

DEFERRED LOSS SETTLEMENT CLAUSE – E65

In consideration of the premium charged for this insurance and subject to the terms, conditions and limitations of the Policy including endorsements thereon, it is agreed between the Insurer and the Insured that, in the event of loss or damage to the building by an insured peril, settlement of the loss will be as follows:

- 1. The Insurer will not pay more than 50% of the amount we would otherwise have paid if this clause had not been in effect.**
- 2. If the Insured repairs or replaces the damaged or destroyed building within nine months of the date of the loss or damage, and, if replacement is necessary, the Insured replaces the building on the same site with a building designed for the same purpose for which the destroyed building was originally intended, we will, upon receipt of satisfactory evidence of your expenditures for such repair or replacement, pay the remaining amount of the loss in accordance with the terms and conditions of this policy.**
- 3. If the Insured does not repair or replace the damaged or destroyed building within the provisions of paragraph 2. above, the reduced payment that the Insured shall receive under the provisions of paragraph 1. shall constitute full and final settlement under this policy with respect to such loss. The Insurer will then refund one-half the premium that the Insured paid for the insurance on the building, if the Insured requests us to do so.**
- 4. If the Insured has other insurance on the building, the Insurer will pay its rateable proportion of the loss subject to the terms and conditions of this clause.**

The Insurer does not pay for any loss, expense or increased cost of repair or replacement due to the operation of any law or ordinance regulating zoning, demolition, repair or construction of buildings and their related services.