

AMENDATORY ENDORSEMENT PENNSYLVANIA

1. In all coverage forms except the Builders' Risk - Rehabilitation Or Renovation Form, the "term" actual cash value throughout the policy means the cost to repair or replace property using materials of like kind and quality, to the extent practical, less a deduction for depreciation, however caused.
2. In the Builders' Risk Coverage - Rehabilitation And Renovation Form, under Valuation, Existing Building, Actual Cash Value is deleted and replaced by the following:

Actual Cash Value -- If Actual Cash Value is indicated on the "schedule of coverages" for Existing Building, the value of the part of an "existing building" that sustains direct physical loss or damage will be based on the actual cash value at the time of loss. Actual cash value means the cost to repair or replace property using materials of like kind and quality to the extent practical, less a deduction for depreciation, however caused.

3. In the Builders' Risk Coverage - Rehabilitation And Renovation Form, under Valuation, Building Materials, is deleted and replaced by the following:

Building Materials --

- a. **Actual Cash Value** -- The value of "building materials" will be based on the actual cash value at the time of loss, less a deduction for depreciation, however caused.

- b. **Actual Cash Value Means** -- The actual cash value of "building materials" means:

- 1) the necessary and reasonable costs of materials (using materials of like kind and quality to the extent practical, less a deduction for depreciation, however caused) and labor incurred to repair or replace the part of the covered "building materials" that sustains direct physical loss or damage;
- 2) the reasonable overhead and profit related to the covered "building materials" that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the "rehabilitation or renovation project" in accordance with the construction contracts; and
- 3) other related construction costs and expenses that are re-incurred to repair or replace the part of "building materials" that sustain direct physical loss or damage, but only if such costs have been included as part of the "limit" for a covered "rehabilitation or renovation project".

4. What Must Be Done In Case Of Loss is amended to include the following provision:

Notice Of Our Intent -- Unless "we" need more time to investigate "your" claim, "we" will give "you" notice of "our" intent to accept or deny "your" claim within 15 working days after receipt of a duly executed proof of loss.

If "we" deny "your" claim, "we" give "you" written notice of "our" denial. "Our" notice will identify any provision of this policy on which the denial is based.

If "we" need more time to investigate "your" claim, "we" will give "you" notice of "our" need for more time within 15 working days after receipt of a duly executed proof of loss. "Our" notice will state why more time is needed.

If "our" investigation cannot be completed within 30 days of the date of "our" initial notice, "we" will give "you" written notice to state why more time is needed. "We" will give "you" such notice within 30 days of the date of "our" initial notice.

"We" will continue to give "you" written notice every 45 days thereafter to state why more time is needed until "we" give "you" notice of "our" intent to accept or deny "your" claim.

The requirements of this provision do not apply if there is a reasonable basis supported by specific information available for review by the insurance regulatory authority that "you" have fraudulently caused or contributed to the loss by arson or other illegal activity. Under such circumstances, "we" will give notice of "our" intent to accept or deny "your" claim within a reasonable period of time after receipt of a duly executed proof of loss.

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