

### **Building Ordinance, Demolition and Increased Cost of Construction**

It is hereby understood and agreed, subject otherwise to the terms, conditions and exclusions of the Policy and endorsed hereon, that

- a) Company will pay for the additional increased costs incurred by the Insured, due to any repairs or reconstruction of a building consequent to a direct physical loss of or damage to such covered building (or structure) but not machinery and equipment, occurring at a premises described in the Schedule caused by an insured peril, resulting from the enforcement of any law or ordinance regulating the construction, demolition, repair, or use of such building (or structure). These additional increased costs are:
  - (1) The demolishing of undamaged parts of a building (or structure) including the cost of clearing the site;
  - (2) The loss in value of the undamaged portion of a building (or structure) that bears to the value of the entire building (or structure) prior to loss or damage and subject to the same method of recovery which applies to the damaged portion of such building (or structure);
  - (3) The repair, reconstruction or remodeling of damaged and undamaged portions of a building (or structure) whether or not demolition is required at the same described premises or at another site, and limited to the costs that would have been incurred in order to comply with the minimum requirements of the law or ordinance regulating the repair or reconstruction of the damaged building (or structure) at the same described premises. However, we shall not be liable for any increased cost of construction unless the damaged building (or structure) is actually rebuilt or replaced; and
  - (4) Company will pay no more than the applicable sub-limit of insurance.

The demolition of the undamaged building (or structure) as a result of enforcement of any law or ordinance regulating such demolition, will be considered a damaged building (or structure); the value of which is subject to the same method of recovery provided for a damaged building (or structure) and to the applicable limit of liability as per the schedule for that described premises.

- b) Company will not pay for the following under this coverage:
  - (1) Any cost that is incurred as a result of enforcement of any law or ordinance regulating any form of contamination.
  - (2) Any cost to install improvements or modifications to machinery or equipment, when either is required or performed to comply with the mandated work place safety and environmental regulations.

The indemnity provided herein shall be subject to the limit of indemnity as specified in The Schedule.