

This extension modifies coverage provided by forms PA1, PAC1, PA2, PA2, PA3, PA11, PAI2, PA2I, PA22, PA23, PA24, PA26, PA29, PNI, PNPI, PNCI, PNII, PNI2, PN2I, PN23, PN24 and PN29, but only if Indicated on the Declarations Page for the form.

1. The Insurer agrees to amend the basis of settlement from actual cash value to replacement cost subject to the following provisions:
 - (a) replacement shall be effected by the Insured with due diligence and dispatch;
 - (b) replacement shall be on the same site or on an adjacent site;
 - (c) settlement on a replacement cost basis shall be made only when replacement has been effected by the Insured and in no event shall it exceed the amount actually and necessarily expended for such replacement;
 - (d) failing compliance by the Insured with any of the foregoing provisions, settlement shall be made as if this extension had not been in effect;
 - (e) any other insurance effected by or on behalf of the Insured in respect of the perils insured against by this Policy on the property to which this extension is applicable shall be on the basis of replacement cost as defined herein;
 - (f) this extension applies separately to each item(s) listed above.
2. Any reference to actual cash value in a co-insurance clause in this Policy is deemed to be a reference to replacement cost of the property insured.
3. In this extension,
 - (a) "replacement cost" means the cost of replacing, repairing, constructing or re-constructing (whichever is the least) the property on the same site with new property of like kind and quality and for like occupancy without deduction for depreciation; and
 - (b) "replacement includes repair, construction or re-construction with new property of like kind and quality.
4. In the event that new property of like kind and quality is not obtainable, new property which is as similar as possible to that damaged or destroyed and which is capable of performing the same function shall be deemed to be new property of like kind and quality for the purposes of this extension.
5. **EXCLUSIONS**
This extension does not apply to
 - (a) stock;
 - (b) patterns, dies, moulds;
 - (c) paintings, etchings, pictures, tapestries, statuary, marbles, bronzes, antique furniture, rare books, antique silver, porcelain, rare glassware, bric-a-brac or other articles of art, rarity or antiquity;
 - (d) manuscripts and records meaning books of account, drawings, card index systems and other records, media, data storage devices, and programme devices for electronic electro-mechanical data processing or for electronically controlled equipment;
 - (e) any increase in the cost of replacement occasioned by a restriction or prohibition in any by-law, regulation, ordinance or law.
6. **If Restricted to locations is indicated on the Declarations Page applicable to this extension, replacement cost coverage is restricted to the locations so indicated.**

All other terms and conditions of this Policy remain unchanged.