

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMIT OF INSURANCE ENHANCEMENT (MARGIN CLAUSE)

This endorsement modifies insurance provided under the following:

POLICY DECLARATIONS

A. LIMIT OF INSURANCE ENHANCEMENT

Section **A.2.b LIMITS OF INSURANCE** is amended to read as follows:

- b. The Margin Clause percentage shown in Section **C. SPECIFIC ENDORSEMENT INFORMATION** multiplied by the stated value for the Coverage Item involved, as shown on the **SCHEDULE OF LOCATIONS AND VALUES**, or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values, less applicable deductible(s);

B. LIMITATIONS

The Margin Clause does not increase the Limits of Insurance shown Section **A.1.** in the Declarations or endorsed on to the policy

Subject always to the Limits of Insurance, the maximum loss payable is determined by applying the Margin Clause percentage shown in the Declarations to the stated values shown in Section **E. SCHEDULE OF LOCATIONS AND VALUES** in the Declarations or Statement of Values made part of this policy if the **SCHEDULE OF LOCATIONS AND VALUES** does not contain information on values. If the stated value of each building is not shown individually, we will determine individual building values using the provisions of paragraph **G. 13. Stated Values** of **LOSS CONDITIONS** in the **DIFFERENCE IN CONDITIONS COVERAGE FORM** prior to application of the Margin Clause percentage.

Actual loss payment will be determined based on the amount of loss or damage subject to all applicable policy provisions including the Limits of Insurance, Deductible and Valuation Conditions. However, for each Coverage Item, the actual loss payment will not exceed the maximum loss payable as described in **A.** above, less the applicable deductible, and will not exceed the Limits of Insurance.

If any of the provisions of this Margin Clause endorsement conflict with any of the terms of the **DIFFERENCE IN CONDITIONS COVERAGE FORM** or the Declarations, the terms of this endorsement will control.

C. EXAMPLES

The coverages, amounts and Margin Clause percentage shown in the examples may not be applicable to your policy. They are being used only to provide you with an example.

Example #1

One Location, 3 Buildings: Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000. Total stated building values are \$4,500,000.

The Per Unit Deductible is 5%.

The stated value for Building #1 is \$1,000,000. **The Margin Clause percentage is 120%. The maximum loss payable for Building #1 is \$1,200,000 (\$1,000,000 x 1.20).**

Building #1 sustains a loss of \$1,200,000.

Step (1): The Per Unit Deductible is 5% of the stated value for Building #1. ($\$1,000,000 \times 5\% = \$50,000$)

Step (2): Maximum loss payable minus Deductible ($\$1,200,000 - \$50,000 = \$1,150,000$)

Since \$1,150,000 is not more than the maximum loss payable and less than the Limit of Insurance, we will pay \$1,150,000.

Example #2

Buildings #1 through #3 are covered under a Limit of Insurance of \$4,500,000.

The Per Unit Deductible is 5%.

The stated value for Building #1 is \$1,000,000. **The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$1,150,000 (\$1,000,000 x 1.15).**

The stated value for Building #2 is \$2,500,000. **The Margin Clause percentage is 115%. The maximum loss payable for Building #1 is \$2,875,000 (\$2,500,000 x 1.15).**

Building #1 sustains a loss of \$1,300,000.

Building #2 sustains a loss of \$3,000,000.

Step (1): The Per Unit Deductible for Building #1 is 5% of the stated value for Building #1. ($\$1,000,000 \times 5\% = \$50,000$)

Step (2): The Per Unit Deductible for Building #2 is 5% of the stated value for Building #2. ($\$2,500,000 \times 5\% = \$125,000$)

Step (3): Maximum loss payable for Building #1 minus Deductible ($\$1,150,000 - \$50,000 = \$1,100,000$)

Step (4): Maximum loss payable for Building #2 minus Deductible ($\$2,875,000 - \$125,000 = \$2,750,000$)

Step (5): $\$1,100,000 + \$2,750,000 = \$3,850,000$

Since \$3,850,000 is less than the Limit of Insurance, we will pay \$3,850,000, the maximum loss payable in accordance with the Margin Clause.