, subject to all limitations of this endorsement:

- 1.** The event that caused the covered loss:
 - a.** Results in declaration of a state of disaster by federal or state authorities; or
 - b.** Occurs in close temporal proximity to the event that resulted in declaration of disaster by federal or state authorities;

- 2.** Expenses for labor and/or building materials for repair or replacement of the damaged property increase as a result of the disaster and the total cost of repair or replacement exceeds the applicable Limit of Insurance due to such increase in expenses;

- 3.** You elect to repair or replace the damaged building; and

- 4.** You notified us, within 30 days of completion, of any improvements, alterations or additions to the building which increase the replacement cost of the building by 5% or more, and allowed us to adjust the Limit of Insurance, if necessary, to maintain the required insurance-to-value level.

- D.** When the cost of repair or replacement increases in accordance with the terms of this endorsement, we will pay the increased expenses actually incurred, up to the maximum amount of Additional Expense Coverage.

E. The maximum amount of Additional Expense Coverage available for the extra expense of repair or replacement of a building listed in the Schedule is determined in accordance with the following provisions:

1. Apply the applicable percentage indicated in the Schedule for that building to:

- a. The Limit Of Insurance shown in the Declarations as applicable to the building when such limit covers only that building (exclusive of contents); or
- b. The value of the building when insurance is written on a blanket basis. (For the purpose of this endorsement, blanket insurance covers two or more buildings, or a building(s) and its contents, under a single Limit of Insurance.)

However, if the building is subject to a lower Limit of Insurance (sub-limit) for the Covered Cause of Loss that caused the loss, then the applicable percentage indicated in the Schedule will be applied to that sub-limit.

2. If a penalty for inadequate insurance applies to the covered loss to the building in accordance with the terms of this policy, then the maximum amount of Additional Expense Coverage will be decreased in the same proportion. (In determining compliance with the policy's insurance-to-value requirement, the increase in expenses attributable to the disaster will be disregarded.)

F. Annual Aggregate

The following applies when payments are made under this endorsement as a result of one or more covered events in an annual policy term:

1. When payments reach the maximum amount of Additional Expense Coverage, such coverage will not apply to a subsequent event which occurs in the same annual policy term.

2. When payments total less than the maximum amount of Additional Expense Coverage, the balance will be available for additional expenses incurred in a subsequent event which occurs in the same annual policy term.

G. Debris Removal

Up to 20% of the amount payable for Additional Expense Coverage may be used to cover debris removal expense associated with the covered loss. This does not increase the maximum amount of Additional Expense Coverage.

H. Ordinance Or Law

When a building listed in the Schedule is also covered for Coverage 3 – Increased Cost Of Construction Coverage under the Ordinance Or Law Coverage endorsement (if a part of this policy), up to 20% of the amount payable for Additional Expense Coverage may be used to cover costs payable under Coverage 3. This does not increase the maximum amount of Additional Expense Coverage.

I. Newly Acquired Or Constructed Buildings

When a newly acquired or constructed building is covered under the terms of the Newly Acquired Or Constructed Property Coverage Extension, then the highest percentage shown in the Schedule for any building will be applied to the applicable Limit of Insurance for newly acquired or constructed buildings. The result is the amount of Additional Expense Coverage applicable to the newly acquired or constructed building, subject to all other terms of this endorsement.

J. In determining the expenses payable under this endorsement, we will deduct any expenses recovered under the Business Income and/or Extra Expense Additional Coverages.