

Notwithstanding any provisions of the **Policy** to the contrary, the basis upon which **We** shall settle any claims made under Section 1 of the **Policy** is on an indemnity basis.

The following definitions shall be added to Section 1:

Rebuilding Cost The total amount which it would cost to rebuild the **Buildings**, if they were totally lost or destroyed, to the same condition as they were in at the commencement of the **Period of Insurance**, including all of the costs set out at clauses 1, 3, 4, 5 and 6 of the Basis of Settlement provisions of Section 1 (Material Damage).

Contents Replacement Cost The total amount which it would cost to replace the **Contents** as a whole (and if separate items of **Contents** have separate **Sums Insured**, each of those items), if they were totally lost or destroyed, with **Contents** of a similar age and condition to that at the commencement of the **Period of Insurance**.

Basis of Settlement clause 1 to Section 1 shall be deleted and replaced with the following clause:

1. The Cost of Reinstatement

Where **You** choose to rebuild, repair or restore the **Property Insured** (and, in respect of **Buildings**, **We** do not elect to rebuild or restore such **Buildings Ourselves**), **We** will pay:

1.1 in the event of total loss or destruction, the cost incurred by **You** in rebuilding the **Building** or replacing **Contents** with similar property;

1.2 in the event of partial loss or damage, the cost incurred by **You** in repairing the **Damage** or restoring the damaged portion of the **Property Insured**,

to the same condition that the **Property Insured** was in immediately prior to the **Damage**, making appropriate deductions to reflect wear and tear and voluntary betterment.

Condition 4 (Underinsurance) to Section 1 shall be deleted and replaced with the following clause:

Underinsurance

The **Sums Insured** by any item of **Buildings** or **Contents** in **Your Schedule** are subject to average:

Underinsurance of Buildings

If the **Rebuilding Cost** at each separate **Building** or **Premises** shown in **Your Schedule** is more than 115% of the **Sum Insured**, **Our** liability for any **Damage** to **Buildings** shall be limited to that proportion of the amount otherwise payable which the **Sum Insured** bears to the **Rebuilding Cost**.

Underinsurance of Contents

If the **Contents Replacement Cost** of each item of **Contents** or the **Contents** as a whole shown in **Your Schedule** is more than 115% of the **Sum Insured**, **Our** liability for any **Damage** to **Contents** shall be limited to that proportion of the amount otherwise payable which the **Sum Insured** bears to the **Contents Replacement Cost**.

No cover will be provided under extensions 33 (Obsolete Building Materials) and 36 (Reinstatement to Match).