

FORMS – IMPLEMENTATION

MARCH 2, 2021

COMMERCIAL LINES

LI-CL-2021-008

SOUTH CAROLINA REVISED DEDUCTIBLE ENDORSEMENTS TO BE IMPLEMENTED

KEY MESSAGE

This circular announces the submission and acknowledgement of revised South Carolina endorsements in response to South Carolina Regulation 69-56.

Applicable Lines of Business: AG, BP, CF, FR, OP

Filing ID: CL-2021-OWH1

Edition Date: 8/2021

UPGRADE TO WORD AND EXCEL DOCUMENTS

ISO is currently implementing changes to our authoring and delivery systems so that **newly created** documents will be delivered in Office 365 .docx/.xlsx format. These changes will be phased in by product/service tentatively beginning in second quarter 2021. We are providing advance notification so that you may prepare your internal systems. Products impacted include, but are not limited to, documents delivered/accessed via Circulars, CLM, EFD, ERC, Filings, FIRST, Forms Library (including PolicyWriting Support Forms Instructional Supplement), IntegRater, PRM, Statistical Plans and Suite +.

BACKGROUND

South Carolina has amended Regulation 69-56, which provides guidance on the application of hurricane, named storm, and wind/hail deductibles.

ISO ACTION

In response to Regulation 69-56, we have revised various commercial lines windstorm or hail percentage deductible endorsements to specifically reference hurricane in the disclaimer statement which must be included on the face of any policy that contains a separate hurricane, named storm or wind/hail deductible.

Refer to the attached explanatory material for complete details about the filing.

INSURANCE DEPARTMENT ACTION

The South Carolina Department of Insurance has acknowledged this revision as submitted.

EFFECTIVE DATE

We do not establish an effective date for forms revisions in this state. Each insurer that elects to utilize this revision is responsible for determining its own effective date.

COMPANY ACTION

ISO has not filed this revision on behalf of insurers.

You must independently determine what revision to make and when to make any revision effective. If you decide to use all or any part of our revision, you are NOT required to file anything with the South Carolina Department of Insurance.

You must document your files in case the Insurance Department wishes to review the information at a later date. In all internal correspondence on this revision, you should refer to ISO Revision Designation Number CL-2021-OWH1, NOT this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New edition dates of existing form numbers are being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2021-004](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 8-21 (or the earliest possible subsequent date), along with any new and/or revised forms.

RELATED RULES REVISION

We are announcing in a separate circular the implementation of a corresponding rules revision. Please refer to the Reference(s) block for identification of that circular.

REFERENCE(S)

- [LI-CL-2021-009](#) (03/02/2021) South Carolina Revised Rules To Be Implemented
- [LI-CL-2021-004](#) (02/17/2021) Revised Lead Time Requirements Listing

ATTACHMENT(S)

- Filing [CL-2021-OWH1](#)
- Final Copies of [AG 03 09 08 21](#), [BP 03 16 08 21](#), [CP 03 39 08 21](#), [FP 03 11 08 21](#) and [OP 03 08 08 21](#)

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South Carolina Deductible Endorsements Revised

Applicable Lines of Business

This filing applies to the following lines of business:

- ◆ Agricultural Capital Assets (Output Policy)
- ◆ Businessowners
- ◆ Capital Assets Program (Output Policy)
- ◆ Commercial Fire and Allied Lines
- ◆ Farm

About This Filing

We are revising several endorsements in response to amended South Carolina Regulation 69-56.

Revised Forms

We are revising the following forms:

- ◆ AG 03 09 10 10 South Carolina Changes - Windstorm or Hail Percentage Deductible
- ◆ BP 03 16 01 10 South Carolina Windstorm or Hail Percentage Deductibles
- ◆ CP 03 39 06 07 Windstorm or Hail Percentage Deductible - South Carolina
- ◆ FP 03 11 04 16 South Carolina Changes - Windstorm or Hail Percentage Deductible
- ◆ OP 03 08 10 10 South Carolina Changes - Windstorm or Hail Percentage Deductible

We have used a format of ~~striking-through~~ deletions, underlining additions and inserting a revision bar in the left margin to indicate changes from the above-referenced editions to the 08 21 editions. Concurrent with implementation, the 08 21 editions will supersede the prior editions.

Related Filing(s)

Companion rules filing CL-2021-OWH2 is being filed and will be implemented with an effective date that coincides with the effective date of this filing.

Background

South Carolina has amended Regulation 69-56, which provides guidance on the application of hurricane, named storm, and wind/hail deductibles.

Specifically, Regulation 69-56 in part, states that:

“No insurer may offer a new property policy to or renew an existing policy of an insured that includes

a hurricane, named storm or wind/hail deductible unless the insurer ...

(2) includes on the face of any policy that contains a separate hurricane, named storm or wind/hail deductible the following statement: THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.”

Explanation of Changes

In light of the above requirement, we have revised AG 03 09, BP 03 16, CP 03 39, FP 03 11 and OP 03 08 to also specifically reference hurricane.

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coverage disputes arising from insurance policies. If there is any conflict between a form and any other part of the attached material, the provisions of the form apply.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART
VALUE REPORTING FORM

SCHEDULE

Location Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm Or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building, if two or more buildings sustain loss or damage;
 - b. The building and to personal property in that building, if both sustain loss or damage;

- c. Personal property at each building, if personal property at two or more buildings sustains loss or damage;
- d. Personal property in the open.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition.
3. When property is covered under the Additional Coverage for Newly Acquired Or Managed Property, in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Additional Coverage for Newly Acquired Or Managed Property is the highest percentage shown in the Schedule for any described location.

B. Calculation Of Deductible – Specific Insurance

1. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE NO. 1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of 140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step 1. $\$100,000 \div \$112,000 = .893$

Step 2. $\$60,000 \times .893 = \$53,580$

Step 3. $\$100,000 \times 1\% = \$1,000$

Step 4. $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps 1. and 2.) and the application of the Deductible (Steps 3. and 4.).

EXAMPLE NO. 2 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged property is \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property, if any, in that building is \$80,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

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The Deductible is 2%.

BUILDING

Step 1. $\$100,000 \times 2\% = \$2,000$

Step 2. $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step 1. $\$64,000 \times 2\% = \$1,280$

Step 2. $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE NO. 3 – BLANKET INSURANCE (C.)

The sum of the values of Building No. 1 (\$500,000), Building No. 2 (\$500,000) and Building No. 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage, if any, shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings No. 1, No. 2 and No. 3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings No. 1 and No. 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building No. 1) and \$20,000 (Building No. 2).

The Deductible is 2%.

BUILDING NO. 1

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$40,000 - \$10,000 = \$30,000$

BUILDING NO. 2

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

AGRICULTURAL CAPITAL ASSETS (OUTPUT POLICY) COVERAGE PART
VALUE REPORTING FORM

SCHEDULE

Location Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm Or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building, if two or more buildings sustain loss or damage;
 - b. The building and to personal property in that building, if both sustain loss or damage;

- c. Personal property at each building, if personal property at two or more buildings sustains loss or damage;
 - d. Personal property in the open.
2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition.
 3. When property is covered under the Additional Coverage for Newly Acquired Or Managed Property, in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Additional Coverage for Newly Acquired Or Managed Property is the highest percentage shown in the Schedule for any described location.

B. Calculation Of Deductible – Specific Insurance

1. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE NO. 1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of 140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step 1. $\$100,000 \div \$112,000 = .893$

Step 2. $\$60,000 \times .893 = \$53,580$

Step 3. $\$100,000 \times 1\% = \$1,000$

Step 4. $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps 1. and 2.) and the application of the Deductible (Steps 3. and 4.).

EXAMPLE NO. 2 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged property is \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property, if any, in that building is \$80,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step 1. $\$100,000 \times 2\% = \$2,000$

Step 2. $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step 1. $\$64,000 \times 2\% = \$1,280$

Step 2. $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE NO. 3 – BLANKET INSURANCE (C.)

The sum of the values of Building No. 1 (\$500,000), Building No. 2 (\$500,000) and Building No. 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage, if any, shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings No. 1, No. 2 and No. 3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings No. 1 and No. 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building No. 1) and \$20,000 (Building No. 2).

The Deductible is 2%.

BUILDING NO. 1

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$40,000 - \$10,000 = \$30,000$

BUILDING NO. 2

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage = {Enter 1%, 2% Or 5%}
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The provisions of this endorsement apply to the coverage provided under **Section I – Property**.

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

With respect to Covered Property at a premises identified in the Schedule, no other deductible applies to Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATION

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property;
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit(s) of Insurance.
3. When property is covered under the Coverage Extension for Newly Acquired Property Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible

1. Specific Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the Declarations under Blanket Insurance.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE #1 – SPECIFIC INSURANCE

The amount of loss to the damaged building is \$60,000.

The actual Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \times 1\% = \$1,000$

Step (2): $\$60,000 - \$1,000 = \$59,000$

The most we will pay is \$59,000. That portion of the loss not covered due to application of the Deductible is \$1,000.

EXAMPLE #2 – SPECIFIC INSURANCE

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (personal property in building).

The actual Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property.

The Deductible is 2%.

BUILDING

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720 (\$58,000 + \$38,720). The portion of the total loss that is not covered due to the application of the Deductible is \$3,280 (\$2,000 + \$1,280).

EXAMPLE #3 – BLANKET INSURANCE

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the Declarations under Blanket Insurance, is \$2,000,000.

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000) and Personal Property at Building #2 (\$250,000), as shown in the Declarations under Blanket Insurance, is \$1,500,000.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

BUILDING

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

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The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to the application of the Deductible. There is no loss payment for the personal property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLES

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

The provisions of this endorsement apply to the coverage provided under **Section I – Property**.

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

With respect to Covered Property at a premises identified in the Schedule, no other deductible applies to Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATION

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;
 - b. The personal property at each building at which there is loss or damage to personal property;
 - c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

2. We will not pay for loss or damage until the amount of loss or damage exceeds the Deductible. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit(s) of Insurance.
3. When property is covered under the Coverage Extension for Newly Acquired Property Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible

1. Specific Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the Declarations under Blanket Insurance.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE #1 – SPECIFIC INSURANCE

The amount of loss to the damaged building is \$60,000.

The actual Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \times 1\% = \$1,000$

Step (2): $\$60,000 - \$1,000 = \$59,000$

The most we will pay is \$59,000. That portion of the loss not covered due to application of the Deductible is \$1,000.

EXAMPLE #2 – SPECIFIC INSURANCE

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (personal property in building).

The actual Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property.

The Deductible is 2%.

BUILDING

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720 (\$58,000 + \$38,720). The portion of the total loss that is not covered due to the application of the Deductible is \$3,280 (\$2,000 + \$1,280).

EXAMPLE #3 – BLANKET INSURANCE

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the Declarations under Blanket Insurance, is \$2,000,000.

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000) and Personal Property at Building #2 (\$250,000), as shown in the Declarations under Blanket Insurance, is \$1,500,000.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

BUILDING

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to the application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE – SOUTH CAROLINA

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY
TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;

- b. The personal property at each building at which there is loss or damage to personal property;
- c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

- 2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; any provision in a Value Reporting Form relating to full reporting or failure to submit reports.
- 3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.

- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.

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- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

EXAMPLES – APPLICATION OF DEDUCTIBLE:

EXAMPLE #1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$112,000 (80% of \$140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \div \$112,000 = .893$

Step (2): $\$60,000 \times .893 = \$53,580$

Step (3): $\$100,000 \times 1\% = \$1,000$

Step (4): $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

EXAMPLE #2 – SPECIFIC INSURANCE (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. The portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE #3 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000) and Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

BUILDING

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE – SOUTH CAROLINA

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUILDERS RISK COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY
TOBACCO SALES WAREHOUSES COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.

Nothing in this endorsement implies or affords coverage for any loss or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this policy. If this policy is endorsed to cover Flood under the Flood Coverage Endorsement (or if you have a flood insurance policy), a separate Flood Deductible applies to loss or damage attributable to Flood, in accordance with the terms of that endorsement or policy.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CALCULATIONS

A. Calculation Of The Deductible – All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building that sustains loss or damage;

- b. The personal property at each building at which there is loss or damage to personal property;
- c. Personal property in the open.

If there is damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

- 2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any of the following: Coinsurance Condition; Agreed Value Optional Coverage; any provision in a Value Reporting Form relating to full reporting or failure to submit reports.
- 3. When property is covered under the Coverage Extension for Newly Acquired Or Constructed Property: In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at time of loss. The applicable percentage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described premises.

B. Calculation Of The Deductible – Specific Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.

- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance Other Than Builders' Risk

1. Property Not Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

2. Property Subject To Value Reporting Forms

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of that property as of the time of loss or damage.

D. Calculation Of The Deductible – Builders' Risk Insurance

1. Builders' Risk Other Than Reporting Form

In determining the amount, if any, that we will pay for property that has sustained loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the actual cash value(s) of that property as of the time of loss or damage.

2. Builders' Risk Reporting Form

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the actual cash value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the actual cash value(s) of the property on the report date, we will determine the deductible amount as a percentage of the actual cash value(s) as of the report date.

- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the actual cash value(s) of the property as of the time of loss or damage.

EXAMPLES – APPLICATION OF DEDUCTIBLE:

EXAMPLE #1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the Coinsurance requirement is \$112,000 (80% of \$140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \div \$112,000 = .893$

Step (2): $\$60,000 \times .893 = \$53,580$

Step (3): $\$100,000 \times 1\% = \$1,000$

Step (4): $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

EXAMPLE #2 – SPECIFIC INSURANCE (B.1.)

The amounts of loss to the damaged property are \$60,000 (Building) and \$40,000 (Personal Property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. The portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE #3 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000) and Building #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings #1, #2, and #3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings #1 and #2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building #1) and \$20,000 (Building #2).

The Deductible is 2%.

BUILDING #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

BUILDING #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. The portion of the total loss not covered due to application of the Deductible is \$20,000.

EXAMPLE #4 – BLANKET INSURANCE (C.1.)

The sum of the values of Building #1 (\$500,000), Building #2 (\$500,000), Personal Property at Building #1 (\$250,000) and Personal Property at Building #2 (\$250,000), as shown in the most recent Statement of Values on file with us, is \$1,500,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the Coinsurance requirement is \$1,350,000 (90% of \$1,500,000).

The **actual** Blanket Limit of Insurance covering Buildings #1 and #2 and Personal Property at Buildings #1 and #2, shown in the Declarations, is \$1,350,000. Therefore there is no Coinsurance penalty.

Building #1 and Personal Property at Building #1 have sustained damage; the amounts of loss are \$95,000 (Building) and \$5,000 (Personal Property).

The Deductible is 5%.

BUILDING

Step (1): $\$500,000 \times 5\% = \$25,000$

Step (2): $\$95,000 - \$25,000 = \$70,000$

PERSONAL PROPERTY

Step (1): $\$250,000 \times 5\% = \$12,500$

The loss, \$5,000, does not exceed the Deductible.

The most we will pay is \$70,000. The remainder of the building loss, \$25,000, is not covered due to application of the Deductible. There is no loss payment for the personal property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**SOUTH CAROLINA CHANGES –
WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE**

This endorsement modifies insurance provided under the following:

COVERAGE G – OTHER FARM STRUCTURES – BLANKET INSURANCE
FARM PROPERTY – BARNs, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM
FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL
PROPERTY COVERAGE FORM
FARM PROPERTY – FARM PERSONAL PROPERTY COVERAGE FORM
LIVESTOCK COVERAGE FORM
MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
VALUE REPORTING ENDORSEMENT

SCHEDULE

"Insured Location" Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

- A.** The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss ("loss") or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.
- B.** Nothing in this endorsement implies or affords coverage for any loss ("loss") or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this Policy.

- C.** As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

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D. If the Policy to which this endorsement is attached includes the:

1. Livestock Coverage Form, then the term personal property as used in this endorsement includes "livestock" as defined in the **Definitions** section of the Livestock Coverage Form; or
2. Mobile Agricultural Machinery And Equipment Coverage Form, then the term personal property as used in this endorsement includes "mobile agricultural machinery and equipment" as defined in the **Definitions** section of the Mobile Agricultural Machinery And Equipment Coverage Form.

E. Windstorm Or Hail Deductible Calculations

1. Calculation Of The Deductible – All Policies

a. A Deductible is calculated separately for, and applies separately to:

- (1) Each building that sustains loss or damage;
- (2) The personal property at each building at which there is loss ("loss") or damage to personal property; and
- (3) Personal property in the open.

If there is loss ("loss") or damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

b. We will not pay for loss ("loss") or damage until the amount of loss ("loss") or damage exceeds the applicable Deductible. We will then pay the amount of loss ("loss") or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition, or any provision in a Value Reporting endorsement relating to full reporting or failure to submit reports.

c. When property is covered under the following Coverage Extensions:

- (1) In the Farm Property – Farm Personal Property Coverage Form:
 - (a) Replacement Machinery, Vehicles And Equipment Newly Purchased;

(b) Additional Machinery, Vehicles And Equipment Newly Purchased;

(c) Additional Acquired Livestock; and

(d) Thirty-day Additional Limit On Borrowed Or Rented Farm Machinery, Vehicles, Equipment;

(2) New Construction in the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form; and

(3) In the Mobile Agricultural Machinery And Equipment Coverage Form:

(a) Additional Acquired Property – Newly Purchased; and

(b) Additional Acquired Property – Replacement;

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Coverage Extensions listed in Paragraphs c.(1), (2) and (3) is the highest percentage shown in the Schedule for any described location.

2. Calculation Of The Deductible – Specific Insurance

a. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss ("loss") or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss ("loss") or damage.

b. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss ("loss") or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss ("loss") or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- (1) If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- (2) If the first Report of Values is not filed with us prior to loss ("loss") or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

3. Calculation Of The Deductible – Blanket Insurance (Property Subject To Coverage G – Other Farm Structures – Blanket Insurance Endorsement)

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

F. Examples – Application Of Deductible

1. Example 1 – Specific Insurance (E.2.a.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of \$140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \div \$112,000 = .893$

Step (2): $\$60,000 \times .893 = \$53,580$

Step (3): $\$100,000 \times 1\% = \$1,000$

Step (4): $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

2. Example 2 – Specific Insurance (E.2.a.)

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

3. Example 3 – Blanket Insurance (E.3.)

The sum of the values of Barn #1 (\$500,000), Barn #2 (\$500,000) and Barn #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Barns #1, #2 and #3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Barns #1 and #2 have sustained damage; the amounts of loss to these barns are \$40,000 (Barn #1) and \$20,000 (Barn #2).

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The Deductible is 2%.

Barn #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Barn #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

COVERAGE G – OTHER FARM STRUCTURES – BLANKET INSURANCE
FARM PROPERTY – BARNs, OUTBUILDINGS AND OTHER FARM STRUCTURES COVERAGE FORM
FARM PROPERTY – FARM DWELLINGS, APPURTENANT STRUCTURES AND HOUSEHOLD PERSONAL
PROPERTY COVERAGE FORM
FARM PROPERTY – FARM PERSONAL PROPERTY COVERAGE FORM
LIVESTOCK COVERAGE FORM
MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
VALUE REPORTING ENDORSEMENT

SCHEDULE

"Insured Location" Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLE ILLUSTRATES HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

- A.** The Windstorm or Hail Deductible, as shown in the Schedule and set forth in this endorsement, applies to covered loss ("loss") or damage caused directly or indirectly by Windstorm or Hail. This Deductible applies to each occurrence of Windstorm or Hail.
- B.** Nothing in this endorsement implies or affords coverage for any loss ("loss") or damage that is excluded under the terms of the Water Exclusion or any other exclusion in this Policy.
- C.** As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

D. If the Policy to which this endorsement is attached includes the:

1. Livestock Coverage Form, then the term personal property as used in this endorsement includes "livestock" as defined in the **Definitions** section of the Livestock Coverage Form; or
2. Mobile Agricultural Machinery And Equipment Coverage Form, then the term personal property as used in this endorsement includes "mobile agricultural machinery and equipment" as defined in the **Definitions** section of the Mobile Agricultural Machinery And Equipment Coverage Form.

E. Windstorm Or Hail Deductible Calculations

1. Calculation Of The Deductible – All Policies

a. A Deductible is calculated separately for, and applies separately to:

- (1) Each building that sustains loss or damage;
- (2) The personal property at each building at which there is loss ("loss") or damage to personal property; and
- (3) Personal property in the open.

If there is loss ("loss") or damage to both a building and personal property in that building, separate deductibles apply to the building and to the personal property.

b. We will not pay for loss ("loss") or damage until the amount of loss ("loss") or damage exceeds the applicable Deductible. We will then pay the amount of loss ("loss") or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition, or any provision in a Value Reporting endorsement relating to full reporting or failure to submit reports.

c. When property is covered under the following Coverage Extensions:

- (1) In the Farm Property – Farm Personal Property Coverage Form:
 - (a) Replacement Machinery, Vehicles And Equipment Newly Purchased;

- (b) Additional Machinery, Vehicles And Equipment Newly Purchased;

- (c) Additional Acquired Livestock; and

- (d) Thirty-day Additional Limit On Borrowed Or Rented Farm Machinery, Vehicles, Equipment;

- (2) New Construction in the Farm Property – Barns, Outbuildings And Other Farm Structures Coverage Form; and

- (3) In the Mobile Agricultural Machinery And Equipment Coverage Form:

- (a) Additional Acquired Property – Newly Purchased; and

- (b) Additional Acquired Property – Replacement;

in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Coverage Extensions listed in Paragraphs **c.(1), (2) and (3)** is the highest percentage shown in the Schedule for any described location.

2. Calculation Of The Deductible – Specific Insurance

a. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss ("loss") or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss ("loss") or damage.

b. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss ("loss") or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss ("loss") or damage. The value(s) to be used is the latest value(s) shown in the most recent Report of Values on file with us.

However:

- (1) If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- (2) If the first Report of Values is not filed with us prior to loss ("loss") or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

3. Calculation Of The Deductible – Blanket Insurance (Property Subject To Coverage G – Other Farm Structures – Blanket Insurance Endorsement)

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used is that shown in the most recent Statement of Values on file with us.

F. Examples – Application Of Deductible

1. Example 1 – Specific Insurance (E.2.a.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of \$140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step (1): $\$100,000 \div \$112,000 = .893$

Step (2): $\$60,000 \times .893 = \$53,580$

Step (3): $\$100,000 \times 1\% = \$1,000$

Step (4): $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps (1) and (2)) and the application of the Deductible (Steps (3) and (4)).

2. Example 2 – Specific Insurance (E.2.a.)

The amounts of loss to the damaged property are \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property in that building is \$80,000. The Coinsurance percentage shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore, no Coinsurance penalty).

The Deductible is 2%.

Building

Step (1): $\$100,000 \times 2\% = \$2,000$

Step (2): $\$60,000 - \$2,000 = \$58,000$

Personal Property

Step (1): $\$64,000 \times 2\% = \$1,280$

Step (2): $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

3. Example 3 – Blanket Insurance (E.3.)

The sum of the values of Barn #1 (\$500,000), Barn #2 (\$500,000) and Barn #3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Barns #1, #2 and #3, shown in the Declarations, is \$1,800,000 (therefore, no Coinsurance penalty).

Barns #1 and #2 have sustained damage; the amounts of loss to these barns are \$40,000 (Barn #1) and \$20,000 (Barn #2).

The Deductible is 2%.

Barn #1

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$40,000 - \$10,000 = \$30,000$

Barn #2

Step (1): $\$500,000 \times 2\% = \$10,000$

Step (2): $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
VALUE REPORTING FORM

SCHEDULE

Location Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm Or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building, if two or more buildings sustain loss or damage;
 - b. The building and to personal property in that building, if both sustain loss or damage;
 - c. Personal property at each building, if personal property at two or more buildings sustains loss or damage;
 - d. Personal property in the open.
2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition.
3. When property is covered under the Additional Coverage for Newly Acquired Or Constructed Property, in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Additional Coverage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described location.

B. Calculation Of Deductible – Specific Insurance

1. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE NO. 1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of 140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step 1. $\$100,000 \div \$112,000 = .893$

Step 2. $\$60,000 \times .893 = \$53,580$

Step 3. $\$100,000 \times 1\% = \$1,000$

Step 4. $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps 1. and 2.) and the application of the Deductible (Steps 3. and 4.).

EXAMPLE NO. 2 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged property is \$60,000 (building) and \$40,000 (personal property in building).

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The value of the damaged building at time of loss is \$125,000. The value of the personal property, if any, in that building is \$80,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step 1. $\$100,000 \times 2\% = \$2,000$

Step 2. $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step 1. $\$64,000 \times 2\% = \$1,280$

Step 2. $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE NO. 3 – BLANKET INSURANCE (C.)

The sum of the values of Building No. 1 (\$500,000), Building No. 2 (\$500,000) and Building No. 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage, if any, shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings No. 1, No. 2 and No. 3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings No. 1 and No. 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building No. 1) and \$20,000 (Building No. 2).

The Deductible is 2%.

BUILDING NO. 1

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$40,000 - \$10,000 = \$30,000$

BUILDING NO. 2

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SOUTH CAROLINA CHANGES – WINDSTORM OR HAIL PERCENTAGE DEDUCTIBLE

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
VALUE REPORTING FORM

SCHEDULE

Location Number	Building Number	Windstorm Or Hail Deductible Percentage – Enter 1%, 2% Or 5%
		%
		%
		%
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

THIS POLICY CONTAINS A SEPARATE DEDUCTIBLE FOR HURRICANE, NAMED STORM OR WIND/HAIL LOSSES, WHICH MAY RESULT IN HIGH OUT-OF-POCKET EXPENSES TO YOU. THE ENCLOSED EXAMPLES ILLUSTRATE HOW THE DEDUCTIBLE MIGHT AFFECT YOU.

The Windstorm Or Hail Deductible, as shown in the Schedule, applies to loss or damage to Covered Property caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. If loss or damage from a covered weather condition other than Windstorm or Hail occurs, and that loss or damage would not have occurred but for Windstorm or Hail, such loss or damage shall be considered to be caused by Windstorm or Hail and therefore part of the Windstorm or Hail occurrence.

With respect to Covered Property at a location identified in the Schedule, no other deductible applies to Windstorm or Hail.

The Windstorm or Hail Deductible applies whenever there is an occurrence of Windstorm or Hail.

As used in this endorsement, the terms "specific insurance" and "blanket insurance" have the following meanings: Specific insurance covers each item of insurance (for example, each building or personal property in a building) under a separate Limit of Insurance. Blanket insurance covers two or more items of insurance (for example, a building and personal property in that building, or two buildings) under a single Limit of Insurance. Items of insurance and corresponding Limit(s) Of Insurance are shown in the Declarations.

WINDSTORM OR HAIL DEDUCTIBLE CLAUSE

A. All Policies

1. A Deductible is calculated separately for, and applies separately to:
 - a. Each building, if two or more buildings sustain loss or damage;
 - b. The building and to personal property in that building, if both sustain loss or damage;
 - c. Personal property at each building, if personal property at two or more buildings sustains loss or damage;
 - d. Personal property in the open.
2. We will not pay for loss or damage until the amount of loss or damage exceeds the applicable Deductible. We will then pay the amount of loss or damage in excess of that Deductible, up to the applicable Limit of Insurance, after any reduction required by any coinsurance or property value condition.
3. When property is covered under the Additional Coverage for Newly Acquired Or Constructed Property, in determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to a percentage of the value(s) of the property at the time of loss. The applicable percentage for property covered under the Additional Coverage for Newly Acquired Or Constructed Property is the highest percentage shown in the Schedule for any described location.

B. Calculation Of Deductible – Specific Insurance

1. Property Not Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the Limit(s) of Insurance applicable to the property that has sustained loss or damage.

2. Property Subject To Value Reporting Endorsement

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are the latest value(s) shown in the most recent Report of Values on file with us.

However:

- a. If the most recent Report of Values shows less than the full value(s) of the property on the report dates, we will determine the deductible amount as a percentage of the full value(s) as of the report dates.
- b. If the first Report of Values is not filed with us prior to loss or damage, we will determine the deductible amount as a percentage of the applicable Limit(s) of Insurance.

C. Calculation Of The Deductible – Blanket Insurance

In determining the amount, if any, that we will pay for loss or damage, we will deduct an amount equal to 1%, 2% or 5% (as shown in the Schedule) of the value(s) of the property that has sustained loss or damage. The value(s) to be used are those shown in the most recent Statement of Values on file with us.

EXAMPLES – APPLICATION OF DEDUCTIBLE

EXAMPLE NO. 1 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged building is \$60,000.

The value of the damaged building at time of loss is \$140,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limit of Insurance needed to meet the coinsurance requirement is \$112,000 (80% of 140,000).

The **actual** Limit of Insurance on the damaged building is \$100,000.

The Deductible is 1%.

Step 1. $\$100,000 \div \$112,000 = .893$

Step 2. $\$60,000 \times .893 = \$53,580$

Step 3. $\$100,000 \times 1\% = \$1,000$

Step 4. $\$53,580 - \$1,000 = \$52,580$

The most we will pay is \$52,580. The remainder of the loss, \$7,420, is not covered due to the Coinsurance penalty for inadequate insurance (Steps 1. and 2.) and the application of the Deductible (Steps 3. and 4.).

EXAMPLE NO. 2 – SPECIFIC INSURANCE (B.1.)

The amount of loss to the damaged property is \$60,000 (building) and \$40,000 (personal property in building).

The value of the damaged building at time of loss is \$125,000. The value of the personal property, if any, in that building is \$80,000. The Coinsurance percentage, if any, shown in the Declarations is 80%; the minimum Limits of Insurance needed to meet the coinsurance requirement are \$100,000 (80% of \$125,000) for the building and \$64,000 (80% of \$80,000) for the personal property.

The **actual** Limits of Insurance on the damaged property are \$100,000 on the building and \$64,000 on the personal property (therefore no Coinsurance penalty).

The Deductible is 2%.

BUILDING

Step 1. $\$100,000 \times 2\% = \$2,000$

Step 2. $\$60,000 - \$2,000 = \$58,000$

PERSONAL PROPERTY

Step 1. $\$64,000 \times 2\% = \$1,280$

Step 2. $\$40,000 - \$1,280 = \$38,720$

The most we will pay is \$96,720. That portion of the total loss not covered due to application of the Deductible is \$3,280.

EXAMPLE NO. 3 – BLANKET INSURANCE (C.)

The sum of the values of Building No. 1 (\$500,000), Building No. 2 (\$500,000) and Building No. 3 (\$1,000,000), as shown in the most recent Statement of Values on file with us, is \$2,000,000.

The Coinsurance percentage, if any, shown in the Declarations is 90%; the minimum Blanket Limit of Insurance needed to meet the coinsurance requirement is \$1,800,000 (90% of \$2,000,000).

The **actual** Blanket Limit of Insurance covering Buildings No. 1, No. 2 and No. 3, shown in the Declarations, is \$1,800,000 (therefore no Coinsurance penalty).

Buildings No. 1 and No. 2 have sustained damage; the amounts of loss to these buildings are \$40,000 (Building No. 1) and \$20,000 (Building No. 2).

The Deductible is 2%.

BUILDING NO. 1

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$40,000 - \$10,000 = \$30,000$

BUILDING NO. 2

Step 1. $\$500,000 \times 2\% = \$10,000$

Step 2. $\$20,000 - \$10,000 = \$10,000$

The most we will pay is \$40,000. That portion of the total loss not covered due to application of the Deductible is \$20,000.