Old Language	New Language	Explanation of Proposed Changes	Impact
BASIS OF LOSS ADJUSTMENT When this endorsement is in effect, covered losses will be adjusted on the basis of **functional replacement cost** provisions as shown below. **Functional Replacement Cost** means the cost of replacement of scheduled property with new property that performs at least the same functions as the damaged property that it replaces. Repairs to the scheduled building(s) and/or scheduled business property will be made using materials that may be less costly but that conform to generally accepted repair practices and are functionally equivalent to that property in place at the time of loss. If ***you*** choose not to make repairs, ***we*** will pay the monetary value of labor and the functionally equivalent materials that would have been consumed had repair or replacement been elected. We will not pay more than the amount of insurance shown above for covered loss or damage to property scheduled on this endorsement. These properties are exempted from the provisions of **Functional Replacement Cost**: 1. stock; 2. merchandise; and 3. articles that are outdated or obsolete and articles being stored or not being used. Covered loss or damage to these items will be adjusted on an actual cash value basis. **WHAT *WE* DO NOT PAY FOR** Property covered on a **functional replacement cost** basis is subject to the following provisions: Under this provision, ***we*** do not pay for: 1. loss or costs resulting from enforcement of code, ordinance or law regulating the use, construction, repair or demolition of any building or structure; 2. loss or damage to household furniture or residential contents; or 3. loss or damage to property of others.	**DEFINITIONS** The following definition applies to this policy form: 1. ***Functional replacement cost*** means the cost to repair or replace the damaged building or ***business*** property using common materials and construction methods that are comparable in function to the property it replaces. **BASIS OF LOSS ADJUSTMENT** Covered losses will be adjusted on the basis of the Settlement provision shown in this form. The Amount of Insurance shown in the Schedule is the only amount of insurance applicable to the scheduled building or ***business*** property. The Coinsurance provision contained in form SF-20 does not apply to the ***Functional Replacement Cost*** Provision. The following are not eligible for ***functional replacement cost***: 1. ***Stock***; 2. Articles being stored or not being used; 3. Household furniture or residential contents; 4. Property of others; or 5. Antique, custom or obsolete items. **HOW MUCH *WE* PAY FOR LOSS OR CLAIM** Section 1. Settlement under E. How Much ***We*** Pay For Loss Or Claim in form SF-20 is amended for the property shown in the Schedule: **Settlement** 1. ***Our*** liability for loss on a ***functional replacement cost*** basis will not exceed the smallest of the following amounts: a. The Amount of Insurance shown in the Schedule; b. ***Functional replacement cost*** when a total loss occurs, and ***you*** choose to replace the damaged building or ***business*** property at the same location, or at another location when it is required by ordinance or law; c. ***Functional replacement cost*** when a partial loss occurs, and ***you*** choose to repair the damaged building or ***business*** property at the same location; or d. The amount ***you*** actually spend to repair or replace the loss or damage to the building or ***business*** property on a ***functional replacement cost*** basis. 2. The provisions for ***functional replacement cost*** set forth in 1. above do not apply until the damaged or destroyed property	1. Some contents of the form were reworded or moved for readability and consistency. Essentially the function of the provision is the same as it previously was. 2. Costs due to ordinance or law was removed as an excluded item. Purpose of form is only to change settlement provisions, not coverage. Ordinance Or law expenses are still excluded on the Causes of Loss forms and only available if purchased through endorsement.	1. Clarification 2. Clarification

	is repaired or replaced. A claim for any additional amount payable under ***functional replacement cost*** must be made in writing within 180 days after the loss. Until that time, ***our*** payment will not exceed the smallest of the following amounts: a. The Amount of Insurance shown in the Schedule; or b. The amount it would cost to repair or replace the loss or damage at ***functional replacement cost*** less depreciation.		