



# IMPORTANT NOTICE

Effective with this policy term, **FE-3650 ACTUAL CASH VALUE ENDORSEMENT** is added to your policy.

**This endorsement describes what the term "actual cash value" means where used in the policy. However, this endorsement does not change any replacement cost coverage that exists in the policy.**

This notice summarizes the changes being made to your policy. Please read the new endorsement carefully and note the following changes:

## POTENTIAL REDUCTION IN COVERAGE

Although not intended to change coverage, this change could potentially reduce or eliminate coverage depending on how it is interpreted and, in that regard, should be viewed as either an actual or potential reduction in or elimination of coverage.

- This endorsement defines "actual cash value" to mean the value of the damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property, less a deduction to account for pre-loss depreciation. All components of this estimated cost, such as materials, labor, overhead, and profit, are subject to depreciation. The depreciation deduction may include such considerations as age, condition, reduction in useful life, obsolescence, and any pre-loss damage including wear, tear, or deterioration.

Endorsement **FE-3650** follows this notice. Please read it thoroughly and place it with your policy. If you have any questions about the information in this notice, please contact your State Farm® agent.

This notice is a general description of coverage and/or coverage changes and is not a statement of contract. This message does not change, modify, or invalidate any of the provisions, terms, or conditions of your policy, or any other applicable endorsements.

## **FE-3650 ACTUAL CASH VALUE ENDORSEMENT**

The following is added to any provision which uses the term "actual cash value":

Actual cash value means the value of the damaged part of the property at the time of loss, calculated as the estimated cost to repair or replace such property, less a deduction to account for pre-loss depreciation. For this calculation, all components of this estimated cost including, but not limited to:

1. materials, including any tax;
2. labor, including any tax; and
3. overhead and profit;

are subject to depreciation.

The depreciation deduction may include such considerations as:

1. age;
2. condition;
3. reduction in useful life;
4. obsolescence; and
5. any pre-loss damage including wear, tear, or deterioration;

of the damaged part of the property.

All other policy provisions apply.

FE-3650