

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

## Filing at a Glance

Company: American Association of Insurance Services

Product Name: Inland Marine Guide	SERFF Tr Num: AMAX-125955222	State: Arkansas
TOI: 09.0 Inland Marine	SERFF Status: Closed	State Tr Num: EFT \$400
Sub-TOI: 09.0005 Other Commercial Inland Marine	Co Tr Num: AAIS-2008-65-1	State Status: Fees verified and received
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins
	Author: SPI AAIS	Disposition Date: 12/29/2008
	Date Submitted: 12/18/2008	Disposition Status: Filed
Effective Date Requested (New): 04/01/2009		Effective Date (New): 04/01/2009
Effective Date Requested (Renewal):		Effective Date (Renewal):

State Filing Description:

## General Information

Project Name: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1	Status of Filing in Domicile:
Project Number: AAIS-2008-65-1	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 12/29/2008	
State Status Changed: 12/18/2008	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
Re: AAIS-2008-65-1	
Inland Marine Guide Program (Traditional Non-Filed Inland Marine) Builder's Risk Class --	New & Revised Forms, Endorsements and Schedules (10 08)

Dear Sir or Madam:

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

On behalf of our affiliated companies, the American Association of Insurance Services (AAIS) is amending our filing, AAIS Filing Number AAIS-2008-65 approved on November 11/10/08.

The Filing Memorandum provides a description of the material being proposed at this time. Side-by-side comparisons of the current-to-revised forms, endorsements and schedules are included. Copies of all materials are enclosed.

We propose that the forms described in this filing become effective April 1, 2009. Companies will be advised to take the filing action outlined in the attached company action exhibit.

Please be advised that, upon approval, the materials that are the subject of this filing may also be provided to affiliated companies in an electronic format. We will be happy to furnish you the same materials electronically, upon request. Due to differences in printer configurations or other hardware or software differences, the appearance of the materials that are the subject of this filing may be altered slightly when produced by another system. Such alterations will be cosmetic only and will not affect the content of the filed materials.

Sincerely,

Pallavi U. Shah  
Senior Filings Specialist  
Pallavis@AAISonline.com

## Company and Contact

### Filing Contact Information

Pallavi Shah, Senior Filing Specialist  
1745 South Naperville Road  
Wheaton, IL 60187-8132

PallaviS@aaisonline.com  
(630) 681-8347 [Phone]  
(630) 681-8356[FAX]

### Filing Company Information

American Association of Insurance Services  
1745 S. Naperville Road  
Wheaton, IL 60187-8132  
(630) 681-8347 ext. [Phone]

CoCode: 31400  
Group Code:  
Group Name:  
FEIN Number: 36-2021360

State of Domicile: Delaware  
Company Type:  
State ID Number:

*SERFF Tracking Number:*      *AMAX-125955222*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Association of Insurance Services*      *State Tracking Number:*      *EFT \$400*  
*Company Tracking Number:*      *AAIS-2008-65-1*  
*TOI:*                      *09.0 Inland Marine*                      *Sub-TOI:*                      *09.0005 Other Commercial Inland Marine*  
*Product Name:*              *Inland Marine Guide*  
*Project Name/Number:*      *AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1*

-----

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

## Filing Fees

Fee Required? Yes  
Fee Amount: \$400.00  
Retaliatory? No  
Fee Explanation:  
Per Company: No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
American Association of Insurance Services	\$400.00	12/18/2008	24615294

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Llyweyia Rawlins	12/29/2008	12/29/2008

*SERFF Tracking Number:*      *AMAX-125955222*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Association of Insurance Services*      *State Tracking Number:*      *EFT \$400*  
*Company Tracking Number:*      *AAIS-2008-65-1*  
*TOI:*                      *09.0 Inland Marine*                      *Sub-TOI:*                      *09.0005 Other Commercial Inland Marine*  
*Product Name:*              *Inland Marine Guide*  
*Project Name/Number:*      *AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1*

## **Disposition**

Disposition Date: 12/29/2008

Effective Date (New): 04/01/2009

Effective Date (Renewal):

Status: Filed

Comment:

Rate data does NOT apply to filing.

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
 Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
 Company Tracking Number: AAIS-2008-65-1  
 TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
 Product Name: Inland Marine Guide  
 Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

<b>Item Type</b>	<b>Item Name</b>	<b>Item Status</b>	<b>Public Access</b>
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Filed	Yes
<b>Supporting Document</b>	IMG 10 08 Forms Filing Memo_Addendum	Filed	Yes
<b>Supporting Document</b>	IM 7051 09 08 to 10 08 page 16 mockup	Filed	Yes
<b>Supporting Document</b>	IM 7052 09 08 to 10 08 page 21 mockup	Filed	Yes
<b>Supporting Document</b>	IM 7053 09 08 to 10 08 page 22 mockup	Filed	Yes
<b>Supporting Document</b>	IM 7054 09 08 to 10 08 page 16 mockup	Filed	Yes
<b>Supporting Document</b>	!Important Notice - Copyrighted Materials	Filed	Yes
<b>Supporting Document</b>	AR IMG Forms Company Action Exhibit	Filed	Yes
<b>Form</b>	Builders' Risk Coverage - Scheduled Jobsite Form	Filed	Yes
<b>Form</b>	Builders' Risk Coverage - Contractors' Reporting Form	Filed	Yes
<b>Form</b>	Builders' Risk Coverage - Builders' Risk And Installation Floater Form	Filed	Yes
<b>Form</b>	Builders' Risk Coverage - Rehabilitation And Renovation Form	Filed	Yes

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
 Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
 Company Tracking Number: AAIS-2008-65-1  
 TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
 Product Name: Inland Marine Guide  
 Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Filed	Builders' Risk Coverage - Scheduled Jobsite Form	IM 7051	10 08	Policy/Coverage Form Replaced	Replaced Form #:49.80 IM 7051 09 08 Previous Filing #:		IM 7051.PDF
Filed	Builders' Risk Coverage - Contractors' Reporting Form	IM 7052	10 08	Policy/Coverage Form Replaced	Replaced Form #:48.66 IM 7052 09 08 Previous Filing #:		IM 7052.PDF
Filed	Builders' Risk Coverage - Builders' Risk And Installation Floater Form	IM 7053	10 08	Policy/Coverage Form Replaced	Replaced Form #:47.49 IM 7053 09 08 Previous Filing #:		IM 7053.PDF
Filed	Builders' Risk Coverage - Rehabilitation And Renovation Form	IM 7054	10 08	Policy/Coverage Form Replaced	Replaced Form #:48.05 IM 7054 09 08 Previous Filing #:		IM 7054.PDF

## BUILDERS' RISK COVERAGE SCHEDULED JOBSITE FORM

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

---

### AGREEMENT

---

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

---

### PROPERTY COVERED

---

"We" cover the following property unless the property is excluded or subject to limitations.

#### Course Of Construction --

1. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.

2. **Scaffolding, Fencing, And Temporary Structures** -- "We" also cover direct physical loss or damage caused by a covered peril to:

- a. scaffolding, construction forms or temporary fencing; and
- b. temporary structures.

3. **Coverage Limitation** -- "We" only cover:

- a. "buildings or structures" in the course of construction; and
- b. scaffolding, construction forms, temporary fencing, and temporary structures

at the "jobsite" described on the "schedule of coverages".

4. **We Do Not Pay** -- "We" do not pay for any penalties for:

- a. non-completion or late completion of a "building or structure" in accordance with the provisions or conditions in the construction contract; or
- b. non-compliance with any provisions or conditions in the construction contract.

---

### PROPERTY NOT COVERED

---

1. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.
2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
3. **Land** -- "We" do not cover land including land on which covered property is located.

4. **Money And Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.

5. **Not A Permanent Part Of Building** -- "We" do not cover:

- a. materials and supplies;
- b. machinery, tools, and equipment; and
- c. business personal property

that will not become a permanent part of a covered "building or structure".

6. **Roadways And Walkways** -- "We" do not cover walkways, roadways, and other paved surfaces that are:

- a. more than 1,000 feet from; or
- b. not next to nor part of

covered "buildings or structures".

7. **Standing Building Or Structure** --

- a. "We" do not cover any:
  - 1) standing "building or structure"; or
  - 2) part of a standing "building or structure"

that has been wholly or partially constructed, erected, or fabricated prior to the inception of this policy.

- b. "We" do not cover any standing "building or structure" in the process of rehabilitation or renovation. Rehabilitation and renovation includes, but is not limited to, any additions, alterations, improvements, or repairs to an existing "building or structure".

8. **Trees, Shrubs, Or Plants** -- "We" do not cover trees, shrubs, plants, or lawns.

9. **Vehicles** -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.

10. **Waterborne Property** -- "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

---

## COVERAGE EXTENSIONS

---

**Provisions That Apply To Coverage Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

1. **Debris Removal --**

- a. **Coverage** -- "We" pay the cost of debris removal. Debris removal means the costs for the demolition, clearing, and removal of debris of covered property if such debris results from a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
  - 1) extract "pollutants" from land or water; or
  - 2) remove, restore, or replace polluted land or water.
- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage exclusive of the costs for debris removal. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
- e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. **Emergency Removal --**

- a. **Coverage** -- "We" cover any direct physical loss or damage to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.

- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

3. **Limited Fungus Coverage --**

- a. **Coverage** -- "We" pay for:
  - 1) costs and expenses arising out of the presence of "fungus" on covered property caused by or resulting from a covered peril; and
  - 2) direct physical loss or damage to covered property caused by or relating to the existence of or any activity of "fungus".
- b. **Coverage Limitation** -- "We" only provide the coverage described in item 3.a. above:
  - 1) when the "fungus" is the result of:
    - a) a "specified peril" other than fire or lightning; or
    - b) "flood" (if the Flood Coverage is provided under this policy);that occurs during the policy period; and
  - 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

- c. **Limited Fungus Coverage Limit** -- The most "we" pay for all loss or damage covered by this Coverage Extension at all "buildings or structures" is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Coverage Limit applies regardless of the number of claims made.

The Limited Fungus Coverage Limit applies regardless of the number of locations or "buildings or structures" insured under this policy.

The Limited Fungus Coverage Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Coverage Limit.
- e. **Recurrence And Continuation Of Fungus** -- The Limited Fungus Coverage Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limited Fungus Coverage Limit Applies To Other Costs Or Expenses** -- The Limited Fungus Coverage Limit also applies to any cost or expense to:
- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;
  - 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
  - 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.

- g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this coverage extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this Coverage Extension.

---

## SUPPLEMENTAL COVERAGES

---

**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension, including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

**1. Expense To Re-Erect Scaffolding --**

- a. **Coverage** -- "We" pay "your" expense to re-erect scaffolding after a covered loss to a covered "building or structure".
- b. **Limit** -- The most "we" pay for expense to re-erect scaffolding is \$2,500.

**2. Fire Department Service Charges --**

- a. **Coverage** -- "We" cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.
- b. **Coverage Limitations** -- "We" only pay for:
  - 1) fire department service charges that relate to covered property; and
  - 2) charges incurred when the fire department is called to save or protect covered property from a covered peril.
- c. **Limit** -- The most "we" pay in any one occurrence for "your" liability for fire department service charges is \$1,000.

No deductible applies to this Supplemental Coverage.

**3. Pollutant Cleanup And Removal --**

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

**4. Temporary Storage Locations --**

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to materials and supplies that will become a permanent part of a covered "building or structure" while temporarily in storage at a location that is not described on the "schedule of coverages".
- b. **We Do Not Cover** -- "We" do not cover property in storage if the property has not been specifically allocated to or otherwise identified with a covered "building or structure".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

5. **Transit --**

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to materials and supplies that will become a permanent part of a covered "building or structure" while they are in transit.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

---

**PERILS COVERED**

---

"We" cover risks of direct physical loss or damage unless the loss is limited or caused by a peril that is excluded.

---

**PERILS EXCLUDED**

---

- 1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
  - a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Earth Movement** -- Any "earth movement".

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

- c. **Flood** -- "Flood".

"We" also do not cover waterborne material carried or otherwise moved by "flood", whether or not driven by wind, including storm surge, or material carried or otherwise moved by mudslide or mudflow.

However, if "flood" results in fire, explosion, or sprinkler leakage, "we" will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

- d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", "we" cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning;  
or
- 2) collapse caused by hidden decay.

e. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

But if sewer, drain, sump, septic tank, eaves trough, or downspout backup and water or waterborne material below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

f. **Ordinance Or Law** -- Enforcement of any code, ordinance, or law regulating the use, construction, or repair of any "building or structure"; or requiring the demolition of any "building or structure" including the cost of removing its debris.

h. **War And Military Action** --

"We" do not pay for loss or increased cost regardless if the loss or increased cost is caused by or results from the:

- 1) War, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

1) enforcement of any code, ordinance, or law even if a "building or structure" has not been damaged; or

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a "building or structure", including the removal of debris, following direct physical loss or damage to the property.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

g. **Sewer, Septic Tank, Sump, Or Drain Backup And Water Below The Surface** --

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

- 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank, eaves trough or downspout; or
- 2) water or waterborne material below the surface of the ground, whether naturally or artificially occurring, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered "building or structure", sidewalk, driveway, foundation, swimming pool, or other structure.

- a. **Contamination Or Deterioration** -- "We" do not pay for loss or damage caused by or resulting from contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

- b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts** -- "We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;
- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. **Defects, Errors, And Omissions** -- "We" do not pay for loss or damage caused by or resulting from an act, defect, error, or omission (negligent or not) relating to:

- 1) design, specifications, construction, materials, or workmanship;
- 2) planning, zoning, development, siting, surveying, grading, or compaction; or
- 3) maintenance, installation, renovation, remodeling, or repair.

But if an act, error, or omission as described above results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

- d. **Delay In Completion And Increased Construction Costs** --

- 1) "We" do not pay for loss or damage caused directly or indirectly by a:

- a) delay in the completion of construction, erection, or fabrication of a "building or structure" or any portion of a "building or structure"; or
- b) a change in the sequence of construction, erection, or fabrication of a "building or structure" or any portion of a "building or structure"

regardless of the cause of the delay in completion or change in sequence.

- 2) "We" also do not pay for increased construction costs caused by or resulting from a delay in completion or change in sequence as described above under items d.1), a) and b). Increased construction costs includes, but is not limited to:

- a) general conditions;
- b) increased construction costs and additional construction expenses;
- c) increased overhead, increased material costs, and increased labor costs;
- d) soft costs; and
- e) loss of earnings and loss of rental income.

- 3) General conditions means general conditions and extended general conditions including, but not limited to, costs of additional:

- a) utility charges;
- b) maintenance;
- c) facilities;
- d) communications; and
- e) administrative personnel.

- e. **Electrical Currents** -- "We" do not pay for loss or damage caused by or resulting from arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

- f. **Freezing** -- "We" do not pay for loss or damage caused by or resulting from water; other liquids; powder; or molten material that leaks or flows from plumbing, heating, air-conditioning systems, or appliances other than fire protective systems caused by freezing.

This exclusion does not apply if "you" use reasonable care to maintain heat in the "building or structure"; or "you" drain the equipment and turn off the supply if the heat is not maintained.

- g. **Loss Of Use And Consequential Loss** -- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market. "We" also do not pay for any consequential loss or damage of any nature.

- h. **Materials And Workmanship** -- "We" do not pay for loss or damage caused by or resulting from faulty, inadequate, or defective materials or workmanship. But if loss by a covered peril results, "we" pay for the resulting loss.

- i. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by or resulting from:

- 1) mechanical breakdown; or
- 2) rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

- j. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- k. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
- 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

- l. **Rain, Snow, Ice, Or Sleet** -- "We" do not pay for loss or damage caused by or resulting from rain, snow, ice, or sleet to property in the open that is not part of the permanent "building or structure".

This exclusion does not apply to property in the custody of carriers for hire.

- m. **Settling, Cracking, Shrinking, Bulging, Or Expanding** -- "We" do not pay for loss or damage caused by or resulting from settling, cracking, shrinking, bulging, or expanding of pavements, foundations, walls, ceilings, glass, or roofs.

But if settling, cracking, shrinking, bulging, or expanding as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- n. **Steam Boiler Explosion** -- "We" do not pay for loss or damage caused by or resulting from an explosion of steam boilers, steam pipes, steam turbines, or steam engines.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- o. **Temperature/Humidity** -- "We" do not pay for loss or damage caused by or resulting from dryness, dampness, humidity, or changes in or extremes of temperature.
- p. **Voluntary Parting** -- "We" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
- q. **Wear And Tear** -- "We" do not pay for loss or damage caused by or resulting from wear and tear, marring, or scratching.

---

## WHAT MUST BE DONE IN CASE OF LOSS

---

1. **Notice** -- In case of a loss, "you" must:

- a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
- b. give notice to the police when the act that causes the loss is a crime.

2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".

b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.

3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:

- a. the time, place, and circumstances of the loss;
- b. other policies of insurance that may cover the loss;
- c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title of the covered property during the policy period; and
- e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.

4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.

5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
  6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
  7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
  8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
  9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.
- 2) the reasonable overhead and profit related to the covered property that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the construction, erection, or fabrication of a covered "building or structure" in accordance with the construction contracts; and
  - 3) other related construction costs and expenses that are re-incurred to repair or replace the part of the covered property that sustains direct physical loss or damage but only if such costs have been included as part of the "limit" for a covered "building or structure".
- b. **Replacement Cost Limitations** -- Replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose.
  - c. **Payment Limitation** -- If the part of the covered property that sustains direct physical loss or damage is repaired or replaced, the payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

---

## VALUATION

---

1. **Replacement Cost** -- The value of covered property will be based on replacement cost as described below.
  - a. **Replacement Cost Means** -- Replacement cost means:
    - 1) the necessary and reasonable costs of materials and labor incurred to repair or replace, without deduction for depreciation, the part of the covered property that sustains direct physical loss or damage;
2. **Pair Or Set** -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

---

## HOW MUCH WE PAY

---

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;
  - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
  - c. the "limit" that applies to the covered property.
4. **Catastrophe Limit** -- The most "we" pay in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages" regardless if an occurrence or loss involves:
  - a. one or more "buildings or structures";
  - b. one or more described "jobsites"; or
  - c. any combination of "buildings or structures", described "jobsites", or coverages described under Coverage Extensions or Supplemental Coverages.
5. **Coinsurance** --
  - a. **When Coinsurance Applies** -- "We" only pay a part of the loss if the "limit" is less than 100% of the estimated completed value of the covered "building or structure".

Coinsurance does not apply when Coinsurance Provisions Are Waived has been checked on the "schedule of coverages".

- b. **How We Determine Our Part Of The Loss** -- "Our" part of the loss is determined using the following steps:
    - 1) determine the 100% expected completed value of the "building or structure"; this figure is based on the estimated value of the property at completion of construction had no loss occurred;
    - 2) divide the "limit" for covered property by the result determined in b.1) above; and
    - 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.
  - c. **If There Is More Than One Limit** -- If there is more than one "limit" indicated on the "schedule of coverages" for this coverage part, this procedure applies separately to each "limit".
  - d. **If There Is Only One Limit** -- If there is only one "limit" indicated on the "schedule of coverages" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.
6. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

7. **Insurance Under More Than One Policy --**

- a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

---

## LOSS PAYMENT

---

1. **Loss Payment Options --**

- a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
  - 1) pay the value of the lost or damaged property;
  - 2) pay the cost of repairing or replacing the lost or damaged property;
  - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
  - 4) take all or any part of the property at the agreed or appraised value.
- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses --**

- a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
- b. **Conditions For Payment Of Loss** -- An insured loss will be payable 30 days after:
  - 1) a satisfactory proof of loss is received; and
  - 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. **Property Of Others --**

- a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:
  - 1) "you" on behalf of the owner; or
  - 2) the owner.
- b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

---

## OTHER CONDITIONS

---

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** -- This provision applies only if the insured is an individual.
  - a. **Your Death** -- On "your" death, "we" cover the following as an insured:
    - 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
    - 2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

- b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.
5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
    - a. "You" or any other insured have willfully concealed or misrepresented:
      - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
      - 2) "your" interest herein.
    - b. There has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
  6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
  7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
    - a. "you" must notify "us" promptly if "you" recover property or receive payment;
    - b. "we" must notify "you" promptly if "we" recover property or receive payment;
    - c. any recovery expenses incurred by either are reimbursed first;
    - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
    - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.

8. **Restoration Of Limits** -- Except as indicated under Limited Fungus Coverage, a loss "we" pay under this coverage does not reduce the applicable "limits".

9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

12. **Carriers For Hire** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

---

## ADDITIONAL COVERAGE LIMITATIONS

---

1. **Occupancy And Use** -- "We" do not provide coverage under this policy if, without "our" prior written consent, a covered "building or structure" as described under Property Covered is:

- a. occupied in whole or in part; or
- b. put to its intended use.

2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:

- a. this policy expires or is canceled;
- b. a covered "building or structure" is accepted by the purchaser;
- c. "your" insurable interest in the covered property ceases;
- d. "you" abandon construction with no intent to complete it; or
- e. a covered "building or structure" has been completed for more than 90 days.

---

## DEFINITIONS

---

1. "Buildings or structures" means:

- a. buildings;
- b. structures;
- c. materials and supplies that will become a permanent part of the buildings or the structures; and
- d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures.

2. "Earth movement" means:

- a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. landslide, mudslide, or mudflow;
- c. mine subsidence whether or not the non-natural mine is currently in use;

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
  - e. eruption, explosion, or effusion of a volcano.
3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:
- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
  - b. unusual and rapid accumulation or runoff of surface waters from any source; or
  - c. mudslides or mudflows if caused by:
    - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
    - 2) currents of water exceeding anticipated cyclical levels.
4. "Fungus" means:
- a. a fungus, including but not limited to mildew and mold;
  - b. a protist, including but not limited to algae and slime mold;
  - c. wet rot and dry rot;
  - d. a bacterium; or
  - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
5. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a "building or structure".
6. "Limit" means the amount of coverage that applies.
7. "Pollutant" means:
- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
8. "Schedule of coverages" means:
- a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and
  - b. declarations or supplemental declarations that pertain to this coverage.
9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.
- Falling objects does not include loss to:
- a. personal property in the open; or

- b. the interior of "buildings or structures" or to personal property inside "buildings or structures" unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

11. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.

12. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

"Volcanic action" does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the covered property.

## BUILDERS' RISK COVERAGE CONTRACTORS' REPORTING FORM

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

---

### AGREEMENT

---

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

---

### PROPERTY COVERED

---

"We" cover the following property unless the property is excluded or subject to limitations.

#### 1. Course Of Construction --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.

- b. **Scaffolding, Fencing, And Temporary Structures** -- "We" also cover direct physical loss or damage caused by a covered peril to:

- 1) scaffolding, construction forms or temporary fencing; and
- 2) temporary structures.

- c. **Coverage Limitations** --

- 1) "We" only cover:
  - a) "buildings or structures" in the course of construction; and
  - b) scaffolding, construction forms, temporary fencing, and temporary structures

at "your" "jobsite".

- 2) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.

#### 2. Contingent Coverage --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.

- b. **When Coverage Applies** -- This coverage only applies when:

- 1) the purchaser of a "building or structure" fails to acquire or maintain the insurance coverage that is required by "your" construction agreement or contract; and
- 2) "you" are unable to collect "your" interest in the "building or structure".

c. **Coverage Limitations --**

- 1) "We" only cover "buildings or structures" in the course of construction:
  - a) when a "limit" is indicated on the "schedule of coverages" for Contingent Coverage; and
  - b) at "your" "jobsite".
- 2) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.

- 2) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.

4. **We Do Not Pay --** "We" do not pay for any penalties for:

- a. non-completion or late completion of a "building or structure" in accordance with the provisions or conditions in the construction contract; or
- b. non-compliance with any provisions or conditions in the construction contract.

3. **Difference In Conditions Coverage --**

- a. **Coverage --** "We" cover direct physical loss or damaged caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.
- b. **When Coverage Applies --** This coverage only applies when under the provisions or conditions of the construction agreement or contract "you" are required to obtain Difference In Conditions Coverage for a "building or structure".

Difference In Conditions Coverage means coverage for direct physical loss or damage unless the loss is caused by:

- 1) a peril that is excluded under Perils Excluded, or
- 2) a "specified peril".

c. **Coverage Limitations --**

- 1) "We" only cover "buildings and structures" in the course of construction:
  - a) when a "limit" is indicated on the "schedule of coverages" for Difference In Conditions Coverage; and
  - b) at "your" "jobsite".

---

**PROPERTY NOT COVERED**

---

1. **Aircraft Or Watercraft --** "We" do not cover aircraft or watercraft.
2. **Contraband --** "We" do not cover contraband or property in the course of illegal transportation or trade.
3. **Land --** "We" do not cover land including land on which covered property is located.
4. **Money And Securities --** "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
5. **Not A Permanent Part Of Building --** Except as provided under Supplemental Coverages - Personal Property, "we" do not cover:
  - a. materials and supplies;
  - b. machinery, tools, and equipment; and
  - c. business personal propertythat will not become a permanent part of a covered "building or structure".

6. **Roadways And Walkways** -- "We" do not cover walkways, roadways, and other paved surfaces that are:
  - a. more than 1,000 feet from; or
  - b. not next to nor part of covered "buildings or structures".
7. **Rehabilitation Or Renovation Property** -- "We" do not cover any standing "building or structure" in the process of rehabilitation or renovation. Rehabilitation and renovation includes, but is not limited to, any additions, alterations, improvements, or repairs to an existing "building or structure".
8. **Trees, Shrubs, Or Plants** -- Except as provided under Supplemental Coverages - Trees, Shrubs, And Plants, "we" do not cover trees, shrubs, plants, or lawns.
9. **Vehicles** -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.
10. **Waterborne Property** -- Except as provided under Coverage Extensions - Waterborne Property, "we" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

---

## COVERAGE EXTENSIONS

---

### Provisions That Apply To Coverage

**Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Coverage Extensions are not subject to and not considered in applying coinsurance conditions.

### 1. Debris Removal --

- a. **Coverage** -- "We" pay the cost of debris removal. Debris removal means the costs for the demolition, clearing, and removal of debris of covered property if such debris results from a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
  - 1) extract "pollutants" from land or water; or
  - 2) remove, restore, or replace polluted land or water.
- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage exclusive of the costs for debris removal. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

- e. **You Must Report Your Expenses --** "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.
2. **Emergency Removal --**
- a. **Coverage --** "We" cover any direct physical loss or damage to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.
  - b. **Time Limitation --** This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.
3. **Emergency Removal Expenses --**
- a. **Coverage --** "We" pay for "your" expenses to move or store covered property to prevent a loss caused by a covered peril.
  - b. **Time Limitation --** This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.
  - c. **Limit --** The most "we" pay in any one occurrence for expenses to move or store covered property to prevent a loss is \$10,000.
  - d. **This Is A Separate Limit --** The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.
4. **Fraud And Deceit --**
- a. **Coverage --** "We" cover theft of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
    - 1) to persons who falsely represent themselves as the proper persons to receive the property;
    - 2) by the acceptance of fraudulent bills of lading or shipping receipts; or
    - 3) as a result of or directly related to the use of any electronic data processing hardware or software.
5. **Limited Fungus Coverage --**
- a. **Coverage --** "We" pay for:
    - 1) costs and expenses arising out of the presence of "fungus" on covered property caused by or resulting from a covered peril; and
    - 2) direct physical loss or damage to covered property caused by or relating to the existence of or any activity of "fungus".
  - b. **Coverage Limitation --** "We" only provide the coverage described in item 5.a. above:
    - 1) when the "fungus" is the result of:
      - a) a "specified peril" other than fire or lightning; or
      - b) "flood" (if the Flood Coverage is provided under this policy);that occurs during the policy period; and
    - 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

- c. **Limited Fungus Coverage Limit** -- The most "we" pay for all loss or damage covered by this Coverage Extension at all "buildings or structures" is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Coverage Limit applies regardless of the number of claims made.

The Limited Fungus Coverage Limit applies regardless of the number of locations or "buildings or structures" insured under this policy.

The Limited Fungus Coverage Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Coverage Limit.
- e. **Recurrence And Continuation Of Fungus** -- The Limited Fungus Coverage Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limited Fungus Coverage Limit Applies To Other Costs Or Expenses** -- The Limited Fungus Coverage Limit also applies to any cost or expense to:
- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;

- 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
- 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.

- g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this Coverage Extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this Coverage Extension.

#### 6. **Waterborne Property** --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered property while waterborne.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to waterborne property is \$10,000.

---

## SUPPLEMENTAL COVERAGES

---

**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

#### 1. **Expediting Expenses --**

- a. **Coverage** -- When a covered peril occurs to a covered "building or structure", "we" pay for reasonable expediting expenses necessary to complete construction within the time frame specified in the construction contract.

Expediting expenses include, but are not limited to, additional:

- 1) labor or overtime;
- 2) transportation costs and storage expense;
- 3) expense to rent additional equipment; and
- 4) similar construction expenses.

- b. **Limit** -- The most "we" pay in any one occurrence for all expediting expenses is \$10,000.

#### 2. **Expense To Re-Erect Scaffolding --**

- a. **Coverage** -- "We" pay "your" expense to re-erect scaffolding after a covered loss to a covered "building or structure".
- b. **Limit** -- The most "we" pay for expense to re-erect scaffolding is \$5,000.

#### 3. **Fire Department Service Charges --**

- a. **Coverage** -- "We" cover "your" liability, assumed by contract or agreement prior to the loss, for Fire Department Service Charges.

- b. **Coverage Limitations** -- "We" only pay for:

- 1) Fire Department Service Charges that relate to covered property; and
- 2) charges incurred when the fire department is called to save or protect covered property from a covered peril.

- c. **Limit** -- The most "we" pay in any one occurrence for "your" liability for Fire Department Service Charges is \$1,000.

No deductible applies to this Supplemental Coverage.

#### 4. **Ordinance Or Law (Undamaged Parts Of A Building) --**

- a. **Coverage** -- When a covered peril occurs to a covered "building or structure", "we" pay for the value of undamaged parts of a covered "building or structure" that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- 1) requires the demolition of undamaged parts of a covered "building or structure" that is damaged or destroyed by a covered peril;

- 2) regulates the construction or repair of a "building or structure", or establishes building, zoning, or land use requirements at a covered "jobsite"; and
  - 3) is in force at the time of loss.
- b. **We Do Not Cover** -- "We" do not cover:
- 1) the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
  - 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus"; or
  - 3) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus".
- c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.
5. **Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site)** --
- a. **Increased Cost To Repair** --
    - 1) **Coverage** -- When a covered peril occurs to a covered "building or structure", "we" cover the increased cost to repair, rebuild, or reconstruct:
      - a) damaged portions of a covered "building or structure"; and
      - b) undamaged portions of a covered "building or structure" whether or not those undamaged portions need to be demolished; as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered "building or structure".
    - 2) **If The Building Is Repaired Or Rebuilt** -- If a covered "building or structure" is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.
    - 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered "building or structure" is actually repaired or replaced, whether at the same or another location, and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. The period for repair or replacement may be extended by "us" in writing during the two year period.
  - b. **Cost To Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered "building or structure" that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered "building or structure".

c. **We Do Not Cover** -- "We" do not cover:

- 1) the costs associated with the enforcement of any ordinance, law, or decree:
  - a) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
  - b) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus"; or
  - c) "you" were required to comply with before the covered peril occurred to a covered "building or structure", even if the "building or structure" was undamaged and "you" failed to comply with the ordinance, law, or decree; or
- 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus".

d. **What We Pay** --

- 1) **If The Building Is Repaired Or Replaced At Same Site Or Opt To Build At Another Location** -- If the covered "building or structure" is repaired or replaced at the same location or "you" opt to build at another location, "we" pay the lesser of:
  - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure", plus the actual increased cost to repair, rebuild, or construct the property but not for more than a "building or structure" of the same height, floor area, and style at the same location; or

b) \$50,000.

- 2) **If The Building Is Repaired Or Replaced And Required By Ordinance Or Law To Relocate** -- If the covered "building or structure" is rebuilt at a new location due to an ordinance or law requirement, "we" pay the lesser of:

- a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure", plus the actual increased cost to construct a "building or structure" of the same height, floor area, and style at a new location; or
- b) \$50,000.

- 3) **If The Building Is Not Repaired Or Replaced** -- If the covered "building or structure" is not repaired or replaced, "we" pay the lesser of:

- a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure"; or
- b) \$50,000.

6. **Personal Property** --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to business personal property that will not become a permanent part of a covered "building or structure".
- b. **Coverage Limitation** -- "We" only cover business personal property while being installed or stored in a covered "building or structure".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to personal property is \$10,000.

7. **Pollutant Cleanup And Removal --**

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$25,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

8. **Rewards --**

- a. **Coverage** --
  - 1) "We" pay a reward to an eligible person for information leading to the arrest and conviction of any person or persons committing arson, theft, or vandalism. The conviction must involve a covered loss, under this policy, caused by arson, theft, or vandalism.
  - 2) "We" pay a reward to an eligible person for the return of stolen covered property, when the loss is caused by theft.
- b. **Eligible Person Means** -- An eligible person under this Supplemental Coverage means the first person to voluntarily provide the applicable law enforcement agency the necessary information or return the stolen covered property.

An eligible person cannot be:

- 1) "you" or any family member;
  - 2) "your" employee or any of his or her family members;
  - 3) an employee of the applicable law enforcement agency;
  - 4) any person who had custody of the covered property at the time the property was stolen; or
  - 5) any person involved in the crime.
- c. **Coverage Limitation** -- There will be no reward payment unless and until the person(s) committing the crime is (are) convicted or the covered property is returned.
  - d. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is \$1,000.

The amount "we" pay is not increased by the number of persons involved in providing the information.

9. **Sewer Backup --**

- a. **Coverage** -- "We" cover direct physical loss or damage to covered property caused by or resulting from:
  - 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank; or
  - 2) water or waterborne material below the surface of the ground, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered "building or structure", sidewalk, driveway, foundation, swimming pool, or other structure.
- b. **Coverage Limitations** -- "We" do not cover loss or damage resulting from:
  - 1) escape of water or waterborne material from a sump pit not equipped with a sump pump;

- 2) failure to perform routine maintenance and repair of all sump pumps and related equipment; and
- 3) failure to perform routine maintenance of sewers and drains including keeping sewers and drains free from obstructions. This limitation does not apply if "you" are not responsible for the maintenance of sewers or drains that results in loss or damage.

- c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is \$10,000.

#### 10. Temporary Storage Locations --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to:
  - 1) materials and supplies that will become a permanent part of a covered "building or structure";
  - 2) business personal property as described under Supplemental Coverages - Personal Property; and
  - 3) trees, shrubs, plants, and lawns as described under Supplemental Coverages - Trees, Shrubs, And Plants (only for the perils described under Trees, Shrubs, And Plants)

while temporarily in storage at a location that is not described on the "schedule of coverages".

- b. **We Do Not Cover** -- "We" do not cover property in storage if the property has not been specifically allocated to or otherwise identified with a covered "building or structure".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

#### 11. Transit --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to:

- 1) materials and supplies that will become a permanent part of a covered "building or structure";
- 2) business personal property as described under Supplemental Coverages - Personal Property; and
- 3) trees, shrubs, plants, and lawns as described under Supplemental Coverages - Trees, Shrubs, And Plants and only for the perils described under Trees, Shrubs, And Plants

while in transit.

- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

#### 12. Trees, Shrubs, And Plants --

- a. **Coverage** -- "We" cover direct physical loss or damage including debris removal expenses, to outdoor trees, shrubs, plants, and lawns.

- b. **Coverage Limitation** -- "We" only cover trees, shrubs, plants, and lawns that are:

- 1) at a covered "jobsite"; and
- 2) being planted or installed as part of "your" construction project.

- c. **Covered Perils** -- "We" only cover loss to trees, shrubs, plants, and lawns caused by the following perils:

- 1) fire;
- 2) lightning;
- 3) explosion;
- 4) riot or civil commotion;
- 5) falling objects; or
- 6) vandalism.

- d. **Limit** -- The most "we" pay in any one occurrence for loss to Trees, Shrubs, And Plants is \$10,000.

---

## PERILS COVERED

---

"We" cover risks of direct physical loss or damage unless the loss is limited or caused by a peril that is excluded.

---

## PERILS EXCLUDED

---

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
- a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.
- "We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.
- b. **Earth Movement** -- Any "earth movement".
- However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".
- If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

- c. **Flood** -- "Flood".

"We" also do not cover waterborne material carried or otherwise moved by "flood", whether or not driven by wind, including storm surge, or material carried or otherwise moved by mudslide or mudflow.

However, if "flood" results in fire, explosion, or sprinkler leakage, "we" will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

- d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", "we" cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning;  
or
- 2) collapse caused by hidden decay.

- e. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.
- f. **Ordinance Or Law** -- Except as provided under Supplemental Coverages - Ordinance Or Law, enforcement of any code, ordinance, or law regulating the use, construction, or repair of any "building or structure"; or requiring the demolition of any "building or structure" including the cost of removing its debris.

"We" do not pay for loss or increased cost regardless if the loss or increased cost is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a "building or structure" has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a "building or structure", including the removal of debris, following direct physical loss or damage to the property.

g. **Sewer, Septic Tank, Sump, Or Drain Backup And Water Below The Surface**

-- Except as provided under Supplemental Coverages - Sewer Backup:

- 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank, eaves trough or downspout; or
- 2) water or waterborne material below the surface of the ground, whether naturally or artificially occurring, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered "building or structure", sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer, drain, sump, septic tank, eaves trough, or downspout backup and water or waterborne material below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

h. **War And Military Action --**

- 1) War, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

a. **Contamination Or Deterioration --**

"We" do not pay for loss or damage caused by or resulting from contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts --**

"We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;

- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. **Defects, Errors, And Omissions --**  
"We" do not pay for loss or damage caused by or resulting from an act, defect, error, or omission (negligent or not) relating to:
- 1) design, specifications, construction, materials, or workmanship;
  - 2) planning, zoning, development, siting, surveying, grading, or compaction; or
  - 3) maintenance, installation, renovation, remodeling, or repair.

But if an act, error, or omission as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- d. **Delay In Completion And Increased Construction Costs --**
- 1) "We" do not pay for loss or damage caused directly or indirectly by a:
    - a) delay in the completion of construction, erection, or fabrication of a "building or structure" or any portion of a "building or structure"; or

- b) a change in the sequence of construction, erection, or fabrication of a "building or structure" or any portion of a "building or structure"

regardless of the cause of the delay in completion or change in sequence.

- 2) "We" also do not pay for increased construction costs caused by or resulting from a delay in completion or change in sequence as described above under items d.1), a) and b). Increased construction costs includes, but is not limited to:

- a) general conditions;
- b) increased construction costs and additional construction expenses;
- c) increased overhead, increased material costs, and increased labor costs;
- d) soft costs; and
- e) loss of earnings and loss of rental income.

- 3) General conditions means general conditions and extended general conditions including, but not limited to, costs of additional:

- a) utility charges;
- b) maintenance;
- c) facilities;
- d) communications; and
- e) administrative personnel.

- e. **Electrical Currents --** "We" do not pay for loss or damage caused by or resulting from arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

f. **Loss Of Use And Consequential Loss** -- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market. "We" also do not pay for any consequential loss or damage of any nature.

g. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by or resulting from:

- 1) mechanical breakdown; or
- 2) rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

h. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

i. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
- 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

j. **Steam Boiler Explosion** -- "We" do not pay for loss or damage caused by or resulting from an explosion of steam boilers, steam pipes, steam turbines, or steam engines.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

k. **Temperature/Humidity** -- "We" do not pay for loss or damage caused by or resulting from dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

l. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud And Deceit, "we" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

m. **Wear And Tear** -- "We" do not pay for loss or damage caused by or resulting from wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

---

## WHAT MUST BE DONE IN CASE OF LOSS

---

1. **Notice** -- In case of a loss, "you" must:
  - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
  - b. give notice to the police when the act that causes the loss is a crime.
2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.
  - a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
  - b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.
3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
  - a. the time, place, and circumstances of the loss;
  - b. other policies of insurance that may cover the loss;
  - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title of the covered property during the policy period; and
- e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

## VALUATION

---

1. **Replacement Cost** -- The value of covered property will be based on replacement cost as described below.
  - a. **Replacement Cost Means** -- Replacement cost means:
    - 1) the necessary and reasonable costs of materials and labor incurred to repair or replace, without deduction for depreciation, the part of the covered property that sustains direct physical loss or damage;
    - 2) the reasonable overhead and profit related to the covered property that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the construction, erection, or fabrication of a covered "building or structure" in accordance with the construction contracts; and
    - 3) other related construction costs and expenses that are re-incurred to repair or replace the part of the covered property that sustains direct physical loss or damage but only if such costs have been included as part of the "limit" for a covered "building or structure".
  - b. **Replacement Cost Limitations** -- Replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose.
  - c. **Payment Limitation** -- If the part of the covered property that sustains direct physical loss or damage is repaired or replaced, the payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.
2. **Pair Or Set** -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.

3. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

---

## HOW MUCH WE PAY

---

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;
  - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
  - c. the "limit" that applies to the covered property.
4. **Catastrophe Limit** -- The most "we" pay in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages" regardless if an occurrence or loss involves:
  - a. one or more "buildings or structures";
  - b. one or more described "jobsites";
  - c. one or more coverages described under Property Covered; or
  - d. any combination of "buildings or structures", described "jobsites", described coverages, or coverages described under Coverage Extensions or Supplemental Coverages.

5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

6. **Insurance Under More Than One Policy** --

- a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

---

## LOSS PAYMENT

---

1. **Loss Payment Options** --
  - a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
    - 1) pay the value of the lost or damaged property;
    - 2) pay the cost of repairing or replacing the lost or damaged property;
    - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
    - 4) take all or any part of the property at the agreed or appraised value.

- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses** --

- a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
- b. **Conditions For Payment Of Loss** -- An insured loss will be payable 30 days after:
  - 1) a satisfactory proof of loss is received; and
  - 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. **Property Of Others** --

- a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:
  - 1) "you" on behalf of the owner; or
  - 2) the owner.
- b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

---

## REPORTING CONDITIONS

---

If indicated on the "schedule of coverages", the following reporting conditions apply.

1. **Reports** --

- a. **You Will Report To Us** -- Within 30 days after the end of each reporting period indicated on the "schedule of coverages", "you" will report to "us" the estimated completed value of each "building or structure". "Your" report will contain the:

- 1) estimated completion cost;
- 2) address; and
- 3) construction classification

of each "building or structure".

- b. **Cancellation** -- If "your" coverage is canceled, "you" will report the estimated completed value of each "building or structure" up to and including the date of cancellation and pay any additional premium due.

2. **Premium Computation And Adjustment** --

The premium will be adjusted as of each adjustment period indicated on the "schedule of coverages". The computed premium will be determined by multiplying the estimated completed value of each "building or structure" by the rate indicated on the "schedule of coverages".

- a. **Annual Adjustment** -- When an annual adjustment period is indicated on the "schedule of coverages", "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

- b. **Other Adjustment Period** -- When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium. At the end of the policy period, if the computed premium is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".
3. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:
- a. **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the "limit".
- b. **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual estimated completed value of a "building or structure", "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the value of a "building or structure" "you" reported divided by the actual estimated completed value of the "building or structure" during the reporting period.
- c. **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

---

## OTHER CONDITIONS

---

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

4. **Estates** -- This provision applies only if the insured is an individual.
- a. **Your Death** -- On "your" death, "we" cover the following as an insured:
- 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
  - 2) "your" legal representative.
- This person or organization is an insured only with respect to property covered by this coverage.
- b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.
5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
- a. "You" or any other insured have willfully concealed or misrepresented:
- 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
  - 2) "your" interest herein.
- b. There has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
- a. "you" must notify "us" promptly if "you" recover property or receive payment;
- b. "we" must notify "you" promptly if "we" recover property or receive payment;
- c. any recovery expenses incurred by either are reimbursed first;
- d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
- e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration Of Limits** -- Except as indicated under Limited Fungus Coverage, a loss "we" pay under this coverage does not reduce the applicable "limits".
9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.
- "You" may waive "your" right to recover from others in writing before a loss occurs.
10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
- a. all of the "terms" of this coverage have been complied with; and
  - b. the suit has been brought within two years after "you" first have knowledge of the loss.
- If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.
12. **Carriers For Hire** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

---

## ADDITIONAL COVERAGE LIMITATIONS

---

1. **Occupancy And Use** -- "We" do not provide coverage under this policy if, without "our" prior written consent, a covered "building or structure" as described under Property Covered is:
  - a. occupied in whole or in part; or
  - b. put to its intended use.However, this provision does not apply if Permission To Occupy is indicated on the "schedule of coverages".
2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:
  - a. this policy expires or is canceled;
  - b. a covered "building or structure" is accepted by the purchaser;
  - c. "your" insurable interest in the covered property ceases;
  - d. "you" abandon construction with no intent to complete it; or
  - e. a covered "building or structure" has been completed for more than 90 days.

---

## DEFINITIONS

---

1. "Buildings or structures" means:
  - a. buildings;
  - b. structures;
  - c. materials and supplies that will become a permanent part of the buildings or the structures; and
  - d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures.
2. "Earth movement" means:
  - a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
  - b. landslide, mudslide or mudflow;
  - c. mine subsidence whether or not the non-natural mine is currently in use;
  - d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
  - e. eruption, explosion, or effusion of a volcano.
3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:

- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
  - b. unusual and rapid accumulation or runoff of surface waters from any source; or
  - c. mudslides or mudflows if caused by:
    - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
    - 2) currents of water exceeding anticipated cyclical levels.
4. "Fungus" means:
- a. a fungus, including but not limited to mildew and mold;
  - b. a protist, including but not limited to algae and slime mold;
  - c. wet rot and dry rot;
  - d. a bacterium; or
  - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
5. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a "building or structure".
6. "Limit" means the amount of coverage that applies.
7. "Pollutant" means:
- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
8. "Schedule of coverages" means:
- a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and
  - b. declarations or supplemental declarations that pertain to this coverage.
9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.
- Falling objects does not include loss to:
- a. personal property in the open; or

- b. the interior of "buildings or structures" or to personal property inside "buildings or structures" unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

- 11. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
- 12. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

"Volcanic action" does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the covered property.

## BUILDERS' RISK COVERAGE BUILDERS' RISK AND INSTALLATION FLOATER FORM

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

---

### AGREEMENT

---

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

---

### PROPERTY COVERED

---

"We" cover the following property unless the property is excluded or subject to limitations.

#### 1. Builders' Risk Coverages --

##### a. Course Of Construction --

- 1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.

- 2) **Scaffolding, Fencing, And Temporary Structures** -- "We" also cover direct physical loss or damage caused by a covered peril to:

- a) scaffolding, construction forms, or temporary fencing; and
- b) temporary structures.

#### 3) Coverage Limitations --

- a) "We" only cover:

- (1) "buildings or structures" in the course of construction; and
- (2) scaffolding, construction forms, temporary fencing, and temporary structures

at "your" "jobsite".

- b) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.

#### b. Contingent Coverage --

- 1) **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.
- 2) **When Coverage Applies** -- This coverage only applies when:
  - a) the purchaser of a "building or structure" fails to acquire or maintain the insurance coverage that is required by "your" construction agreement or contract; and
  - b) "you" are unable to collect "your" interest in the "building or structure".

- 3) **Coverage Limitations --**
- a) "We" only cover "buildings or structures" in the course of construction:
    - (1) when a "limit" is indicated on the "schedule of coverages" for Contingent Coverage; and
    - (2) at "your" "jobsite".
  - b) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.
- c. **Difference In Conditions Coverage --**
- 1) **Coverage --** "We" cover direct physical loss or damage caused by a covered peril to "buildings or structures" while in the course of construction, erection, or fabrication.
  - 2) **When Coverage Applies --** This coverage only applies when under the provisions or conditions of the construction agreement or contract "you" are required to obtain Difference In Conditions Coverage for a "building or structure".

Difference In Conditions Coverage means coverage for direct physical loss or damage unless the loss is caused by:

    - a) a peril that is excluded under Perils Excluded, or
    - b) a "specified peril".
  - 3) **Coverage Limitations --**
    - a) "We" only cover "buildings and structures" in the course of construction:
      - (1) when a "limit" is indicated on the "schedule of coverages" for Difference In Conditions Coverage; and
      - (2) at "your" "jobsite".
    - b) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.
2. **Installation Floater Coverage --**
- a. **Coverage --** "We" cover direct physical loss or damage caused by a covered peril to:
    - 1) "your" materials, supplies, machinery, fixtures, and equipment; and
    - 2) similar property of others that is in "your" care, custody, or controlthat are part of "your" "installation project".
  - b. **Coverage Limitations --**
    - 1) "We" only cover materials, supplies, machinery, fixtures, and equipment:
      - a) when a "limit" is indicated on the "schedule of coverages" for Installation Floater Coverage; and
      - b) that will become a permanent part of "your" completed "installation project".
    - 2) "We" only cover an "installation project" at "your" "jobsite".
    - 3) The "limit" provided under this coverage cannot be combined or added to the "limit" for any other coverage described in Property Covered.
3. **We Do Not Pay --** "We" do not pay for any penalties for:
- a. non-completion or late completion of a "building or structure" in accordance with the provisions or conditions in the construction contract; or
  - b. non-compliance with any provisions or conditions in the construction contract.

---

## PROPERTY NOT COVERED

---

1. **Airborne Property** -- "We" do not cover property while airborne except while in transit on a regularly scheduled airline flight.
2. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.
3. **Buildings And Structures** -- Only as regards the Installation Floater Coverage, "we" do not cover "buildings or structures".

However, "we" do cover property that is part of "your" "installation project" and is in connection with any "building or structure".

4. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
5. **Land** -- "We" do not cover land including land on which covered property is located.
6. **Money And Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
7. **Not A Permanent Part Of Building Or Project** --

- a. Only as regards the Builders' Risk Coverages and except as provided under Supplemental Coverages - Personal Property, "we" do not cover:

- 1) materials and supplies;
- 2) machinery, tools, and equipment; and
- 3) business personal property

that will not become a permanent part of a covered "building or structure".

- b. Only as regards the Installation Floater Coverage, "we" do not cover:

- 1) materials and supplies;
- 2) machinery, tools, and equipment; and

- 3) business personal property

that will not become a permanent part of a covered "installation project".

8. **Rehabilitation Or Renovation Property** -- "We" do not cover any standing "building or structure" in the process of rehabilitation or renovation. Rehabilitation and renovation includes, but is not limited to, any additions, alterations, improvements, or repairs to an existing "building or structure".

However, "we" do cover materials, supplies, machinery, fixtures, and equipment that "you" install, construct, or lift in connection with any "installation project".

9. **Roadways And Walkways** --

- a. Only as regards the Builders' Risk Coverages, "we" do not cover walkways, roadways, and other paved surfaces that are:

- 1) more than 1,000 feet from; or
- 2) not next to nor part of

covered "buildings or structures".

- b. Only as regards the Installation Floater Coverage, "we" do not cover walkways, roadways, and other paved surfaces unless they are part of the specifications for "your" "installation project".

10. **Trees, Shrubs, Or Plants** -- Except as provided under Supplemental Coverages - Trees, Shrubs, And Plants, "we" do not cover trees, shrubs, plants, or lawns.

11. **Vehicles** -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.

12. **Waterborne Property** -- Except as provided under Coverage Extensions - Waterborne Property, "we" do not cover property while waterborne except while in transit in the custody of a carrier for hire.

---

## COVERAGE EXTENSIONS

---

### Provisions That Apply To Coverage

**Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Coverage Extensions are not subject to and not considered in applying coinsurance conditions.

#### 1. Debris Removal --

- a. **Coverage** -- "We" pay the cost of debris removal. Debris removal means the costs for the demolition, clearing, and removal of debris of covered property if such debris results from a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
  - 1) extract "pollutants" from land or water; or
  - 2) remove, restore, or replace polluted land or water.

- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage exclusive of the costs for debris removal. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
- e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

#### 2. Emergency Removal --

- a. **Coverage** -- "We" cover any direct physical loss or damage to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

#### 3. Emergency Removal Expenses --

- a. **Coverage** -- "We" pay for "your" expenses to move or store covered property to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.
- c. **Limit** -- The most "we" pay in any one occurrence for expenses to move or store covered property to prevent a loss is \$10,000.

- d. **This Is A Separate Limit** -- The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

4. **Fraud And Deceit** --

- a. **Coverage** -- "We" cover theft of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
  - 1) to persons who falsely represent themselves as the proper persons to receive the property;
  - 2) by the acceptance of fraudulent bills of lading or shipping receipts; or
  - 3) as a result of or directly related to the use of any electronic data processing hardware or software.
- b. **Limit** -- The most "we" pay in any one occurrence for theft of covered property under this Coverage Extension is \$50,000.

5. **Limited Fungus Coverage** --

- a. **Coverage** -- "We" pay for:
  - 1) costs and expenses arising out of the presence of "fungus" on covered property caused by or resulting from a covered peril; and
  - 2) direct physical loss or damage to covered property caused by or relating to the existence of or any activity of "fungus".
- b. **Coverage Limitation** -- "We" only provide the coverage described in item 5.a. above:
  - 1) when the "fungus" is the result of:
    - a) a "specified peril" other than fire or lightning; or
    - b) "flood" (if the Flood Coverage is provided under this policy);

that occurs during the policy period;  
and

- 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
- c. **Limited Fungus Coverage Limit** -- The most "we" pay for all loss or damage covered by this Coverage Extension at all "buildings or structures" is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Coverage Limit applies regardless of the number of claims made.

The Limited Fungus Coverage Limit applies regardless of the number of locations or "buildings or structures" insured under this policy.

The Limited Fungus Coverage Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Coverage Limit.
- e. **Recurrence And Continuation Of Fungus** -- The Limited Fungus Coverage Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limited Fungus Coverage Limit Applies To Other Costs Or Expenses** -- The Limited Fungus Coverage Limit also applies to any cost or expense to:
- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;

- 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
- 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.

- g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this Coverage Extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this Coverage Extension.

#### 6. **Waterborne Property** --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered property while waterborne.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to waterborne property is \$10,000.

---

## SUPPLEMENTAL COVERAGES

---

**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension, including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

#### 1. **Expediting Expenses --**

- a. **Coverage** -- When a covered peril occurs to a covered "building or structure" or "installation project", "we" pay for reasonable expediting expenses necessary to complete construction or installation within the time frame specified in the construction or installation contract.

Expediting expenses include, but are not limited to, additional:

- 1) labor or overtime;
- 2) transportation costs and storage expense;
- 3) expense to rent additional equipment; and
- 4) similar construction or installation expenses.

- b. **Limit** -- The most "we" pay in any one occurrence for all expediting expenses is \$10,000.

#### 2. **Expense To Re-Erect Scaffolding --**

- a. **Coverage** -- "We" pay "your" expense to re-erect scaffolding after a covered loss to a covered "building or structure".
- b. **Limit** -- The most "we" pay for expense to re-erect scaffolding is \$5,000.

#### 3. **Fire Department Service Charges --**

- a. **Coverage** -- "We" cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.
- b. **Coverage Limitations** -- "We" only pay for:
  - 1) fire department service charges that relate to covered property; and
  - 2) charges incurred when the fire department is called to save or protect covered property from a covered peril.
- c. **Limit** -- The most "we" pay in any one occurrence for "your" liability for fire department service charges is \$1,000.

No deductible applies to this Supplemental Coverage.

#### 4. **Ordinance Or Law (Undamaged Parts Of A Building) --**

- a. **Coverage** -- When a covered peril occurs to a covered "building or structure", "we" pay for the value of undamaged parts of a covered "building or structure" that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
  - 1) requires the demolition of undamaged parts of a covered "building or structure" that is damaged or destroyed by a covered peril;

- 2) regulates the construction or repair of a "building or structure", or establishes building, zoning, or land use requirements at a covered "jobsite"; and
  - 3) is in force at the time of loss.
- b. **We Do Not Cover** -- "We" do not cover:
- 1) the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
  - 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus"; or
  - 3) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus".
- c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.
5. **Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site)** --
- a. **Increased Cost To Repair** --
- 1) **Coverage** -- When a covered peril occurs to a covered "building or structure", "we" cover the increased cost to repair, rebuild, or reconstruct:
    - a) damaged portions of a covered "building or structure"; and
    - b) undamaged portions of a covered "building or structure" whether or not those undamaged portions need to be demolished; as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered "building or structure".
  - 2) **If The Building Is Repaired Or Rebuilt** -- If a covered "building or structure" is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.
  - 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered "building or structure" is actually repaired or replaced, whether at the same or another location, and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years. The period for repair or replacement may be extended by "us" in writing during the two year period.
- b. **Cost To Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered "building or structure" that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered "building or structure".
- c. **We Do Not Cover** -- "We" do not cover:
- 1) the costs associated with the enforcement of any ordinance, law, or decree:

- a) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
  - b) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus"; or
  - c) "you" were required to comply with before the covered peril occurred to a covered "building or structure", even if the "building or structure" was undamaged and "you" failed to comply with the ordinance, law, or decree; or
- 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus".
- d. **What We Pay --**
- 1) **If The Building Is Repaired Or Replaced At Same Site Or Opt To Build At Another Location --** If the covered "building or structure" is repaired or replaced at the same location or "you" opt to build at another location, "we" pay the lesser of:
    - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure", plus the actual increased cost to repair, rebuild, or construct the property but not for more than a "building or structure" of the same height, floor area, and style at the same location; or
    - b) \$50,000.
  - 2) **If The Building Is Repaired Or Replaced And Required By Ordinance Or Law To Relocate --** If the covered "building or structure" is rebuilt at a new location due to an ordinance or law requirement, "we" pay the lesser of:
    - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure", plus the actual increased cost to construct a "building or structure" of the same height, floor area, and style at a new location; or
    - b) \$50,000.
  - 3) **If The Building Is Not Repaired Or Replaced --** If the covered "building or structure" is not repaired or replaced, "we" pay the lesser of:
    - a) the amount "you" actually spend to demolish and clear the site of undamaged parts of the covered "building or structure"; or
    - b) \$50,000.
6. **Personal Property --**
- a. **Coverage --** "We" cover direct physical loss or damage caused by a covered peril to business personal property that will not become a permanent part of a covered "building or structure" or "installation project".
  - b. **Coverage Limitation --** "We" only cover business personal property while being installed or stored in a covered "building or structure" or "installation project".
  - c. **Limit --** The most "we" pay in any one occurrence for loss to personal property is \$10,000.

7. **Pollutant Cleanup And Removal --**

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$25,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

8. **Rewards --**

a. **Coverage** --

- 1) "We" pay a reward to an eligible person for information leading to the arrest and conviction of any person or persons committing arson, theft, or vandalism. The conviction must involve a covered loss, under this policy, caused by arson, theft, or vandalism.
- 2) "We" pay a reward to an eligible person for the return of stolen covered property, when the loss is caused by theft.

- b. **Eligible Person Means** -- An eligible person under this Supplemental Coverage means the first person to voluntarily provide the applicable law enforcement agency the necessary information or return the stolen covered property.

An eligible person cannot be:

- 1) "you" or any family member;
- 2) "your" employee or any of his or her family members;
- 3) an employee of the applicable law enforcement agency;
- 4) any person who had custody of the covered property at the time the property was stolen; or
- 5) any person involved in the crime.

- c. **Coverage Limitation** -- There will be no reward payment unless and until the person(s) committing the crime is (are) convicted or the covered property is returned.

- d. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is \$1,000.

The amount "we" pay is not increased by the number of persons involved in providing the information.

9. **Sewer Backup --**

- a. **Coverage** -- "We" cover direct physical loss or damage to a covered "building or structure" or "installation project" caused by or resulting from:

- 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank; or
- 2) water or waterborne material below the surface of the ground, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered "building or structure" or "installation project", sidewalk, driveway, foundation, swimming pool, or other structure.

- b. **Coverage Limitations** -- "We" do not cover loss or damage resulting from:
- 1) escape of water or waterborne material from a sump pit not equipped with a sump pump;
  - 2) failure to perform routine maintenance and repair of all sump pumps and related equipment; and
  - 3) failure to perform routine maintenance of sewers and drains including keeping sewers and drains free from obstructions. This limitation does not apply if "you" are not responsible for the maintenance of sewers or drains that results in loss or damage.
- c. **Limit** -- The most "we" pay in any one occurrence under this Supplemental Coverage is \$10,000.

#### 10. Temporary Storage Locations --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to:
- 1) materials and supplies that will become a permanent part of a covered "building or structure" or "installation project";
  - 2) business personal property as described under Supplemental Coverages - Personal Property; and
  - 3) trees, shrubs, plants, and lawns as described under Supplemental Coverages - Trees, Shrubs, And Plants (only for the perils described under Trees, Shrubs, And Plants)
- while temporarily in storage at a location that is not "your" "jobsite".
- b. **We Do Not Cover** -- "We" do not cover property in storage if the property has not been specifically allocated to or otherwise identified with a covered "building or structure" or "installation project".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

#### 11. Transit --

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to:
- 1) materials and supplies that will become a permanent part of a covered "building or structure" or "installation project";
  - 2) business personal property as described under Supplemental Coverages - Personal Property; and
  - 3) trees, shrubs, plants, and lawns as described under Supplemental Coverages - Trees, Shrubs, And Plants and only for the perils described under Trees, Shrubs, And Plants
- while in transit.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

#### 12. Trees, Shrubs, And Plants --

- a. **Coverage** -- "We" cover direct physical loss or damage including debris removal expenses, to outdoor trees, shrubs, plants, and lawns.
- b. **Coverage Limitation** -- "We" only cover trees, shrubs, plants, and lawns that are:
- 1) at a covered "jobsite"; and
  - 2) being planted or installed as part of "your" construction project.
- c. **Covered Perils** -- "We" only cover loss to trees, shrubs, plants, and lawns caused by the following perils:
- 1) fire;
  - 2) lightning;
  - 3) explosion;
  - 4) riot or civil commotion;
  - 5) falling objects; or
  - 6) vandalism.
- d. **Limit** -- The most "we" pay in any one occurrence for loss to trees, shrubs, and plants is \$10,000.

---

## PERILS COVERED

---

"We" cover risks of direct physical loss or damage unless the loss is limited or caused by a peril that is excluded.

---

## PERILS EXCLUDED

---

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Earth Movement** -- Any "earth movement".

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

- c. **Flood** -- "Flood".

"We" also do not cover waterborne material carried or otherwise moved by "flood", whether or not driven by wind, including storm surge, or material carried or otherwise moved by mudslide or mudflow.

However, if "flood" results in fire, explosion, or sprinkler leakage, "we" will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

- d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", "we" cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning; or
- 2) collapse caused by hidden decay.

- e. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

- f. **Ordinance Or Law** -- Except as provided under Supplemental Coverages - Ordinance Or Law, enforcement of any code, ordinance, or law regulating the use, construction, or repair of any "building or structure"; or requiring the demolition of any "building or structure" including the cost of removing its debris.

"We" do not pay for loss or increased cost regardless if the loss or increased cost is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a "building or structure" has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a "building or structure", including the removal of debris, following direct physical loss or damage to the property.

g. **Sewer, Septic Tank, Sump, Or Drain Backup And Water Below The Surface**

-- Except as provided under Supplemental Coverages - Sewer Backup:

- 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank, eaves trough or downspout; or
- 2) water or waterborne material below the surface of the ground, whether naturally or artificially occurring, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered "building or structure" or "installation project", sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer, drain, sump, septic tank, eaves trough, or downspout backup and water or waterborne material below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

h. **War And Military Action --**

- 1) War, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

a. **Contamination Or Deterioration --**

"We" do not pay for loss or damage caused by or resulting from contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts --**

"We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;

- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

**c. Defects, Errors, And Omissions --**

"We" do not pay for loss or damage caused by or resulting from an act, defect, error, or omission (negligent or not) relating to:

- 1) design, specifications, construction, materials, or workmanship;
- 2) planning, zoning, development, siting, surveying, grading, or compaction; or
- 3) maintenance, installation, renovation, remodeling, or repair.

But if an act, error, or omission as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

**d. Delay In Completion And Increased Construction Costs --**

- 1) "We" do not pay for loss or damage caused directly or indirectly by a:
  - a) delay in the completion of construction, installation, erection, or fabrication of:

- (1) a "building or structure";
- (2) an "installation project"; or
- (3) any portion of a "building or structure" or "installation project"; or

- b) a change in the sequence of construction, installation, erection, or fabrication of:

- (1) a "building or structure";
- (2) an "installation project"; or
- (3) any portion of a "building or structure" or "installation project"

regardless of the cause of the delay in completion or change in sequence.

- 2) "We" also do not pay for increased construction or installation costs caused by or resulting from a delay in completion or change in sequence as described above under items d.1), a) and b). Increased construction or installation costs include, but are not limited to:

- a) general conditions;
- b) increased construction or installation costs and additional construction or installation expenses;
- c) increased overhead, increased material costs, and increased labor costs;
- d) soft costs; and
- e) loss of earnings and loss of rental income.

- 3) General conditions means general conditions and extended general conditions including, but not limited to, costs of additional:

- a) utility charges;
- b) maintenance;
- c) facilities;
- d) communications; and
- e) administrative personnel.

- e. **Electrical Currents --** "We" do not pay for loss or damage caused by or resulting from arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

f. **Loss Of Use And Consequential Loss**  
-- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market. "We" also do not pay for any consequential loss or damage of any nature.

g. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by or resulting from:

- 1) mechanical breakdown; or
- 2) rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

h. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

i. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
- 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

- j. **Steam Boiler Explosion** -- "We" do not pay for loss or damage caused by or resulting from an explosion of steam boilers, steam pipes, steam turbines, or steam engines.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- k. **Temperature/Humidity** -- "We" do not pay for loss or damage caused by or resulting from dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- l. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud And Deceit, "we" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

- m. **Wear And Tear** -- "We" do not pay for loss or damage caused by or resulting from wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

---

## WHAT MUST BE DONE IN CASE OF LOSS

---

1. **Notice** -- In case of a loss, "you" must:
  - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
  - b. give notice to the police when the act that causes the loss is a crime.
2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.
  - a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
  - b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.
3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
  - a. the time, place, and circumstances of the loss;
  - b. other policies of insurance that may cover the loss;
  - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;

- d. changes in title of the covered property during the policy period; and
  - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
  5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
  6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
  7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
  8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
  9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.
- 1) the necessary and reasonable costs of materials and labor incurred to repair or replace, without deduction for depreciation, the part of the covered property that sustains direct physical loss or damage;
  - 2) the reasonable overhead and profit related to the covered property that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the construction, installation, erection, or fabrication of a covered "building or structure" or "installation project" in accordance with the construction or installation contracts; and
  - 3) other related construction costs and expenses that are re-incurred to repair or replace the part of the covered property that sustains direct physical loss or damage but only if such costs have been included as part of the "limit" for a covered "building or structure" or "installation project".
- b. **Replacement Cost Limitations** -- Replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose.
  - c. **Payment Limitation** -- If the part of the covered property that sustains direct physical loss or damage is repaired or replaced, the payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

---

## VALUATION

---

1. **Replacement Cost** -- The value of covered property will be based on replacement cost as described below.
  - a. **Replacement Cost Means** -- Replacement cost means:
2. **Pair Or Set** -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

---

## HOW MUCH WE PAY

---

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;
  - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
  - c. the "limit" that applies to the covered property.
4. **Catastrophe Limit** -- The most "we" pay in any one occurrence is the Catastrophe Limit indicated on the "schedule of coverages" regardless if an occurrence or loss involves:
  - a. one or more "buildings or structures";
  - b. one or more described "jobsites";
  - c. one or more coverages described under Property Covered; or
  - d. any combination of "buildings or structures", described "jobsites", described coverages, or coverages described under Coverage Extensions or Supplemental Coverages.
5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

## 6. Insurance Under More Than One Policy --

- a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

---

## LOSS PAYMENT

---

1. **Loss Payment Options** --
  - a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
    - 1) pay the value of the lost or damaged property;
    - 2) pay the cost of repairing or replacing the lost or damaged property;
    - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
    - 4) take all or any part of the property at the agreed or appraised value.
  - b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

2. **Your Losses --**

- a. **Adjustment And Payment Of Loss --** "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
- b. **Conditions For Payment of Loss --** An insured loss will be payable 30 days after:
- 1) a satisfactory proof of loss is received; and
  - 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

3. **Property Of Others --**

- a. **Adjustment And Payment Of Loss To Property Of Others --** Losses to property of others may be adjusted with and paid to:
- 1) "you" on behalf of the owner; or
  - 2) the owner.
- b. **We Do Not Have To Pay You If We Pay The Owner --** If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

- 1) **You Will Report To Us --** Within 30 days after the end of each reporting period indicated on the "schedule of coverages", "you" will report to "us" the estimated completed value of each "building or structure". "Your" report will contain the:

- a) estimated completion cost;
- b) address; and
- c) construction classification

of each "building or structure".

- 2) **Cancellation --** If "your" coverage is canceled, "you" will report the estimated completed value of each "building or structure" up to and including the date of cancellation and pay any additional premium due.

- b. **Premium Computation And Adjustment --** The premium will be adjusted as of each adjustment period indicated on the "schedule of coverages". The computed premium will be determined by multiplying the estimated completed value of each "building or structure" by the rate indicated on the "schedule of coverages".

- 1) **Annual Adjustment --** When an annual adjustment period is indicated on the "schedule of coverages", "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

---

## REPORTING CONDITIONS

---

If indicated on the "schedule of coverages", the following reporting conditions apply.

1. **Builders' Risk Coverages --** The following reporting conditions apply to Builders' Risk Coverages.
  - a. **Reports --**

- 2) **Other Adjustment Period** -- When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium. At the end of the policy period, if the computed premium is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".
- c. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:
- 1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the "limit".
  - 2) **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual estimated completed value of a "building or structure", "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the value of a "building or structure" "you" reported divided by the actual estimated completed value of the "building or structure" during the reporting period.
  - 3) **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.
2. **Installation Floater Coverage** -- The following reporting conditions apply to the Installation Floater Coverage.
- a. **Reports** --
    - 1) **You Will Report To Us** -- Within 30 days after the end of each reporting period indicated on the "schedule of coverages", "you" will report to "us" the total receipts (collected and uncollected) earned from "your" "installation projects" during the reporting period indicated on the "schedule of coverages". Receipts include the amounts "you" earn from materials, labor, reasonable overhead and profit, and delivery charges that are part of "your" "installation projects".
    - 2) **Cancellation** -- If "your" coverage is canceled, "you" will report the total receipts (collected and uncollected) earned from "your" "installation projects" up to and including the date of cancellation and pay any additional premium due.
  - b. **Premium Computation And Adjustment** -- The premium will be adjusted as of each adjustment period indicated on the "schedule of coverages". The total computed premium will be determined by multiplying the total earned receipts by the rate indicated on the "schedule of coverages".
    - 1) **Annual Adjustment** -- When an annual adjustment period is indicated on the "schedule of coverages", "we" will compare the total computed premium to the deposit premium. If it is more than the deposit premium, "you" will pay "us" the difference. If it is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the schedule.
    - 2) **Other Adjustment Period** -- When any other premium adjustment period is indicated, "we" will apply the computed premium to the deposit premium until it is exhausted. "You" will pay "us" all premiums that exceed the deposit premium. At the end of the policy period, if the computed premium is less than the deposit premium, "we" will pay "you" the difference subject to the minimum premium indicated on the "schedule of coverages".

- c. **Provisions That Affect How Much We Pay** -- The following provisions apply to reports that are submitted and may affect How Much We Pay:

- 1) **Failure To Submit Reports** -- If "you" have failed to submit the required reports or no report has been submitted, the most "we" will pay is 90% of the "limit".
- 2) **Reported Values Are Less Than The Full Value** -- If "your" last report before a loss shows less than the actual receipts earned during the reporting period for an "installation project", "we" will only pay a part of the loss. "We" will not pay a greater portion of the loss, prior to the application of the deductible, than the receipts "you" reported divided by the receipts "you" actually earned from "your" "installation project" during the reporting period.
- 3) **We Will Not Pay More Than The Limit** -- "We" will not pay more than the applicable "limit" regardless of any reported value used in computing the premium.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** -- This provision applies only if the insured is an individual.

---

## OTHER CONDITIONS

---

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

- a. **Your Death** -- On "your" death, "we" cover the following as an insured:
  - 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
  - 2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

- b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
- a. "You" or any other insured have willfully concealed or misrepresented:
    - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
    - 2) "your" interest herein.
  - b. There has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
- a. "you" must notify "us" promptly if "you" recover property or receive payment;
  - b. "we" must notify "you" promptly if "we" recover property or receive payment;
  - c. any recovery expenses incurred by either are reimbursed first;
  - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
  - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration Of Limits** -- Except as indicated under Limited Fungus Coverage, a loss "we" pay under this coverage does not reduce the applicable "limits".

9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
- a. all of the "terms" of this coverage have been complied with; and
  - b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.
12. **Carriers For Hire** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

---

## ADDITIONAL COVERAGE LIMITATIONS

---

1. **Occupancy And Use** -- The following provision only applies to Builders' Risk Coverages, "we" do not provide coverage under this policy if, without "our" prior written consent, a covered "building or structure" as described under Property Covered is:
- a. occupied in whole or in part; or
  - b. put to its intended use.

However, this provision does not apply if Permission To Occupy is indicated on the "schedule of coverages".

2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:

- a. this policy expires or is canceled;
- b. a covered "building or structure" or "installation project" is accepted by the purchaser;
- c. "your" insurable interest in the covered property ceases;
- d. "you" abandon construction or installation with no intent to complete it; or
- e. a covered "building or structure" or "installation project" has been completed for more than 90 days.

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
- e. eruption, explosion, or effusion of a volcano.

3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:

- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
- b. unusual and rapid accumulation or runoff of surface waters from any source; or
- c. mudslides or mudflows if caused by:
  - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
  - 2) currents of water exceeding anticipated cyclical levels.

---

## DEFINITIONS

---

1. "Buildings or structures" means:

- a. buildings;
- b. structures;
- c. materials and supplies that will become a permanent part of the buildings or the structures; and
- d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures.

2. "Earth movement" means:

- a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. landslide, mudslide or mudflow;
- c. mine subsidence whether or not the non-natural mine is currently in use;

4. "Fungus" means:

- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot and dry rot;
- d. a bacterium; or
- e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

5. "Installation project" means an installation or construction project where "you" are in the process of installing, constructing, or rigging:
  - a. materials or supplies;
  - b. machinery;
  - c. fixtures; or
  - d. equipment.
6. "Jobsite" means any location, project, or work site where "you" are in the process of:
  - a. constructing, erecting, or fabricating a "building or structure"; or
  - b. installing, constructing, or rigging materials or supplies, machinery, fixtures, or equipment.
7. "Limit" means the amount of coverage that applies.
8. "Pollutant" means:
  - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
9. "Schedule of coverages" means:
  - a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and
  - b. declarations or supplemental declarations that pertain to this coverage.

10. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

1. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- a. personal property in the open; or
- b. the interior of "buildings or structures" or to personal property inside "buildings or structures" unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

12. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
13. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

"Volcanic action" does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss or damage to the covered property.

## BUILDERS' RISK COVERAGE REHABILITATION AND RENOVATION FORM

In this coverage form, the words "you" and "your" mean the persons or organizations named as the insured on the declarations and the words "we", "us", and "our" mean the company providing this coverage.

Refer to the Definitions section at the end of this coverage form for additional words and phrases that have special meaning. These words and phrases are shown in quotation marks.

---

### AGREEMENT

---

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

---

### PROPERTY COVERED

---

"We" cover the following property unless the property is excluded or subject to limitations.

1. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to "building materials" and "existing buildings" that are part of "your" "rehabilitation or renovation project".

2. **Coverage Limitations** -- "We" only cover:
  - a. "existing buildings" when a "limit" is indicated on the "schedule of coverages" for Existing Buildings;
  - b. "building materials" that will become a permanent part of an "existing building"; and
  - c. "existing buildings" and "building materials" at the "jobsite" described on the "schedule of coverages".

3. **Vacant Building Limitation** -- "We" only cover a vacant "existing building" for 60 consecutive days from the inception date of this policy unless:

- a. building permits have been obtained; and
- b. rehabilitation or renovation work has begun on the "existing building".

This limitation is waived when Vacant Building Limitation Waived is checked on the "schedule of coverages".

4. **We Do Not Pay** -- "We" do not pay for any penalties for:

- a. non-completion or late completion of a "rehabilitation or renovation project" in accordance with the provisions or conditions in the construction contract; or
- b. non-compliance with any provisions or conditions in the construction contract.

---

## PROPERTY NOT COVERED

---

1. **Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.
2. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
3. **Excavations, Grading, Filling, Pipes, Flues, And Drains** -- "We" do not cover:
  - a. the cost of excavations, grading, or filling; and
  - b. underground pipes; flues; and drains.
4. **Land** -- "We" do not cover land including land on which covered property is located.
5. **Money And Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
6. **Not A Permanent Part Of Building** -- "We" do not cover:
  - a. materials and supplies;
  - b. machinery, tools, and equipment; and
  - c. business personal property

that will not become a permanent part of a covered "existing building".
7. **Roadways And Walkways** -- "We" do not cover walkways, roadways, and other paved surfaces that are:
  - a. more than 1,000 feet from; or
  - b. not next to nor part of

a covered "existing building".

8. **Standing Building Or Structure** -- Except for a covered "existing building", "we" do not cover any:
  - a. standing building or standing structure; or
  - b. part of a standing building or standing structure

that has been wholly or partially constructed, erected, or fabricated prior to the inception of this policy.
9. **Trees, Shrubs, And Plants** -- "We" do not cover trees, shrubs, plants, or lawns.
10. **Waterborne Property** -- "We" do not cover property while waterborne except while in transit in the custody of a carrier for hire.
11. **Vehicles** -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.

---

## COVERAGE EXTENSIONS

---

**Provisions That Apply To Coverage Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage, including a Coverage Extension, Supplemental Coverage, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Coverage Extensions are not subject to and not considered in applying coinsurance conditions.

**1. Debris Removal --**

- a. **Coverage** -- "We" pay the cost of debris removal. Debris removal means the costs for the demolition, clearing, and removal of debris of covered property if such debris results from a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
  - 1) extract "pollutants" from land or water; or
  - 2) remove, restore, or replace polluted land or water.
- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss or damage exclusive of the costs for debris removal. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
- e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

**2. Limited Fungus Coverage --**

a. **Coverage** -- "We" pay for:

- 1) costs and expenses arising out of the presence of "fungus" on covered property caused by or resulting from a covered peril; and
- 2) direct physical loss or damage to covered property caused by or relating to the existence of or any activity of "fungus".

b. **Coverage Limitation** -- "We" only provide the coverage described in item 2.a. above:

- 1) when the "fungus" is the result of:
  - a) a "specified peril" other than fire or lightning; or
  - b) "flood" (if the Flood Coverage is provided under this policy);

that occurs during the policy period; and

- 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.

c. **Limited Fungus Coverage Limit** -- The most "we" pay for all loss or damage covered by this Coverage Extension at all "rehabilitation and renovation projects" is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Coverage Limit applies regardless of the number of claims made.

The Limited Fungus Coverage Limit applies regardless of the number of locations or "rehabilitation and renovation projects" insured under this policy.

The Limited Fungus Coverage Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Coverage Limit.
- e. **Recurrence And Continuation Of Fungus** -- The Limited Fungus Coverage Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limited Fungus Coverage Limit Applies To Other Costs Or Expenses** -- The Limited Fungus Coverage Limit also applies to any cost or expense to:
- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;
  - 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
  - 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.
- g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this Coverage Extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this Coverage Extension.

---

## SUPPLEMENTAL COVERAGES

---

**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage within this coverage form, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension, including a Supplemental Coverage, Coverage Extension, or other coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following Supplemental Coverages are not subject to and not considered in applying coinsurance conditions.

1. **Pollutant Cleanup And Removal --**

- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
- b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
- c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".

However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

- d. **Limit** -- The most "we" pay for each location is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.

2. **Temporary Storage Locations --**

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered "building materials" while temporarily in storage at a location that is not described on the "schedule of coverages".
- b. **We Do Not Cover** -- "We" do not cover "building materials" in storage if the property has not been specifically allocated to or otherwise identified with a "jobsite" described on the "schedule of coverages".
- c. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

3. **Transit --**

- a. **Coverage** -- "We" cover direct physical loss or damage caused by a covered peril to covered "building materials" while in transit.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

---

**PERILS COVERED**

---

"We" cover risks of direct physical loss or damage unless the loss is limited or caused by a peril that is excluded.

---

**PERILS EXCLUDED**

---

- 1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Civil Authority** -- Order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Earth Movement** -- Any "earth movement".

However, if eruption, explosion, or effusion of a volcano results in "volcanic action", "we" will pay for the loss or damage caused by that "volcanic action".

If "earth movement" results in fire, "we" will pay for the loss or damage caused by that fire. If "earth movement" (other than eruption, explosion, or effusion of a volcano) results in explosion, "we" will pay for the loss or damage caused by that explosion.

This exclusion does not apply to covered property while in transit.

c. **Flood** -- "Flood".

"We" also do not cover waterborne material carried or otherwise moved by "flood", whether or not driven by wind, including storm surge, or material carried or otherwise moved by mudslide or mudflow.

However, if "flood" results in fire, explosion, or sprinkler leakage, "we" will pay for the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", "we" cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning;  
or
- 2) collapse caused by hidden decay.

e. **Nuclear Hazard** -- Nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

f. **Ordinance Or Law** -- Enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss or increased cost regardless if the loss or increased cost is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following direct physical loss or damage to the property.

g. **Sewer, Septic Tank, Sump, Or Drain Backup And Water Below The Surface** --

- 1) water or waterborne material that backs up, overflows or is otherwise discharged through a sewer or drain, sump or septic tank, eaves trough or downspout; or
- 2) water or waterborne material below the surface of the ground, whether naturally or artificially occurring, including but not limited to water or waterborne material that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer, drain, sump, septic tank, eaves trough, or downspout backup and water or waterborne material below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to covered property while in transit.

h. **War And Military Action --**

- 1) War, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War And Military Action exclusion will apply in place of the Nuclear Hazard exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:

- a. **Collapse --** "We" do not pay for loss or damage caused by or resulting from collapse, except as provided under Other Coverages - Collapse.

But if collapse results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to covered property while in transit.

- b. **Contamination Or Deterioration --** "We" do not pay for loss or damage caused by or resulting from contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

- c. **Criminal, Fraudulent, Dishonest, Or Illegal Acts --** "We" do not pay for loss or damage caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:

- 1) "you";
- 2) others who have an interest in the property;
- 3) others to whom "you" entrust the property;
- 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
- 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

d. **Defects, Errors, And Omissions --**

"We" do not pay for loss or damage caused by or resulting from an act, defect, error, or omission (negligent or not) relating to:

- 1) design or specifications; or
- 2) planning, zoning, development, siting, surveying, grading, or compaction.

But if an act, defect, error, or omission as described above results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

e. **Delay In Completion And Increased Construction Costs --**

- 1) "We" do not pay for loss or damage caused directly or indirectly by a:
  - a) delay in the completion of construction, rehabilitation, or renovation of "your" "rehabilitation or renovation project" or any portion of "your" "rehabilitation or renovation project"; or

- b) a change in the sequence of construction, rehabilitation, or renovation of "your" "rehabilitation or renovation project" or any portion of "your" "rehabilitation or renovation project"

regardless of the cause of the delay in completion or change in sequence.

- 2) "We" also do not pay for increased construction costs caused by or resulting from a delay in completion or change in sequence as described above under items e.1), a) and b). Increased construction costs include, but are not limited to:

- a) general conditions;
- b) increased construction costs and additional construction expenses;
- c) increased overhead, increased material costs, and increased labor costs;
- d) soft costs; and
- e) loss of earnings and loss of rental income.

- 3) General conditions means general conditions and extended general conditions including, but not limited to, costs of additional:

- a) utility charges;
- b) maintenance;
- c) facilities;
- d) communications; and
- e) administrative personnel.

- f. **Electrical Currents** -- "We" do not pay for loss or damage caused by or resulting from arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

- g. **Freezing** -- "We" do not pay for loss or damage caused by or resulting from water; other liquids; powder; or molten material that leaks or flows from plumbing, heating, air-conditioning systems, or appliances other than fire protective systems caused by freezing.

This exclusion does not apply if "you" use reasonable care to maintain heat in the building or structure; or "you" drain the equipment and turn off the supply if the heat is not maintained.

- h. **Loss Of Use And Consequential Loss** -- "We" do not pay for loss or damage caused by or resulting from loss of use, delay, or loss of market. "We" also do not pay for any consequential loss or damage of any nature.

- i. **Materials And Workmanship** -- "We" do not pay for loss or damage caused by or resulting from faulty, inadequate, or defective materials or workmanship. But if loss by a covered peril results, "we" pay for the resulting loss.

- j. **Mechanical Breakdown** -- "We" do not pay for loss or damage caused by or resulting from:

- 1) mechanical breakdown; or
- 2) rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", "we" do cover the loss or damage caused by that "specified peril".

- k. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- l. **Pollutants** -- "We" do not pay for loss or damage caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":
- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
  - 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup And Removal.

"We" do cover any resulting loss caused by a "specified peril".

- m. **Rain, Snow, Ice, Or Sleet** -- "We" do not pay for loss or damage caused by or resulting from rain, snow, ice, or sleet to property in the open that is not part of the permanent "existing building".

This exclusion does not apply to property in the custody of carriers for hire.

- n. **Settling, Cracking, Shrinking, Bulging, Or Expanding** -- "We" do not pay for loss or damage caused by or resulting from settling, cracking, shrinking, bulging, or expanding of pavements, foundations, walls, ceilings, glass, or roofs.

But if settling, cracking, shrinking, bulging, or expanding as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- o. **Steam Boiler Explosion** -- "We" do not pay for loss or damage caused by or resulting from an explosion of steam boilers, steam pipes, steam turbines, or steam engines.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- p. **Temperature/Humidity** -- "We" do not pay for loss or damage caused by or resulting from dryness, dampness, humidity, or changes in or extremes of temperature.
- q. **Voluntary Parting** -- "We" do not pay for loss or damage caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.
- r. **Wear And Tear** -- "We" do not pay for loss or damage caused by or resulting from wear and tear, marring, or scratching.

---

## OTHER COVERAGES

---

### Collapse --

1. **Coverage** -- "We" pay for loss caused by direct physical loss or damage involving collapse of "existing buildings" while in the course of rehabilitation or renovation including:
  - a. any part of "existing buildings"; or
  - b. "building materials" inside of "existing buildings".
2. **Covered Perils** -- "We" only cover collapse of "existing buildings" while in the course of rehabilitation or renovation if the collapse is caused by one or more of the following perils:
  - a. "specified perils" only as insured against in this coverage form;

- b. hidden decay, unless "you" know of the presence of the decay prior to the collapse;
  - c. hidden insect or vermin damage, unless "you" know of the damage prior to the collapse;
  - d. weight of people or personal property;
  - e. weight of rain that collects on a roof; or
  - f. use of defective materials.
3. **Collapse Means** -- Collapse means a sudden and unexpected falling in or caving in of an "existing building", including any portion of an "existing building", while in the course of rehabilitation or renovation with the result that rehabilitation or renovation cannot be completed as intended.
4. **Collapse Does Not Mean** -- The following are not considered to be in a state of collapse:
- a. a structure or building that is standing or any portion of a structure or building that is standing even if it displays evidence of bending, bulging, cracking, expansion, leaning, sagging, settling, or shrinkage;
  - b. a structure or building or any portion of a structure or building in danger of falling in or caving; and
  - c. a portion of a structure or building that is standing even if it has separated from another portion of the structure or building.
5. **Limited Fungus Coverage Does Not Increase/Decrease Coverage** -- The "terms" under Coverage Extension - Limited Fungus Coverage do not increase or decrease the coverage for Collapse.

---

## WHAT MUST BE DONE IN CASE OF LOSS

---

1. **Notice** -- In case of a loss, "you" must:
- a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
  - b. give notice to the police when the act that causes the loss is a crime.
2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.
- a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
  - b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.
3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- a. the time, place, and circumstances of the loss;
  - b. other policies of insurance that may cover the loss;
  - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;

- d. changes in title of the covered property during the policy period; and
  - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.

---

## VALUATION

---

### 1. Existing Building --

- a. **Stated Value** -- If Stated Value is indicated on the "schedule of coverages" for Existing Building, the value of an "existing building" that sustains direct physical loss or damage will be based on the "limit" shown for Existing Building on the "schedule of coverages".
- b. **Actual Cash Value** -- If Actual Cash Value is indicated on the "schedule of coverages" for Existing Building, the value of the part of an "existing building" that sustains direct physical loss or damage will be based on the actual cash value at the time of loss (with a deduction for depreciation).

### 2. Building Materials --

- a. **Actual Cash Value** -- The value of "building materials" will be based on the actual cash value at the time of loss (with a deduction for depreciation).
- b. **Actual Cash Value Means** -- The actual cash value of "building materials" means:
  - 1) the necessary and reasonable costs of materials and labor incurred to repair or replace, with deduction for depreciation, the part of the covered "building materials" that sustains direct physical loss or damage;
  - 2) the reasonable overhead and profit related to the covered "building materials" that sustains direct physical loss or damage but not to exceed the overhead and profit being charged for the "rehabilitation or renovation project" in accordance with the construction contracts; and

- 3) other related construction costs and expenses that are re-incurred to repair or replace the part of "building materials" that sustain direct physical loss or damage but only if such costs have been included as part of the "limit" for a covered "rehabilitation or renovation project".
3. **Pair Or Set** -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
4. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

---

## HOW MUCH WE PAY

---

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;
  - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
  - c. the "limit" that applies to the covered property.

## 4. Limits --

- a. **Building Materials Limit** -- The most "we" pay in any one occurrence for loss to "building materials" is the Building Materials Limit indicated on the "schedule of coverages".
- b. **Existing Building Limit** -- The most "we" pay in any one occurrence for loss to an "existing building" is the Existing Building Limit indicated on the "schedule of coverages".
- c. **Catastrophe Limit** -- In no event will "we" pay more than the Catastrophe Limit indicated on the "schedule of coverages" regardless if a loss involves "building materials" and "existing building".

## 5. Coinsurance --

- a. **When Coinsurance Applies** -- "We" only pay a part of the loss if the "limit" is less than 100% of the estimated completed value of "building materials".
- b. **How We Determine Our Part Of The Loss** -- "Our" part of the loss is determined using the following steps:
  - 1) determine the 100% expected completed value of "building materials"; this figure is based on the estimated value of the property at completion of rehabilitation or renovation had no loss occurred;
  - 2) divide the "limit" for "building materials" by the result determined in b.1) above;
  - 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the Building Materials Limit, whichever is less. "We" do not pay any remaining part of the loss.

- c. **If There Is More Than One Limit** -- If there is more than one Building Materials Limit indicated on the "schedule of coverages" for this coverage part, this procedure applies separately to each "limit".
  - d. **If There Is Only One Limit** -- If there is only one "limit" indicated on the "schedule of coverages" for this coverage, this procedure applies to the total of all "building materials" to which the "limit" applies.
6. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
7. **Insurance Under More Than One Policy** --
- a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.
  - b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".
- 2) pay the cost of repairing or replacing the lost or damaged property;
  - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
  - 4) take all or any part of the property at the agreed or appraised value.
- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.
2. **Your Losses** --
- a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.
  - b. **Conditions For Payment Of Loss** -- An insured loss will be payable 30 days after:
    - 1) a satisfactory proof of loss is received; and
    - 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property Of Others** --
- a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:
    - 1) "you" on behalf of the owner; or
    - 2) the owner.
  - b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

---

## LOSS PAYMENT

---

1. **Loss Payment Options** --
- a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
    - 1) pay the value of the lost or damaged property;

---

## OTHER CONDITIONS

---

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.

4. **Estates** -- This provision applies only if the insured is an individual.

- a. **Your Death** -- On "your" death, "we" cover the following as an insured:

- 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
- 2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.

- b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:

- a. "you" or any other insured have willfully concealed or misrepresented:

- 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
- 2) "your" interest herein.

- b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.

6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.

7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. "you" must notify "us" promptly if "you" recover property or receive payment;
- b. "we" must notify "you" promptly if "we" recover property or receive payment;
- c. any recovery expenses incurred by either are reimbursed first;

- d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
  - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration Of Limits** -- Except as indicated under Limited Fungus Coverage, a loss "we" pay under this coverage does not reduce the applicable "limits".
9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.
- "You" may waive "your" right to recover from others in writing before a loss occurs.
10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
- a. all of the "terms" of this coverage have been complied with; and
  - b. the suit has been brought within two years after "you" first have knowledge of the loss.
- If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.
11. **Territorial Limits** -- "We" cover property while it is in the United States of America, its territories and possessions, Canada, and Puerto Rico.
12. **Carriers For Hire** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

---

## ADDITIONAL COVERAGE LIMITATIONS

---

1. **Occupancy And Use** -- "We" do not provide coverage under this policy if, without "our" prior written consent, an "existing building" is:
  - a. occupied in whole or in part; or
  - b. put to its intended use.
2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:
  - a. this policy expires or is canceled;
  - b. a covered "rehabilitation or renovation project" is accepted by the purchaser;
  - c. "your" insurable interest in the covered property ceases;
  - d. "you" abandon construction, rehabilitation, or renovation with no intent to complete it; or
  - e. a covered "rehabilitation or renovation project" has been completed for more than 45 days.

---

## DEFINITIONS

---

1. "Building materials" means materials, supplies, attachments, and fixtures that will become a permanent part of the rehabilitation or renovation of an "existing building".
2. "Earth movement" means:
  - a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
  - b. landslide, mudslide or mudflow;
  - c. mine subsidence whether or not the non-natural mine is currently in use;

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
  - e. eruption, explosion, or effusion of a volcano.
3. "Existing building" means a structure or building constructed and standing prior to the inception of this policy and that will undergo renovation or rehabilitation as part of "your" "rehabilitation or renovation project".
- An "existing building" includes only those parts of a standing structure or a standing building that are intended to become a permanent part of the structure or building during and after renovation or rehabilitation.
- An "existing building" includes foundations, attachments, permanent fencing, and other permanent fixtures.
- 4. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:
    - a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
    - b. unusual and rapid accumulation or runoff of surface waters from any source; or
    - c. mudslides or mudflows if caused by:
      - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
      - 2) currents of water exceeding anticipated cyclical levels.
- 5. "Fungus" means:
    - a. a fungus, including but not limited to mildew and mold;
    - b. a protist, including but not limited to algae and slime mold;
    - c. wet rot and dry rot;
    - d. a bacterium; or
    - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
6. "Jobsite" means any location, project, or work site where "you" are in the process of renovating or rehabilitating a building or structure.
7. "Limit" means the amount of coverage that applies.
8. "Pollutant" means:
  - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
9. "Rehabilitation or renovation project" means a project, described on the "schedule of coverages", involving the construction, rehabilitation, or renovation of a structure or building.

10. "Schedule of coverages" means:
- a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and
  - b. declarations or supplemental declarations that pertain to this coverage.
11. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
12. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- a. personal property in the open; or

- b. the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

13. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.

14. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

"Volcanic action" does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

*SERFF Tracking Number:*      *AMAX-125955222*                      *State:*                      *Arkansas*  
*Filing Company:*              *American Association of Insurance Services*      *State Tracking Number:*      *EFT \$400*  
*Company Tracking Number:*      *AAIS-2008-65-1*  
*TOI:*                      *09.0 Inland Marine*                      *Sub-TOI:*                      *09.0005 Other Commercial Inland Marine*  
*Product Name:*                      *Inland Marine Guide*  
*Project Name/Number:*              *AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1*

## **Rate Information**

Rate data does NOT apply to filing.

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

## Supporting Document Schedules

**Review Status:**  
**Bypassed -Name:** Uniform Transmittal Document-  
Property & Casualty **Filed** 12/29/2008  
**Bypass Reason:** Not Applicable  
**Comments:**

**Review Status:**  
**Satisfied -Name:** IMG 10 08 Forms Filing  
Memo\_Addendum **Filed** 12/29/2008  
**Comments:**  
**Attachment:**  
IMG 10 08 Forms Filing Memo\_Addendum.PDF

**Review Status:**  
**Satisfied -Name:** IM 7051 09 08 to 10 08 page 16  
mockup **Filed** 12/29/2008  
**Comments:**  
**Attachment:**  
IM 7051 09 08 to 10 08 page 16 mockup.PDF

**Review Status:**  
**Satisfied -Name:** IM 7052 09 08 to 10 08 page 21  
mockup **Filed** 12/29/2008  
**Comments:**  
**Attachment:**  
IM 7052 09 08 to 10 08 page 21 mockup.PDF

**Review Status:**  
**Satisfied -Name:** IM 7053 09 08 to 10 08 page 22  
mockup **Filed** 12/29/2008  
**Comments:**  
**Attachment:**  
IM 7053 09 08 to 10 08 page 22 mockup.PDF

SERFF Tracking Number: AMAX-125955222 State: Arkansas  
Filing Company: American Association of Insurance Services State Tracking Number: EFT \$400  
Company Tracking Number: AAIS-2008-65-1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Inland Marine Guide  
Project Name/Number: AR IMG Builder's Risk 10 08 Forms Corrections AAIS-2008-65-1/AAIS-2008-65-1

**Satisfied -Name:** IM 7054 09 08 to 10 08 page 16  
mockup **Review Status:** Filed 12/29/2008

**Comments:**

**Attachment:**

IM 7054 09 08 to 10 08 page 16 mockup.PDF

**Satisfied -Name:** !Important Notice - Copyrighted  
Materials **Review Status:** Filed 12/29/2008

**Comments:**

**Attachment:**

!Important Notice - Copyrighted Materials.PDF

**Satisfied -Name:** AR IMG Forms Company Action  
Exhibit **Review Status:** Filed 12/29/2008

**Comments:**

**Attachment:**

AR IMG Forms Company Action Exhibit.PDF

**AMERICAN ASSOCIATION OF INSURANCE SERVICES  
INLAND MARINE GUIDE (TRADITIONAL NON-FILED INLAND MARINE)  
FORMS AND ENDORSEMENTS FILING MEMORANDUM - ADDENDUM**

The American Association of Insurance Services (AAIS) is amending our filing number **AAIS-2008-65**. The following countrywide forms are deleted and replaced as indicated below:

<b>CLASS</b>	<b>CURRENT</b>	<b>REPLACE WITH VERSIONS</b>	<b>TITLE</b>
<b>Builders' Risk</b>	IM 7051 09 08	IM 7051 10 08	Builders' Risk Coverage - Scheduled Jobsite Form
	IM 7052 09 08	IM 7052 10 08	Builders' Risk Coverage - Contractors' Reporting Form
	IM 7053 09 08	IM 7053 10 08	Builders' Risk Coverage - Builders' Risk And Installation Floater Form
	IM 7054 09 08	IM 7054 10 08	Builders' Risk Coverage - Rehabilitation And Renovation Form

Changes were made to the 10 08 editions of the forms noted above to update the definition of "flood". The updated definition of "flood" reads (underlined text added):

"Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:

- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
- b. unusual and rapid accumulation or runoff of surface waters from any source; or
- c. mudslides or mudflows if caused by:
  - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
  - 2) currents of water exceeding anticipated cyclical levels.

Copies of the above forms are enclosed. Also, for your convenience, mock-ups are provided which highlight the changes to these forms.

**MOCK-UP -- Underlined matter is new; bracketed matter has been deleted.**

AAIS

IM 7051 [09 08] 10 08

Page 16 of 17

---

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
  - e. eruption, explosion, or effusion of a volcano.
3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:
- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
  - b. unusual and rapid accumulation or runoff of surface waters from any source; or
  - c. mudslides or mudflows if caused by:
    - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
    - 2) currents of water exceeding anticipated cyclical levels.
4. "Fungus" means:
- a. a fungus, including but not limited to mildew and mold;
  - b. a protist, including but not limited to algae and slime mold;
  - c. wet rot and dry rot;
  - d. a bacterium; or
  - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
5. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a "building or structure".
6. "Limit" means the amount of coverage that applies.
7. "Pollutant" means:
- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
8. "Schedule of coverages" means:
- a. all pages labeled "schedule of coverages" or schedules that pertain to this coverage; and
  - b. declarations or supplemental declarations that pertain to this coverage.
9. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
10. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.
- Falling objects does not include loss to:
- a. personal property in the open; or

---

## DEFINITIONS

---

1. "Buildings or structures" means:
  - a. buildings;
  - b. structures;
  - c. materials and supplies that will become a permanent part of the buildings or the structures; and
  - d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures.
2. "Earth movement" means:
  - a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
  - b. landslide, mudslide or mudflow;
  - c. mine subsidence whether or not the non-natural mine is currently in use;
  - d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
  - e. eruption, explosion, or effusion of a volcano.
3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:
  - a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
  - b. unusual and rapid accumulation or runoff of surface waters from any source; or
  - c. mudslides or mudflows if caused by:
    - 1) unusual and rapid accumulation or runoff of surface waters or waves; or
    - 2) currents of water exceeding anticipated cyclical levels.
4. "Fungus" means:
  - a. a fungus, including but not limited to mildew and mold;
  - b. a protist, including but not limited to algae and slime mold;
  - c. wet rot and dry rot;
  - d. a bacterium; or
  - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
5. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a "building or structure".
6. "Limit" means the amount of coverage that applies.
7. "Pollutant" means:
  - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and

**MOCK-UP -- Underlined matter is new; bracketed matter has been deleted.**

AAIS

IM 7053 [09 08] 10 08

Page 22 of 23

---

However, this provision does not apply if Permission To Occupy is indicated on the "schedule of coverages".

2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:

- a. this policy expires or is canceled;
- b. a covered "building or structure" or "installation project" is accepted by the purchaser;
- c. "your" insurable interest in the covered property ceases;
- d. "you" abandon construction or installation with no intent to complete it; or
- e. a covered "building or structure" or "installation project" has been completed for more than 90 days.

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
- e. eruption, explosion, or effusion of a volcano.

3. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:

- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;

- b. unusual and rapid accumulation or runoff of surface waters from any source; or

- c. mudslides or mudflows if caused by:

- 1) unusual and rapid accumulation or runoff of surface waters or waves; or
- 2) currents of water exceeding anticipated cyclical levels.

4. "Fungus" means:

- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot and dry rot;
- d. a bacterium; or
- e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

---

## DEFINITIONS

---

1. "Buildings or structures" means:

- a. buildings;
- b. structures;
- c. materials and supplies that will become a permanent part of the buildings or the structures; and
- d. foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures.

2. "Earth movement" means:

- a. earthquake, including land shock waves or tremors before, during or after a volcanic eruption;
- b. landslide, mudslide or mudflow;
- c. mine subsidence whether or not the non-natural mine is currently in use;

**MOCK-UP -- Underlined matter is new; bracketed matter has been deleted.**

AAIS

IM 7054 [09 08] 10 08

Page 16 of 17

---

- d. any other movement of earth, including sinking (other than "sinkhole collapse"), shifting, or rising of earth including, but not limited to, erosion, expansion, shrinking, freezing, thawing, improper soil compaction, and movement of water under the surface of the ground that cause cracking, settling, or shifting of foundations, buildings, or structures; or
- e. eruption, explosion, or effusion of a volcano.
3. "Existing building" means a structure or building constructed and standing prior to the inception of this policy and that will undergo renovation or rehabilitation as part of "your" "rehabilitation or renovation project".
- An "existing building" includes only those parts of a standing structure or a standing building that are intended to become a permanent part of the structure or building during and after renovation or rehabilitation.
- An "existing building" includes foundations, attachments, permanent fencing, and other permanent fixtures.
4. "Flood" means an overflowing or inundation by water of an area that was previously and normally dry or not covered by water, whether caused artificially or naturally, by human or animal forces or by an act of nature. "Flood" includes, but is not limited to:
- a. overflow of inland or tidal waters, waves, tidal waves, or tsunamis, or spray that results from any of these, all whether driven by wind or not, including but not limited to storm surge;
- b. unusual and rapid accumulation or runoff of surface waters from any source; or
- c. mudslides or mudflows if caused by:
- 1) unusual and rapid accumulation or runoff of surface waters or waves; or
- 2) currents of water exceeding anticipated cyclical levels.
5. "Fungus" means:
- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot and dry rot;
- d. a bacterium; or
- e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
6. "Jobsite" means any location, project, or work site where "you" are in the process of renovating or rehabilitating a building or structure.
7. "Limit" means the amount of coverage that applies.
8. "Pollutant" means:
- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
- b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.
9. "Rehabilitation or renovation project" means a project, described on the "schedule of coverages", involving the construction, rehabilitation, or renovation of a structure or building.

**IMPORTANT NOTICE:**

**COPYRIGHTED MATERIALS**

This filing contains copyrighted material. All material published by the American Association of Insurance Services, Inc. is copyrighted. All rights to this material are reserved. Possession of this material does not give the possessor the right to print, reprint, publish, copy, sell, file, or use this material in any manner without the express written permission of the American Association of Insurance Services, Inc.

# AMERICAN ASSOCIATION OF INSURANCE SERVICES

## COMPANY ACTION EXHIBIT

### ARKANSAS

#### FORMS AND ENDORSEMENTS

Companies that have granted AAIS filing authority for forms and endorsements for this line of insurance:

- can adopt an AAIS forms and endorsements filing, without modifications, on the effective date designated by AAIS without notifying the Arkansas Insurance Department (ARID).
- can adopt an AAIS forms and endorsements filing on an earlier effective date by notifying the ARID at least 30 days before their chosen effective date.
- can adopt an AAIS forms and endorsements filing on a later effective date by notifying the ARID at least 30 days before the effective date designated by AAIS.
- can modify an AAIS forms and endorsements filing by establishing an effective date and submitting their modifications to the ARID at least 30 days before their chosen effective date.
- can choose not to adopt an AAIS forms and endorsements filing by notifying the ARID on or before the effective date designated by AAIS.

Companies that have not granted AAIS filing authority for forms and endorsements for this line of insurance:

- can adopt an AAIS forms and endorsements filing by establishing an effective date and making a reference filing with the ARID at least 30 days before their chosen effective date. A reference filing should contain only transmittal forms and the filing reference numbers. Copies of AAIS filed and approved materials should ***not*** be included in a reference filing.

Include the AAIS and state file numbers in all correspondence with the ARID.