

SERFF Tracking Number: ARKS-125473070 State: Arkansas  
First Filing Company: 10855 - CYPRESS INSURANCE COMPANY, ... State Tracking Number: #194913 \$50  
Company Tracking Number: AR-IM-030408-BHHC-F1  
TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Commerical Inland Marine  
Project Name/Number: /

## Filing at a Glance

Companies: 10855 - CYPRESS INSURANCE COMPANY, 20044 - CORNHUSKER CASUALTY COMPANY

Product Name: Commerical Inland Marine SERFF Tr Num: ARKS-125473070 State: Arkansas  
TOI: 09.0 Inland Marine SERFF Status: Closed State Tr Num: #194913 \$50  
Sub-TOI: 09.0005 Other Commercial Inland Marine Co Tr Num: AR-IM-030408-BHHC-F1 State Status: Fees verified and received  
Filing Type: Form Co Status: Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding  
Author: Disposition Date: 02/20/2008  
Date Submitted: 02/04/2008 Disposition Status: Approved  
Effective Date Requested (New): 03/04/2008 Effective Date (New): 03/04/2008  
Effective Date Requested (Renewal): Effective Date (Renewal): 03/04/2008

State Filing Description:

Form Count-3

## General Information

Project Name: Status of Filing in Domicile:  
Project Number: Domicile Status Comments: form count 3  
Reference Organization: Reference Number:  
Reference Title: Advisory Org. Circular:  
Filing Status Changed: 02/20/2008  
State Status Changed: 02/14/2008 Deemer Date:  
Corresponding Filing Tracking Number:  
Filing Description:

## Company and Contact

### Filing Contact Information

NA NA, NA@NA.com

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NA (123) 555-4567 [Phone]  
NA, AR 00000

**Filing Company Information**

10855 - CYPRESS INSURANCE COMPANY CoCode: 10855 State of Domicile: Arkansas  
No Address Group Code: Company Type:  
City, AR 99999 Group Name: State ID Number:  
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999  
-----

20044 - CORNHUSKER CASUALTY CoCode: 20044 State of Domicile: Arkansas  
COMPANY  
No Address Group Code: Company Type:  
City, AR 99999 Group Name: State ID Number:  
(999) 999-9999 ext. [Phone] FEIN Number: 99-9999999  
-----

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## Filing Fees

Fee Required? No  
Retaliatory? No  
Fee Explanation:  
Per Company: No

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## Correspondence Summary

### Dispositions

| Status   | Created By       | Created On | Date Submitted |
|----------|------------------|------------|----------------|
| Approved | Llyweyia Rawlins | 02/20/2008 | 02/20/2008     |

### Objection Letters and Response Letters

| Objection Letters |            |            |                | Response Letters |            |                |
|-------------------|------------|------------|----------------|------------------|------------|----------------|
| Status            | Created By | Created On | Date Submitted | Responded By     | Created On | Date Submitted |
| Pending           | Llyweyia   | 02/14/2008 |                |                  |            |                |
| Industry          | Rawlins    |            |                |                  |            |                |
| Response          |            |            |                |                  |            |                |

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Project Name/Number: /

## Disposition

Disposition Date: 02/20/2008  
Effective Date (New): 03/04/2008  
Effective Date (Renewal): 03/04/2008  
Status: Approved  
Comment:

Rate data does NOT apply to filing.

### Overall Rate Information for Multiple Company Filings

|   |        |
|---|--------|
| Overall Percentage Rate Indicated For This Filing             | 0.000% |
| Overall Percentage Rate Impact For This Filing                | 0.000% |
| Effect of Rate Filing-Written Premium Change For This Program | \$0    |
| Effect of Rate Filing - Number of Policyholders Affected      | 0      |

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 Product Name: Commerical Inland Marine  
 Project Name/Number: /

| Item Type           | Item Name  | Item Status | Public Access |
|---------------------|--|-------------|---------------|
| Supporting Document | Uniform Transmittal Document-Property & Casualty | Approved    | Yes           |
| Supporting Document | ARKS-125473070                                   |             | No            |

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TOI: 09.0 Inland Marine Sub-TOI: 09.0005 Other Commercial Inland Marine  
Product Name: Commerical Inland Marine  
Project Name/Number: /

## Objection Letter

Objection Letter Status Pending Industry Response  
Objection Letter Date 02/14/2008  
Submitted Date  
Respond By Date 02/26/2008

Dear NA NA,

Email sent with letter for response on paper filing..(lr)

Please feel free to contact me if you have questions.

Sincerely,

*SERFF Tracking Number:* ARKS-125473070 *State:* Arkansas  
*First Filing Company:* 10855 - CYPRESS INSURANCE COMPANY, ... *State Tracking Number:* #194913 \$50  
*Company Tracking Number:* AR-IM-030408-BHHC-F1  
*TOI:* 09.0 Inland Marine *Sub-TOI:* 09.0005 Other Commercial Inland Marine  
*Product Name:* Commerical Inland Marine  
*Project Name/Number:* /

## **Rate Information**

Rate data does NOT apply to filing.

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## Supporting Document Schedules

### Review Status:

**Satisfied -Name:** ARKS-125473070

02/20/2008

### Comments:

### Attachments:

ARKS-125473070 1.pdf  
ARKS-125473070 2.pdf  
ARKS-125473070 3.pdf  
ARKS-125473070 4.pdf

CR

**Property & Casualty Transmittal Document**

**1. Reserved for Insurance Dept. Use Only**

Approved until withdrawn or revoked

FEB 20 2008

Arkansas Insurance Department  
By: LR

**2. Insurance Department Use only**

a. Date the filing is received:

b. Analyst:

c. Disposition: CR# 194913

d. Date of disposition of the filing:

e. Effective date of filing: \$ 50

New Business

Renewal Business

f. State Filing #:

g. SERFF Filing #: ARKS-125413070

h. Subject Codes

**3. Group Name** Berkshire Hathaway Homestate Companies **Group NAIC #** 0031

| 4. Company Name(s)          | Domicile | NAIC # | FEIN #     | State # |
|-----------------------------|----------|--------|------------|---------|
| Cornhusker Casualty Company | NE       | 20044  | 47-0529945 |         |
| Cypress Insurance Company   | CA       | 10855  | 95-6042929 |         |
|                             |          |        |            |         |
|                             |          |        |            |         |
|                             |          |        |            |         |
|                             |          |        |            |         |

RECEIVED  
FEB 04 2008

PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT

**5. Company Tracking Number** AR-IM-030408-BHHC-F1

**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

| 6. Name and address  | Title              | Telephone #s | FAX #        | e-mail             |
|--|--------------------|--------------|--------------|--------------------|
| Diane Pokorny<br>9290 W. Dodge Road<br>Ste. 300<br>Omaha, NE 68114 | Regulatory Analyst | 800-488-2930 | 402-393-7619 | dpokorny@bh-hc.com |
|  |                    |              |              |                    |

**7. Signature of authorized filer** *Diane M. Pokorny*

**8. Please print name of authorized filer** Diane M. Pokorny

**Filing information** (see General Instructions for descriptions of these fields)

|   |  |
|---|--|
| <b>9. Type of Insurance (TOI)</b>   | 09.0   |
| <b>10. Sub-Type of Insurance (Sub-TOI)</b>  | 9.0005   |
| <b>11. State Specific Product code(s)(if applicable)[See State Specific Requirements]</b> |  |
| <b>12. Company Program Title (Marketing title)</b>  | Commercial Inland Marine   |
| <b>13. Filing Type IM</b>   | <input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules<br><input checked="" type="checkbox"/> Forms <input type="checkbox"/> Combination Rates/Rules/Forms<br><input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description) |
| <b>14. Effective Date(s) Requested</b>  | New: 03/04/2008   Renewal:   |

## Property & Casualty Transmittal Document---

|            |   |                                     |   |
|------------|---|-------------------------------------|---|
| <b>15.</b> | <b>Reference Filing?</b>                      | <input type="checkbox"/> Yes        | <input checked="" type="checkbox"/> No      |
| <b>16.</b> | <b>Reference Organization</b> (if applicable) |                                     |   |
| <b>17.</b> | <b>Reference Organization # &amp; Title</b>   |                                     |   |
| <b>18.</b> | <b>Company's Date of Filing</b>               | 02/01/2008                          |   |
| <b>19.</b> | <b>Status of filing in domicile</b>           | <input type="checkbox"/> Not Filed  | <input checked="" type="checkbox"/> Pending |
|            |   | <input type="checkbox"/> Authorized | <input type="checkbox"/> Disapproved        |

|            |  |                      |
|------------|--|----------------------|
| <b>20.</b> | <b>This filing transmittal is part of Company Tracking #</b> | AR-IM-030408-BHHC-F1 |
|------------|--|----------------------|

|            |  |
|------------|--|
| <b>21.</b> | <b>Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text] |
|------------|--|

Builder's Risk Coverage Form (Special Causes of Loss) (IM 60029 01 08) replaces (IM 60029 02 89)

This form is optional and would provide coverage for builder's risk insurance.

Soft Cost Endorsement (IMM 0081 01 08)

The above form is a policy amendment to the Builder's Risk form.

Commercial Inland Marine Builders Risk Dec (IMM 0079 DEC 01 08)

The above form is the Builder's Risk declarations page.

|            |   |
|------------|---|
| <b>22.</b> | <b>Filing Fees</b> (Filer must provide check # and fee amount if applicable)<br>[If a state requires you to show how you calculated your filing fees, place that calculation below] |
|------------|---|

**Check #:** 0000194913  
**Amount:** 50.00

**Refer to each state's checklist for additional state specific requirements or instructions on calculating fees.**

**\*\*\*Refer to each state's checklist for additional state specific requirements (i.e. # of additional copies required, other state specific forms, etc.)**

### FORM FILING SCHEDULE

(This form must be provided ONLY when making a filing that includes forms)

(Do not refer to the body of the filing for the forms listing, unless allowed by state.)

|           |  |  |   |  |   |
|-----------|--|--|---|--|---|
| <b>1.</b> | <b>This filing transmittal is part of Company Tracking #</b>   |  | AR-IM-030408-BHHC-F1  |  |   |
| <b>2.</b> | <b>This filing corresponds to rate/rule filing number</b><br><small>(Company tracking number of rate/rule filing, if applicable)</small> |  |   |  |   |
| <b>3.</b> | <b>Form Name /Description/Synopsis</b>   | <b>Form #<br/>Include edition date</b> | <b>Replacement Or withdrawn?</b>  | <b>If replacement, give form # it replaces</b> | <b>Previous state filing number, if required by state</b> |
| 01        | Builders Risk Coverage Form  | IM 60029 01 08                         | <input type="checkbox"/> New<br><input checked="" type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn | IM 60029 02 89                                 |   |
| 02        | Soft Cost Endorsement  | IMM 0081 01 08                         | <input checked="" type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn |  |   |
| 03        | Commercial Inland Marine Builders Risk Dec   | IMM 079 DEC 01 08                      | <input checked="" type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn |  |   |
| 04        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 05        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 06        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 07        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 08        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 09        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |
| 10        |  |  | <input type="checkbox"/> New<br><input type="checkbox"/> Replacement<br><input type="checkbox"/> Withdrawn            |  |   |



# Berkshire Hathaway Homestate Companies

Redwood Fire and Casualty Insurance Company  
Cornhusker Casualty Company  
Brookwood Insurance Company

Continental Divide Insurance Company  
Oak River Insurance Company  
Cypress Insurance Company

February 1, 2008

Honorable Julie Benafield Bowman  
Commissioner of Insurance  
Arkansas Department of Insurance  
1200 West Third Street  
Little Rock, Arkansas 72201-1904

Subject: Cornhusker Casualty Company and Cypress Insurance Company  
Form Filing  
Commercial Inland Marine  
NAIC #: 031-20044, 031-10855  
Company Filing #: AR-IM-030408-BHHC-F1  
Effective Date: March 4, 2008

**RECEIVED**

FEB 04 2008

PROPERTY AND CASUALTY DIVISION  
ARKANSAS INSURANCE DEPARTMENT

Dear Commissioner Bowman:

Cornhusker Casualty Company and Cypress Insurance Company hereby propose to file optional endorsements for Commercial Inland Marine coverages in Arkansas. We hereby propose the following effective date rule:

"The endorsements apply to policies effective on or after March 4, 2008."

If we do not receive approval by March 4, 2008, an amended effective date will be selected upon approval.

The Companies have been granted authority to transact insurance in Arkansas. As an ISO subscriber, we have given ISO authority to file on our behalf. The endorsements in this filing are in regards to Commercial Inland Marine coverages and are intended to supplement any forms and endorsements already in place. If you have any questions, please call me at (800) 488-2930. We have attached an extra copy of this filing, together with a postage prepaid and self-addressed return envelope. Upon approval, please file, stamp, and return the extra copy to complete our records.

Sincerely,

Diane M. Pokorny  
Regulatory Analyst  
[dpokorny@bh-hc.com](mailto:dpokorny@bh-hc.com)

**EXPLANATORY MEMORANDUM**  
*(AR-IM-030408-BHHC-F1)*

Cornhusker Casualty Company and Cypress Insurance Company hereby propose to file optional endorsements for Commercial Inland Marine coverage in Arkansas. This filing represents an independent program of the companies.

**Effective Date**

We hereby propose the following effective date rule:

“The endorsements apply to policies effective on or after March 4, 2008.”

If we do not receive approval by March 4, 2008, an amended effective date will be selected upon approval.

**Builder's Risk Coverage Form (Special Causes of Loss) (IM 60029 01 08) replaces (IM 60029 02 89)**

This form is optional and would provide coverage for builder's risk insurance.

**Soft Cost Endorsement (IMM 0081 01 08)**

The above form is a policy amendment to the Builder's Risk form.

**Commercial Inland Marine Builders Risk Dec (IMM 0079 DEC 01 08)**

The above form is the Builder's Risk declarations page.

As an ISO subscriber, we have given ISO authority to file forms on our behalf. Since this filing is intended to supplement any ISO or company program already in place, we will use the endorsements in this filing together with the approved ISO forms.

**Person to Contact**

If there are questions about this filing or any of its attachments, please call Diane Pokorny at (800) 488-2930. A duplicate copy of this filing is enclosed, along with a postage prepaid and self-addressed return envelope. Upon approval, please file, stamp, and return the extra copy to complete our records.

**COMMERCIAL INLAND MARINE  
BUILDER'S RISK DECLARATIONS**

NAMED INSURED:

POLICY NUMBER:

PRODUCER:

EFFECTIVE DATE:

---

THESE DECLARATIONS ARE ISSUED WITH AND ARE PART OF COVERAGE FORM IM 60029.

**DECLARATIONS**

INSURANCE IS PROVIDED ONLY FOR THOSE COVERAGES, LIMITS OF INSURANCE OR AMOUNTS OF INSURANCE AND ENDORSEMENTS SHOWN BELOW.

**DESCRIPTION OF COVERED PROPERTY - CONSTRUCTION SITE**

LOCATION:

**LIMITS OF INSURANCE**

1. \$ AT CONSTRUCTION SITE DESCRIBED ABOVE.
2. \$ AT ANY TEMPORARY LOCATION NOT SPECIFIED ABOVE OR ELSEWHERE IN THIS POLICY
3. \$ ANY ONE LOSS WITH RESPECT TO PROPERTY IN TRANSIT.
4. \$ ANY ONE OCCURRENCE WHETHER PARTIAL OR TOTAL LOSS OR SALVAGE CHARGES, OR ANY OTHER CHARGES OR EXPENSES, OR ALL COMBINED.

**LOSS PAYABLE**

ANY LOSS WILL BE ADJUSTED ONLY WITH THE NAMED INSURED AND SHALL BE PAYABLE TO THE INSURED AND:

AS THEIR RESPECTIVE INTERESTS MAY APPEAR, SUBJECT TO ALL OF THE PROVISIONS AND STIPULATIONS OF THIS POLICY.

**DEDUCTIBLE AMOUNT \$**

**COINSURANCE : 100%**

**PREMIUM: \$**

**SPECIAL CONDITIONS:**

THIS FORM MUST BE ATTACHED TO A CHANGE ENDORSEMENT WHEN ISSUED AFTER THE POLICY IS WRITTEN.  
THIS COVERAGE IS WRITTEN IN ONE OF THE BERKSHIRE HATHAWAY HOMESTATE COMPANIES AS SPECIFIED IN THE POLICY.

---

AUTHORIZED COMPANY REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## SOFT COSTS ENDORSEMENT

Policy Amendment to Builder's Risk Form IM 60029.

NAMED INSURED:

POLICY NUMBER:

PRODUCER:

EFFECTIVE DATE:

---

### SCHEDULE

#### Limit of Liability

\$                      In the aggregate

DEDUCTIBLE:                      DAYS

#### A. INSURANCE PROVIDED

We agree to extend Builder's Risk Form IM 60029 on this policy to include coverage for Soft Costs as defined below, that you may lose because of a "loss" covered by Builder's Risk Form IM 60029.

We will only pay for the actual amount of loss you sustain, but not more than the Limits of Insurance shown above in the Schedule for this endorsement, from the date that occupancy or use of the building would have begun had no damage or destruction occurred until occupancy or use of that building actually commences.

#### B. ADDITIONAL CONDITIONS WHICH APPLY

The following additional conditions will apply:

1. If another location was available for use, and you did not use it, we will reduce the amount we pay you as if you had used the other location.
2. We will not pay you for a longer period than would be necessary to restore the covered property to its condition prior to the covered loss.

3. If your construction or installation contract contains a penalty clause that pays you for a delay caused by the perils we cover, we will deduct that payment(s) from the amount we pay you.

We will pay you for any necessary expense you incur to reduce loss covered by this endorsement, except that we will not pay for expenses to extinguish a fire or more than the actual amount of the reduction of the loss.

We will not pay you for a delay in occupancy by any governmental law or ordinance regulating the construction or repair of buildings or structures. We will also not pay you for a delay in occupancy that is caused by any of these things: the suspension, lapse or cancellation of any lease or license, contract or order; for delay of occupancy or use because of interference by strikers or other persons with transporting of property, the construction, rebuilding, repair or replacement of the covered property or with the occupancy or use of the construction or installation site.

4. **Deductible.** You are responsible for any loss of Soft Costs which occur during the first days of delay, specified in the Schedule above, applicable to this Endorsement beyond the project completion date. We will pay that part of the covered loss which

occurs after this time up to the limit of coverage.

**C. WORDS AND PHRASES WITH SPECIAL MEANING**

**Soft Costs** means additional expenses over and above the projected cost of the covered construction project which occur because of a covered loss which delays the project. These costs are limited to only these things:

1. Additional interest **expense** on money you borrow to finance construction or repair, but not to exceed the aggregate amount shown in the Schedule **for this coverage**;
2. Additional realty taxes and other assessments which you incur for the period of time that construction has been extended beyond the projected date of completion **that existed before the loss occurred**;
3. Additional advertising and promotional expenses which become necessary as a result of a covered loss; and
4. Additional costs, such as commissions, which result from renegotiation of leases and other similar extra expenses incurred following an interruption to the project.

**BUILDER'S RISK COVERAGE FORM  
(SPECIAL CAUSES OF LOSS FORM)**

**A. INSURING AGREEMENT**

We agree to provide Builder's Risk insurance, subject to the terms and conditions of this Coverage Form.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance.

Various provisions in this Coverage Form restrict coverage. Read the Form carefully to determine your rights and duties, and what is, and what is not, covered under this Coverage Form.

**B. COVERED PROPERTY**

This coverage, subject to the Exclusions shown below, applies to building materials, supplies, and fixtures used in or incidental to construction or installation at the Construction Site described and identified in the Declarations which are a part of this Coverage Form. This property includes:

1. Your property.
2. Property of others in your care, custody or control for which you have agreed, prior to any loss or damage to said property, to assume, in writing, liability for any such loss.
3. Paving, curbing, fences, and outdoor fixtures.
4. Subject to the limitations set forth in section E.9 of this Coverage Form, trees, shrubs, plants, grass, landscaping materials, labor, and site preparation expense and any other expense relating thereto, but **only if** the values of such materials, labor and expense are included in the amount of insurance shown in the Declarations.
5. Foundations of buildings and structures in the course of construction.

We do not provide coverage for any property that is not intended to become part of a structure or installation at an insured installation or building site, unless we specifically add such coverage by endorsement.

**C. PROPERTY NOT COVERED**

Covered Property does not include:

1. Existing building or structure to which addition, alteration, improvement, or repair is being made, unless specifically endorsed.
2. Plans, blueprints, designs or specifications except as may be provided specifically in this Coverage Form.
3. Land and land values.
4. Water.
5. Contractor's tools and equipment.
6. Glass, other than glass building blocks, unless loss is caused by fire, lightning, wind, hail, falling aircraft, vehicles, riot or civil commotion or discharge from any fire protective or building service equipment.
7. The following property when outside of buildings:

- a. radio and television antennas, satellite dishes, including their lead-in wiring, masts or towers: or;
- b. signs (other than signs attached to buildings);
8. Accounts, bills, currency, evidences of debt, money, notes, receivable, or securities.

**D. COVERED CAUSES OF LOSS**

Covered Causes of Loss means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the Exclusions.

**E. ADDITIONAL COVERAGES**

1. Collapse.

We will pay for direct physical "loss" to Covered Property caused by the physical collapse of all or part of a building or structure insured under this Coverage Form if the collapse is caused by one or more of the following:

- a. Fire, lightning, windstorm, hail, explosion, smoke, aircraft, vehicles, riot, civil commotion, vandalism, breakage of glass, falling object, weight of snow, ice or sleet, or water damage but only if the causes of "loss" are otherwise covered in this coverage form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. "Sinkhole collapse"; or
- g. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.

This Additional Coverage does not increase the Limit of Insurance provided in this Coverage Form.

2. Preservation of Property

If it is necessary to move Covered Property from the Construction Site shown in the Declarations to preserve it from "loss" or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the "loss" or damage occurs within 10 days after the property is first moved.

3. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges which are:

- a. Assumed by contract or agreement prior to "loss"; or
- b. Required by local ordinance.

No deductible applies to this Additional Coverage.

4. Scaffolding, Construction Forms and Temporary Structures

We will pay for direct physical "loss" which is caused by or results from a Covered Cause of Loss, to scaffolding, construction forms and temporary structures (including office and tool trailers), but only while they are at the construction site shown on the Declarations page. The most we will pay for "loss" to scaffolding, construction forms and temporary structures is \$25,000.

We will also pay for the cost of re-erection of the scaffold if the "loss" of the scaffolding is caused by or results from a Covered Cause of Loss. The most we will pay for the re-erection of scaffolding is \$5,000.

No deductible applies to this Additional Coverage.

5. "Pollutant" Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the Construction Site shown in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration or effects of "pollutants". But, we will pay for testing which is performed in the course of extracting "pollutants" from land or water.

The most we will pay under this Additional Coverage is \$5,000 for the sum of all expenses which are incurred as a result of all Covered Causes of Loss during each separate 12 month period from the effective date of this policy.

No deductible applies to this Additional Coverage.

6. Debris Removal

We will pay your expenses to remove debris of Covered Property. This debris must result from a "loss" that we cover under this Coverage Form. The expenses are paid only if they are reported to us in writing within 180 days of the date of direct physical "loss". If the sum of the "loss" and debris removal expenses exceeds the limit of insurance applicable to the property, we will pay an additional amount of debris removal expenses you incur in excess of the limit of insurance applicable to the property up to, but not exceeding \$5,000. This Additional Coverage does not apply to costs to:

- a. Extract "pollutants" from land or water; or
- b. Remove, restore or replace polluted land or water.

No deductible applies to this Additional Coverage.

7. Property in Transit

We will pay for direct physical "loss" or damage to Covered Property while "in transit", including shipments by registered mail, caused by or resulting from a peril not otherwise excluded. The most we will pay for such loss to Covered Property while "in transit" is \$50,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

8. Property at Temporary Locations

We will pay for direct physical "loss" or damage to Covered Property while located at unspecified, temporary locations awaiting delivery to the Construction Site shown in the Declarations. The most we will pay for such loss to Covered Property at Temporary Locations is \$25,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

9. Trees, Shrubs, Plants, and Grass.

We will pay for loss or damage to trees, shrubs, plants and grass outside of the buildings at the Construction Site, if the loss or damage is caused by or results from any of the following causes of loss:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Riot or Civil Commotion; or
- e. Aircraft.

The most we will pay for loss or damage under this Additional Coverage is \$5,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items that are lost or damaged in that occurrence.

No deductible applies to this Additional Coverage.

**F. EXCLUSIONS**

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded, regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

- a. Earth movement (other than "sinkhole collapse"), including earthquake, volcanic eruption, landslide, mine subsidence, mudslide or mudflow, or earth sinking, rising, or shifting.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

- b. Flood, surface water, waves, tides, tidal waves, overflow of streams or other bodies of water or spray, even if driven by wind; water below the surface of the ground that presses on or flows or seeps through foundations,

walls, floors, or paved surfaces, basements or through doors, windows, or other openings; or water which backs up through or overflows from a sewer, drain or sump.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

- c. Governmental action or inaction. This includes, but is not limited to, the seizure or destruction of property by order of any governmental authority; changes or modifications in zoning or land use statutes or ordinances; and changes or modifications in building codes or requirements.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

- d. Nuclear reaction or radiation, or radioactive contamination, from any cause.

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

- e. War and military action, including undeclared or civil war; Warlike action by military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents: or Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. Except as may be otherwise provided for in this Coverage Form, we will not pay for a "loss" caused by or resulting from any of the following:

- a. Theft from any vehicle unless at the time of theft its windows, doors, and compartments were closed and locked and there are visible signs that the theft was a result of forced entry. But this exclusion does not apply to property in the custody of a carrier for hire.
- b. Marring, scratching, chipping, or breakage. But we will pay for such a "loss" caused directly by fire, windstorm, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.
- c. Delay, loss of use, or loss of market for the Covered Property that occurs from the interruption of business; or any consequential "loss" that is beyond the direct physical "loss" of the Covered Property.
- d. Dishonest acts by you, your partner, or officer of your company, anyone else with an interest in your property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or

occurring during the hours of employment. But this exclusion does not apply to a carrier for hire.

- e. All costs and expenses incurred in the reengineering, redesign, or reworking of any faulty or defective workmanship, materials or design of property we cover. We will pay for physical damage to other Covered Property resulting from such faulty or defective workmanship, materials or design if discovered as a result of, or aggravated by, a peril or occurrence not otherwise excluded in this coverage form.
- f. Mechanical breakdown or derangement, rupture, bursting or disintegration of the rotating or moving parts of machines resulting from centrifugal or reciprocating force; however, we will pay for physical damage to any other Covered Property we insure resulting from these occurrences.
- g. Loss to electrical systems, devices or equipment due to a short circuit, blowout or electrical disturbance from an artificially generated electrical current, unless fire or explosion ensues, then we will pay the loss caused by such ensuing fire or explosion.
- h. Unexplained or mysterious disappearance of property, including inventory shortage, where there is no physical evidence to show forced entry at the construction site. This exclusion does not apply to Covered Property that is in the custody of bailees or carriers for hire.
- i. Inherent vice; latent defect; wear and tear; gradual deterioration; rust; corrosion, dampness of atmosphere; wet or dry rot; mold, fungus, virus, bacterium or other microorganism; changes in temperature; freezing; insects; vermin or rodents; or the settling, cracking, shrinking or expansion of any Covered Property.
- j. Testing, unless fire or explosion ensues. Then we will pay only for the resulting loss by fire or explosion.
- k. Rain, snow, sleet, volcanic ash, sand or dust, whether or not driven by wind, to property awaiting installation or construction, while in the open and unprotected. This exclusion does not apply to Covered Property in the custody of carriers for hire.
- l. Your neglect to use reasonable means to protect Covered Property from additional damage after a "loss" occurs.
- m. Faulty, inadequate or defective planning, zoning, development, surveying or siting; Error, omission or deficiency in design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; Faulty, inadequate or defective materials used in any repair, construction, renovation or remodeling; or Maintenance. This exclusion applies to part or all of any property, wherever located.
- n. Unauthorized instructions to transfer property to any person or place, or the voluntary parting with of any property by you or anyone entrusted with the property, if induced to do so by fraudulent scheme, trick, device or false pretense.

3. Any act or agreement by you, or anyone acting on your behalf, either before or after a "loss" or damage, which limits your right to recover for the "loss" or damage to Covered Property from the party liable for such "loss" or damage shall render coverage provided by this Coverage Form void, but only with respect to such "loss" or damage. Our right to retain premium shall not be affected. We are not liable for any claim for "loss" or damage which you have settled or compromised without our written consent.

#### G. TERMS OF COVERAGE

We will provide coverage during the period shown on the declarations which are a part of this coverage form, from the time you become legally responsible for, or agree to accept responsibility for, any Covered Property, and continuing without interruption during construction or installation, including any time during which the Covered Property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation.

All coverage will cease when any one of the following situations occur:

1. The policy expires or is cancelled;
2. Your interest in, and responsibility for, any Covered Property ceases;
3. The property is accepted by the purchaser or owner;
4. If no work has been performed at the construction or installation site for a period of sixty (60) days;
5. If construction or installation at site is at least 90% complete and no work has been performed for a period of thirty (30) days.

#### H. OCCUPANCY

All coverage under this coverage part will be suspended while the covered premises or any part thereof are occupied for its intended purpose, unless this coverage part is endorsed to provide otherwise.

Premises may be occupied on a temporary basis for testing of equipment or other similar operations without a suspension of coverage. Use of the construction site for temporary construction offices, or for the storage of Covered Property during the course of construction shall not constitute occupancy.

#### I. HOW COVERED PROPERTY WILL BE VALUED IN THE EVENT OF LOSS OR DAMAGE

The value of the Covered Property will be the cost of replacing that property with substantially similar property as existed immediately before the covered loss happened. However, we will not pay more than the limits stated in the Declarations for this coverage part.

Any expenses you incur for the delay in completion of your contract, guarantee of performance or production obligation will not be considered as part of the value of your Covered Property and we will not pay for these expenses. Also, we will not pay for interest or financing charges on money loaned or advanced to you for construction or installation and charged to the project by the owner(s).

#### J. TERRITORIAL LIMITS

The coverage territory is the United States of America, including its territories and possessions, and Canada.

#### K. CONDITIONS THAT APPLY WHEN LOSS OCCURS

##### 1. Deductible

We will subtract the deductible amount shown on the Declarations for this coverage part from the amount of "loss" in any one occurrence. If more than one deductible applies to a single occurrence, we will subtract only the largest single deductible.

##### 2. Loss

The total loss amount that occurs from a single event involving one or more covered perils is considered a single loss and a single claim for your recovery from us. We will group together as a single claim all losses occurring within a seventy-two (72) hour period from riot, strike, or civil commotion. You may determine when the seventy-two (72) hour period began.

We will also group together as a single loss all windstorm or hail damage that occurs from a single atmospheric disturbance.

##### 3. Coinsurance

All Covered Property, except for property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations at the time of "loss". This penalty will not apply to property in transit.

##### 4. Other Insurance

If other valid and other collectible insurance is available to the insured for a loss we cover under this Policy, this insurance is excess over such other insurance, whether primary, excess, contingent or any other basis, except other insurance purchased specifically to apply in excess of the Limits of Insurance as shown in the Declarations.

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would be obligated to pay, whether collectible or not, for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all other insurance. We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limit of Insurance shown in the Declarations of this Coverage Part.

##### 5. Abandonment

There can be no abandonment of any property to us.

6. Duties in the Event of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. Promptly give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- g. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or a claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- h. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
- i. Cooperate with us in the investigation or settlement of the claim.

7. Loss Payment

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- b. We will not pay you more than your financial interest in the Covered Property.
- c. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- d. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- e. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
  - i. We have reached agreement with you on the amount of the loss; or
  - ii. An appraisal award has been made.

8. Pair, Sets or Parts

a. Pair or Sets

In case of loss or damage to any part of a pair or set we may:

- i. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- ii. Pay the difference between the value of the pair or set before and after the loss or damage.

b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

9. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

10. Salvage

If any lost or damaged Covered Property has a salvage value, we shall control the disposition of such salvage.

11. Reinstatement of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

L. GENERAL CONDITIONS

1. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- a. This Coverage Part;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part.

2. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- a. There has been full compliance with all the terms of this Coverage Part; and
  - b. The action is brought within 2 years after you first have knowledge of the direct loss or damage.
4. No Benefit to Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

#### M. DEFINITIONS

"Coverage" means the insurance protection provided by this Builder's risk Coverage form.

"Loss" means accidental physical loss or damage.

"In transit" means property being shipped by air, land or sea from the time

beginning:

- a. When, if shipped from your premises or in conveyances you own, lease or operate, the Covered Property departs your premises;
- b. When, if shipped from premises of others in or on conveyances you own, lease or operate, the Covered Property is transferred into your care, custody or control;
- c. When the Covered Property is actually moved from the point of shipment bound for a specified destination, if shipped in or on any other conveyances.

and ending:

- a. When the Covered Property is accepted by, or on behalf of, the consignee at the intended destination; or
- b. When the Covered Property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination; or
- c. At such point where you, or the owner of the Covered Property (if other than you) order the Covered Property stopped and held pending instructions. However, this does not apply to Covered Property while in the custody of a carrier for hire and which is being held at a location, other than the intended destination, by such carrier's "on hand" department for a period not to exceed 30 days; or
- d. When, if shipped to your premises in or on conveyances you own, lease or operate, the Covered Property arrives at your premises.

In transit includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment, but not while at premises you own, lease or operate. In transit also includes the period of time during which:

- a. there is substantial and unauthorized deviation from the normal route by a carrier for hire; or
- b. the contract of carriage is, without your knowledge, abandoned en route by a carrier for hire, its agent or its driver.

In transit does not mean:

- a. Covered Property shipped by mail, unless shipped by registered or certified mail;
- b. Import shipments within the Covered Territory until such time as ocean marine insurance has ceased to cover such property;
- c. Export shipments once they are loaded on board any steamer or other watercraft, or once ocean marine insurance has begun to cover such property.
- d. Covered Property owned by others when you are acting as a carrier for hire.

"Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant. This includes, but is not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

"Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. It does not include the cost of filling sinkholes or sinking or collapse of land into man-made underground cavities.

"Testing" means commissioning or performance testing; any testing involving the introduction of flammable or explosive feedstock beginning when such feedstock is first introduced; or the rotational operation of any turbine or generator, except for rotational operation by turning gear only when the turbine or generator is not energized. Testing does not mean the commissioning or performance testing of building heating, cooling, air handling, or electrical systems.

# Arkansas Insurance Department

Mike Beebe  
Governor



Julie Benafield Bowman  
Commissioner

February 15, 2007

Diane Pokorny  
Berkshire Hathaway Homestate Companies  
9290 West dodge Road, Suite 300  
Omaha, NE 68114-3363

Re: Company Filing#: AR-IM-030408-BHHC-F1  
Commercial Inland Marine  
AID Filing#: ARKS-125473070

Dear Diane Pokorny:

In regards to your form filing, the following will need to be implemented before I can approve it.

Form: IM 60029 – p. 5 of 6 – Legal Action Against Us

The applicable provision of the Arkansas Statute of Limitations of the Arkansas General Code, allows five (5) years in which to commence litigation for this insurance contract. You may amend by extending the time limit to five (5) years or by stating "within the time allowed by law."

If you should have any questions or concerns, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Llyweyia Rawlins".

Llyweyia Rawlins  
Certified Rate and Form Analyst  
Property and Casualty Division  
501-371-2809 Fax 501-371-2748  
Email: [Llyweyia.rawlins@mail.state.ar.us](mailto:Llyweyia.rawlins@mail.state.ar.us)



9290 West Dodge Road, Suite 300  
Omaha, NE 68114 - 3363  
Phone (402) 393-7255  
Watts (800) 488-2930  
Fax (402) 393-7619

**Berkshire Hathaway  
Homestate Companies  
Claims Department**

# Fax

|                          |                                       |
|--------------------------|---------------------------------------|
| <b>To:</b> Llyweia       | <b>From:</b> Diane Pokorny            |
| <b>Fax:</b> 501-371-2748 | <b>Pages:</b> 7 (including this page) |
| <b>Phone:</b>            | <b>Date:</b> 2/20/08                  |
| <b>Claim#</b>            | <b>RE:</b> Form # IM 60029 AR 01 08   |

- Urgent     For Review     Please Comment     Please Reply     Reply ASAP

## ● Comments:

**Notice:** The information contained in this facsimile transmission is intended solely for the use of the above named recipient. The facsimile transmission may contain information that is privileged, confidential, and exempt from disclosure under applicable law. If the reader of the Notice of transmission is not the intended recipient or the employee or agent responsible for delivering the message to the intended recipient, you are hereby notified that any review, dissemination, distribution, or copying of this transmission, in whole or in part, is strictly prohibited. If you have received this transmission in error, please notify the sender immediately by calling sender at the number listed above and immediately destroy the entire facsimile transmission.

- BROOKWOOD INSURANCE CO •CONTINENTAL DIVIDE INSURANCE CO •CORNHUSKER CASUALTY CO
- CYPRESS INSURANCE CO •OAK RIVER INSURANCE CO •REDWOOD FIRE & CASUALTY CO

**COMMERCIAL INLAND MARINE  
IM 60029 AR 01 08**

**BUILDER'S RISK COVERAGE FORM  
(SPECIAL CAUSES OF LOSS FORM)**

**A. INSURING AGREEMENT**

We agree to provide Builder's Risk insurance, subject to the terms and conditions of this Coverage Form.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance.

Various provisions in this Coverage Form restrict coverage. Read the Form carefully to determine your rights and duties, and what is, and what is not, covered under this Coverage Form.

**B. COVERED PROPERTY**

This coverage, subject to the Exclusions shown below, applies to building materials, supplies, and fixtures used in or incidental to construction or installation at the Construction Site described and identified in the Declarations which are a part of this Coverage Form. This property includes:

1. Your property.
2. Property of others in your care, custody or control for which you have agreed, prior to any loss or damage to said property, to assume, in writing, liability for any such loss.
3. Paving, curbing, fences, and outdoor fixtures.
4. Subject to the limitations set forth in section E.9 of this Coverage Form, trees, shrubs, plants, grass, landscaping materials, labor, and site preparation expense and any other expense relating thereto, but **only** if the values of such materials, labor and expense are included in the amount of insurance shown in the Declarations.
5. Foundations of buildings and structures in the course of construction.

We do not provide coverage for any property that is not intended to become part of a structure or installation at an insured installation or building site, unless we specifically add such coverage by endorsement.

**C. PROPERTY NOT COVERED**

Covered Property does not include:

1. Existing building or structure to which addition, alteration, improvement, or repair is being made, unless specifically endorsed.
2. Plans, blueprints, designs or specifications except as may be provided specifically in this Coverage Form.
3. Land and land values.
4. Water.
5. Contractor's tools and equipment.
6. Glass, other than glass building blocks, unless loss is caused by fire, lightning, wind, hail, falling aircraft, vehicles, riot or civil commotion or discharge from any fire protective or building service equipment.
7. The following property when outside of buildings:

- a. radio and television antennas, satellite dishes, including their lead-in wiring, masts or towers; or;
- b. signs (other than signs attached to buildings);
8. Accounts, bills, currency, evidences of debt, money, notes, receivable, or securities.

**D. COVERED CAUSES OF LOSS**

Covered Causes of Loss means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the Exclusions.

**E. ADDITIONAL COVERAGES****1. Collapse.**

We will pay for direct physical "loss" to Covered Property caused by the physical collapse of all or part of a building or structure insured under this Coverage Form if the collapse is caused by one or more of the following:

- a. Fire, lightning, windstorm, hail, explosion, smoke, aircraft, vehicles, riot, civil commotion, vandalism, breakage of glass, falling object, weight of snow, ice or sleet, or water damage but only if the causes of "loss" are otherwise covered in this coverage form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. "Sinkhole collapse"; or
- g. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.

This Additional Coverage does not increase the Limit of Insurance provided in this Coverage Form.

**2. Preservation of Property**

If it is necessary to move Covered Property from the Construction Site shown in the Declarations to preserve it from "loss" or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the "loss" or damage occurs within 10 days after the property is first moved.

**3. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges which are:

**BUILDER'S RISK COVERAGE FORM  
(SPECIAL CAUSES OF LOSS FORM)**

**A. INSURING AGREEMENT**

We agree to provide Builder's Risk insurance, subject to the terms and conditions of this Coverage Form.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance.

Various provisions in this Coverage Form restrict coverage. Read the Form carefully to determine your rights and duties, and what is, and what is not, covered under this Coverage Form.

**B. COVERED PROPERTY**

This coverage, subject to the Exclusions shown below, applies to building materials, supplies, and fixtures used in or incidental to construction or installation at the Construction Site described and identified in the Declarations which are a part of this Coverage Form. This property includes:

1. Your property.
2. Property of others in your care, custody or control for which you have agreed, prior to any loss or damage to said property, to assume, in writing, liability for any such loss.
3. Paving, curbing, fences, and outdoor fixtures.
4. Subject to the limitations set forth in section E.9 of this Coverage Form, trees, shrubs, plants, grass, landscaping materials, labor, and site preparation expense and any other expense relating thereto, but only if the values of such materials, labor and expense are included in the amount of insurance shown in the Declarations.
5. Foundations of buildings and structures in the course of construction.

We do not provide coverage for any property that is not intended to become part of a structure or installation at an insured installation or building site, unless we specifically add such coverage by endorsement.

**C. PROPERTY NOT COVERED**

Covered Property does not include:

1. Existing building or structure to which addition, alteration, improvement, or repair is being made, unless specifically endorsed.
2. Plans, blueprints, designs or specifications except as may be provided specifically in this Coverage Form.
3. Land and land values.
4. Water.
5. Contractor's tools and equipment.
6. Glass, other than glass building blocks, unless loss is caused by fire, lightning, wind, hail, falling aircraft, vehicles, riot or civil commotion or discharge from any fire protective or building service equipment.
7. The following property when outside of buildings:

a. radio and television antennas, satellite dishes, including their lead-in wiring, masts or towers; or;

b. signs (other than signs attached to buildings);

8. Accounts, bills, currency, evidences of debt, money, notes, receivable, or securities.

**D. COVERED CAUSES OF LOSS**

Covered Causes of Loss means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the Exclusions.

**E. ADDITIONAL COVERAGES**

1. Collapse.

We will pay for direct physical "loss" to Covered Property caused by the physical collapse of all or part of a building or structure insured under this Coverage Form, if the collapse is caused by one or more of the following:

- a. Fire, lightning, windstorm, hail, explosion, smoke, aircraft, vehicles, riot, civil commotion, vandalism, breakage of glass, falling object, weight of snow, ice or sleet, or water damage, but only if the causes of "loss" are otherwise covered in this coverage form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. "Sinkhole collapse"; or
- g. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.

This Additional Coverage does not increase the Limit of Insurance provided in this Coverage Form.

2. Preservation of Property

If it is necessary to move Covered Property from the Construction Site shown in the Declarations to preserve it from "loss" or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the "loss" or damage occurs within 10 days after the property is first moved.

3. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 for your liability for fire department service charges which are:

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- a. Assumed by contract or agreement prior to "loss"; or
b. Required by local ordinance.

No deductible applies to this Additional Coverage.

4. Scaffolding, Construction Forms and Temporary Structures

We will pay for direct physical "loss" which is caused by or results from a Covered Cause of Loss, to scaffolding, construction forms and temporary structures (including office and tool trailers), but only while they are at the construction site shown on the Declarations page. The most we will pay for "loss" to scaffolding, construction forms and temporary structures is \$25,000.

We will also pay for the cost of re-erection of the scaffold if the "loss" of the scaffolding is caused by or results from a Covered Cause of Loss. The most we will pay for the re-erection of scaffolding is \$5,000.

No deductible applies to this Additional Coverage.

5. "Pollutant" Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the Construction Site shown in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration or effects of "pollutants". But, we will pay for testing which is performed in the course of extracting "pollutants" from land or water.

The most we will pay under this Additional Coverage is \$5,000 for the sum of all expenses which are incurred as a result of all Covered Causes of Loss during each separate 12 month period from the effective date of this policy.

No deductible applies to this Additional Coverage.

6. Debris Removal

We will pay your expenses to remove debris of Covered Property. This debris must result from a "loss" that we cover under this Coverage Form. The expenses are paid only if they are reported to us in writing within 180 days of the date of direct physical "loss". If the sum of the "loss" and debris removal expenses exceeds the limit of insurance applicable to the property, we will pay an additional amount of debris removal expenses you incur in excess of the limit of insurance applicable to the property up to, but not exceeding \$5,000. This Additional Coverage does not apply to costs to:

- a. Extract "pollutants" from land or water; or
b. Remove, restore or replace polluted land or water.

No deductible applies to this Additional Coverage.

7. Property in Transit

We will pay for direct physical "loss" or damage to Covered Property while "in transit", including shipments by registered mail, caused by or resulting from a peril not otherwise excluded. The most we will pay for such loss to Covered Property while "in transit" is \$50,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

8. Property at Temporary Locations

We will pay for direct physical "loss" or damage to Covered Property while located at unspecified, temporary locations awaiting delivery to the Construction Site shown in the Declarations. The most we will pay for such loss to Covered Property at Temporary Locations is \$25,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

9. Trees, Shrubs, Plants, and Grass.

We will pay for loss or damage to trees, shrubs, plants and grass outside of the buildings at the Construction Site, if the loss or damage is caused by or results from any of the following causes of loss:

- a. Fire;
b. Lightning;
c. Explosion;
d. Riot or Civil Commotion; or
e. Aircraft.

The most we will pay for loss or damage under this Additional Coverage is \$5,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items that are lost or damaged in that occurrence.

No deductible applies to this Additional Coverage.

F. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded, regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

- a. Earth movement (other than "sinkhole collapse"), including earthquake, volcanic eruption, landslide, mine subsidence, mudslide or mudflow, or earth sinking, rising, or shifting.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

- b. Flood, surface water, waves, tides, tidal waves, overflow of streams or other bodies of water or spray, even if driven by wind; water below the surface of the ground that presses on or flows or seeps through foundations,

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walls, floors, or paved surfaces, basements or through doors, windows, or other openings; or water which backs up through or overflows from a sewer, drain or sump.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

c. Governmental action or inaction. This includes, but is not limited to, the seizure or destruction of property by order of any governmental authority; changes or modifications in zoning or land use statutes or ordinances; and changes or modifications in building codes or requirements.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

d. Nuclear reaction or radiation, or radioactive contamination, from any cause.

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

e. War and military action, including undeclared or civil war, Warlike action by military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents: or Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. Except as may be otherwise provided for in this Coverage Form, we will not pay for a "loss" caused by or resulting from any of the following:

a. Theft from any vehicle unless at the time of theft its windows, doors, and compartments were closed and locked and there are visible signs that the theft was a result of forced entry. But this exclusion does not apply to property in the custody of a carrier for hire.

b. Marring, scratching, chipping, or breakage. But we will pay for such a "loss" caused directly by fire, windstorm, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

c. Delay, loss of use, or loss of market for the Covered Property that occurs from the interruption of business; or any consequential "loss" that is beyond the direct physical "loss" of the Covered Property.

d. Dishonest acts by you, your partner, or officer of your company, anyone else with an interest in your property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or

occurring during the hours of employment. But this exclusion does not apply to a carrier for hire.

e. All costs and expenses incurred in the reengineering, redesign, or reworking of any faulty or defective workmanship, materials or design of property we cover. We will pay for physical damage to other Covered Property resulting from such faulty or defective workmanship, materials or design if discovered as a result of, or aggravated by, a peril or occurrence not otherwise excluded in this coverage form.

f. Mechanical breakdown or derangement, rupture, bursting or disintegration of the rotating or moving parts of machines resulting from centrifugal or reciprocating force; however, we will pay for physical damage to any other Covered Property we insure resulting from these occurrences.

g. Loss to electrical systems, devices or equipment due to a short circuit, blowout or electrical disturbance from an artificially generated electrical current, unless fire or explosion ensues, then we will pay the loss caused by such ensuing fire or explosion.

h. Unexplained or mysterious disappearance of property, including inventory shortage, where there is no physical evidence to show forced entry at the construction site. This exclusion does not apply to Covered Property that is in the custody of bailees or carriers for hire.

i. Inherent vice; latent defect; wear and tear; gradual deterioration; rust; corrosion; dampness of atmosphere; wet or dry rot; mold; fungus; virus; bacterium or other microorganism; changes in temperature; freezing; insects; vermin or rodents; or the settling, cracking, shrinking or expansion of any Covered Property.

j. Testing, unless fire or explosion ensues. Then we will pay only for the resulting loss by fire or explosion.

k. Rain, snow, sleet, volcanic ash, sand or dust, whether or not driven by wind, to property awaiting installation or construction, while in the open and unprotected. This exclusion does not apply to Covered Property in the custody of carriers for hire.

l. Your neglect to use reasonable means to protect Covered Property from additional damage after a "loss" occurs.

m. Faulty, inadequate or defective planning, zoning, development, surveying or siting; Error, omission or deficiency in design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; Faulty, inadequate or defective materials used in any repair, construction, renovation or remodeling; or Maintenance. This exclusion applies to part or all of any property, wherever located.

n. Unauthorized instructions to transfer property to any person or place, or the voluntary parting with of any property by you or anyone entrusted with the property, if induced to do so by fraudulent scheme, trick, device or false pretense.

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3. Any act or agreement by you, or anyone acting on your behalf, either before or after a "loss" or damage, which limits your right to recover for the "loss" or damage to Covered Property from the party liable for such "loss" or damage shall render coverage provided by this Coverage Form void, but only with respect to such "loss" or damage. Our right to retain premium shall not be affected. We are not liable for any claim for "loss" or damage which you have settled or compromised without our written consent.

The coverage territory is the United States of America, including its territories and possessions, and Canada.

**K. CONDITIONS THAT APPLY WHEN LOSS OCCURS**

**G. TERMS OF COVERAGE**

We will provide coverage during the period shown on the declarations which are a part of this coverage form, from the time you become legally responsible for, or agree to accept responsibility for, any Covered Property, and continuing without interruption during construction or installation, including any time during which the Covered Property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation.

All coverage will cease when any one of the following situations occur:

- 1. The policy expires or is cancelled;
- 2. Your interest in, and responsibility for, any Covered Property ceases;
- 3. The property is accepted by the purchaser or owner;
- 4. If no work has been performed at the construction or installation site for a period of sixty (60) days;
- 5. If construction or installation at site is at least 90% complete and no work has been performed for a period of thirty (30) days.

**H. OCCUPANCY**

All coverage under this coverage part will be suspended while the covered premises or any part thereof are occupied for its intended purpose, unless this coverage part is endorsed to provide otherwise.

Premises may be occupied on a temporary basis for testing of equipment or other similar operations without a suspension of coverage. Use of the construction site for temporary construction offices, or for the storage of Covered Property during the course of construction shall not constitute occupancy.

**I. HOW COVERED PROPERTY WILL BE VALUED IN THE EVENT OF LOSS OR DAMAGE**

The value of the Covered Property will be the cost of replacing that property with substantially similar property as existed immediately before the covered loss happened. However, we will not pay more than the limits stated in the Declarations for this coverage part.

Any expenses you incur for the delay in completion of your contract, guarantee of performance or production obligation will not be considered as part of the value of your Covered Property and we will not pay for these expenses. Also, we will not pay for interest or financing charges on money loaned or advanced to you for construction or installation and charged to the project by the owner(s).

**J. TERRITORIAL LIMITS**

1. Deductible

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We will subtract the deductible amount shown on the Declarations for this coverage part from the amount of "loss" in any one occurrence. If more than one deductible applies to a single occurrence, we will subtract only the largest single deductible.

2. Loss

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The total loss amount that occurs from a single event involving one or more covered perils is considered a single loss and a single claim for your recovery from us. We will group together as a single claim all losses occurring within a seventy-two (72) hour period from riot, strike, or civil commotion. You may determine when the seventy-two (72) hour period began.

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We will also group together as a single loss all windstorm or hail damage that occurs from a single atmospheric disturbance.

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3. Coinsurance

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All Covered Property, except for property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations at the time of "loss". This penalty will not apply to property in transit.

4. Other Insurance

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If other valid and other collectible insurance is available to the insured for a loss we cover under this Policy, this insurance is excess over such other insurance, whether primary, excess, contingent or any other basis, except other insurance purchased specifically to apply in excess of the Limits of Insurance as shown in the Declarations.

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

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(1) The total amount that all such other insurance would be obligated to pay, whether collectible or not, for the loss in the absence of this insurance; and

(2) The total of all deductible and self-insured amounts under all other insurance. We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limit of Insurance shown in the Declarations of this Coverage Part.

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¶ The conditions of this builder's Risk coverage shall supersede any other similar provisions that may be attached to this policy.

5. Abandonment

There can be no abandonment of any property to us.

6. Duties in the Event of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. Promptly give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- g. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or a claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- h. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
- i. Cooperate with us in the investigation or settlement

of the claim.

7. Loss Payment

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- b. We will not pay you more than your financial interest in the Covered Property.
- c. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- d. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- e. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:

i. We have reached agreement with you on the amount of the loss; or

ii. An appraisal award has been made.

8. Pair, Sets or Parts

a. Pair or Sets

In case of loss or damage to any part of a pair or set we may:

- i. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- ii. Pay the difference between the value of the pair or set before and after the loss or damage.

b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

9. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

10. Salvage

If any lost or damaged Covered Property has a salvage value, we shall control the disposition of such salvage.

11. Reinstatement of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

L. GENERAL CONDITIONS

1. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- a. This Coverage Part;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part.

2. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

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a. There has been full compliance with all the terms of this Coverage Part; and

b. The action is brought within 2 years after you first have knowledge of the direct loss or damage, or with such other time as allowed by law.

4. No Benefit to Bailee

No person or organization other than you, having custody of Covered Property will benefit from this insurance.

**M. DEFINITIONS**

"Coverage" means the insurance protection provided by this Builder's risk Coverage form.

"Loss" means accidental physical loss or damage.

"In transit" means property being shipped by air, land or sea from the time

beginning:

- a. When, if shipped from your premises or in conveyances you own, lease or operate, the Covered Property departs your premises;
- b. When, if shipped from premises of others in or on conveyances you own, lease or operate, the Covered Property is transferred into your care, custody or control;
- c. When the Covered Property is actually moved from the point of shipment bound for a specified destination, if shipped in or on any other conveyances.

and ending:

- a. When the Covered Property is accepted by, or on behalf of, the consignee at the intended destination; or
- b. When the Covered Property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination; or
- c. At such point where you, or the owner of the Covered Property (if other than you) order the Covered Property stopped and held pending instructions. However, this does not apply to Covered Property while in the custody of a carrier for hire and which is being held at a location other than the intended destination, by such carrier's "on hand" department for a period not to exceed 30 days; or
- d. When, if shipped to your premises in or on conveyances you own, lease or operate, the Covered Property arrives at your premises.

In transit includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment, but not while at premises you own, lease or operate. In transit also includes the period of time during which:

- a. there is substantial and unauthorized deviation from the normal route by a carrier for hire; or
- b. the contract of carriage is, without your knowledge, abandoned en route by a carrier for hire, its agent or its driver.

In transit does not mean:

- a. Covered Property shipped by mail, unless shipped by registered or certified mail;
- b. Import shipments within the Covered Territory until such time as ocean marine insurance has ceased to cover such property;
- c. Export shipments once they are loaded on board any steamer or other watercraft, or once ocean marine insurance has begun to cover such property.
- d. Covered Property owned by others when you are acting as a carrier for hire.

"Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant. This includes, but is not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

"Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. It does not include the cost of filling sinkholes or sinking or collapse of land into man-made underground cavities.

"Testing" means commissioning or performance testing; any testing involving the introduction of flammable or explosive feedstock beginning when such feedstock is first introduced; or the rotational operation of any turbine or generator, except for rotational operation by turning gear only when the turbine or generator is not energized. Testing does not mean the commissioning or performance testing of building heating, cooling, air handling, or electrical systems,

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**BUILDER'S RISK COVERAGE FORM  
(SPECIAL CAUSES OF LOSS FORM)**

IM 60029 01 08

**INSURING AGREEMENT**

We agree to provide Builder's Risk insurance, subject to the terms and conditions of this Coverage Form.

Throughout this Coverage Form, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", and "our" refer to the Company providing this insurance.

Various provisions in this Coverage Form restrict coverage. Read the Form carefully to determine your rights and duties, and what is, and what is not, covered under this Coverage Form.

**COVERED PROPERTY**

This coverage, subject to the Exclusions shown below, applies to building materials, supplies, and fixtures used in or incidental to construction or installation at the Construction Site described and identified in the Declarations which are a part of this Coverage Form. This property includes:

1. Your property.
2. Property of others in your care, custody or control for which you have agreed, prior to any loss or damage to said property, to assume, in writing, liability for any such loss.
3. Paving, curbing, fences, and outdoor fixtures.
4. Subject to the limitations set forth in section E.9 of this Coverage Form, trees, shrubs, plants, grasses, landscaping, materials, labor, and site preparation expense and any other expense relating thereto, but only if the values of such materials, labor and expense are included in the amount of insurance shown in the Declarations.
5. Foundations of buildings and structures in the course of construction.

We do not provide coverage for any property that is not intended to become part of a structure or installation at an insured installation or building site unless we specifically add such coverage by endorsement.

**PROPERTY NOT COVERED**

Covered Property does not include:

1. Existing building or structure to which addition, alteration, improvement, or repair is being made, unless specifically endorsed.
2. Plans, blueprints, designs or specifications except as may be provided specifically in this Coverage Form.
3. Land and land values.
4. Water.
5. Contractor's tools and equipment.
6. Glass, other than glass building blocks, unless loss is caused by fire, lightning, wind, hail, falling aircraft, vehicles, riot or civil commotion or discharge from any fire protective or building service equipment.
7. The following property when outside of buildings:

- a. radio and television antennas, satellite dishes, including their lead-in wiring, masts or towers; or
- b. signs (other than signs attached to buildings);
8. Accounts, bills, currency, evidences of debt, money, notes, receivable, or securities.

**D. COVERED CAUSES OF LOSS**

Covered Causes of Loss means risks of direct physical "loss" to Covered Property except those causes of "loss" listed in the Exclusions.

**E. ADDITIONAL COVERAGES**

**1. Collapse.**

We will pay for direct physical "loss" to Covered Property caused by the physical collapse of all or part of a building or structure insured under this Coverage Form if the collapse is caused by one or more of the following:

- a. Fire, lightning, windstorm, hail, explosion, smoke, aircraft, vehicles, riot, civil commotion, vandalism, breakage of glass, falling object, weight of snow, ice or sleet, or water damage but only if the causes of "loss" are otherwise covered in this coverage form;
- b. Hidden decay;
- c. Hidden insect or vermin damage;
- d. Weight of people or personal property;
- e. Weight of rain that collects on a roof;
- f. "Sinkhole collapse"; or
- g. Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.

This Additional Coverage does not increase the Limit of Insurance provided in this Coverage Form.

**2. Preservation of Property**

If it is necessary to move Covered Property from the Construction Site shown in the Declarations to preserve it from "loss" or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- a. While it is being moved or while temporarily stored at another location; and
- b. Only if the "loss" or damage occurs within 10 days after the property is first moved.

**3. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$2,000 for your liability for fire department service charges which are:

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us", or "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F - DEFINITIONS.

**A. COVERAGE**

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

**1. COVERED PROPERTY**, as used in this Coverage Form means any of the following if intended to become a part of the structure being constructed or reconstructed as described in the Declarations and is either owned by you or is in your care, custody or control:

- a. materials and supplies
- b. machinery
- c. equipment and fixtures
- d. mobile tools and equipment as described in the Declarations used for construction, installation or testing but which will not become a part of the structure.

**2. PROPERTY NOT COVERED**

Covered Property does not include:

- a. accounts, bills, currency, evidences of debt, money, notes, securities, plans, blueprints, designs or specifications;
- b. trees, grass, shrubbery or plants;
- c. glass, other than glass building blocks, unless loss is caused by fire, lightning, wind, hail, aircraft, vehicles, explosion, riot or civil commotion or discharge from any fire protective or building service equipment. We will pay for direct loss caused by any of these, if these Causes of Loss would be covered under this Coverage Form;
- d. land (including land on which the property is located);
- e. the following property when outside of buildings:
  - (1) radio or television antennas, including their lead-in wiring, masts or towers; or
  - (2) signs (other than signs attached to buildings).

- f. property used or being installed in tunnel, bridge or other waterway construction;
- g. property in the open damaged by rain, snow or sleet (other than property in the custody of carriers for hire)
- h. animals, conveyances designed for highway use, aircraft, watercraft, or property designed for use on railroad right of ways
- i. existing buildings or structures to which improvements, alterations, repairs or additions are being made.

**3. COVERED CAUSES OF LOSS**

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusion.

**4. ADDITIONAL COVERAGES**

**a. Collapse**

We will pay for direct "loss" caused by or resulting from risks of direct physical "loss" involving collapse of all or part of a building or structure caused by one or more of the following:

- (1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; breakage of glass; falling object; weight of snow, ice or sleet; water damage; all only as covered in this Coverage Form.

**(2) Hidden decay,**

- (3) Hidden insect or vermin damage;

- (4) Weight of people or personal property;

- (5) Weight of rain that collects on a roof;

- (6) Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling or renovation.

This Additional Coverage does not increase the Limit of Insurance provided in this Coverage Form.

**b. Preservation of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and

- a. Assumed by contract or agreement prior to "loss"; or
- b. Required by local ordinance.

No deductible applies to this Additional Coverage.

4. Scaffolding, Construction Forms and Temporary Structures

We will pay for direct physical "loss" which is caused by or results from a Covered Cause of Loss, to scaffolding, construction forms and temporary structures (including office and tool trailers), but only while they are at the construction site shown on the Declarations page. The most we will pay for "loss" to scaffolding, construction forms and temporary structures is \$25,000.

We will also pay for the cost of re-erection of the scaffold if the "loss" of the scaffolding is caused by or results from a Covered Cause of Loss. The most we will pay for the re-erection of scaffolding is \$3,000.

No deductible applies to this Additional Coverage.

5. "Pollutant" Clean-up and Removal

We will pay your expense to extract "pollutants" from land or water at the Construction Site shown in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration or effects of "pollutants". But, we will pay for testing which is performed in the course of extracting "pollutants" from land or water.

The most we will pay under this Additional Coverage is \$5,000 for the sum of all expenses which are incurred as a result of all Covered Causes of Loss during each separate 12 month period from the effective date of this policy.

No deductible applies to this Additional Coverage.

6. Debris Removal

We will pay your expenses to remove debris of Covered Property. This debris must result from a "loss" that we cover under this Coverage Form. The expenses are paid only if they are reported to us in writing within 180 days of the date of direct physical "loss". If the sum of the "loss" and debris removal expenses exceeds the limit of insurance applicable to the property, we will pay an additional amount of debris removal expenses you incur in excess of the limit of insurance applicable to the property up to, but not exceeding \$3,000. This Additional Coverage does not apply to costs to:

- a. Extract "pollutants" from land or water; or
- b. Remove, restore or replace polluted land or water.

No deductible applies to this Additional Coverage.

7. Property in Transit

We will pay for direct physical "loss" or damage to Covered Property while "in transit", including shipments by registered mail, caused by or resulting from a peril not otherwise excluded. The most we will pay for such loss to Covered Property while "in transit" is \$50,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

8. Property at Temporary Locations

We will pay for direct physical "loss" or damage to Covered Property while located at unspecified temporary locations awaiting delivery to the Construction Site shown in the Declarations. The most we will pay for such loss to Covered Property at Temporary Locations is \$25,000 or the amount indicated on the Declarations page, whichever is higher.

No deductible applies to this Additional Coverage.

9. Trees, Shrubs, Plants, and Grass

We will pay for loss or damage to trees, shrubs, plants and grass outside of the buildings at the Construction Site, if the loss or damage is caused by or results from any of the following causes of loss:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Riot or Civil Commotion; or
- e. Aircraft.

The most we will pay for loss or damage under this Additional Coverage is \$5,000, but not more than \$200 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items that are lost or damaged in that occurrence.

No deductible applies to this Additional Coverage.

F. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded, regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

- a. Earth movement (other than "sinkhole collapse"), including earthquake, volcanic eruption, landslide, mine subsidence, mudslide or mudflow, or earth sinking, rising, or shifting.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

- b. Flood, surface water, waves, tides, tidal waves, overflow of streams or other bodies of water or spray, even if driven by wind; water below the surface of the ground that presses on or flows or seeps through foundations,

days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Building Materials and Supplies of Others

(1) You may extend the insurance provided by this Coverage Form to apply to building materials and supplies that are:

- (a) Owned by others.
- (b) In your care, custody or control.
- (c) Located in or on the building described in the Declarations, or within 100 feet of its premises; and
- (d) Intended to become a permanent part of the building.

(2) The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to property of others will only be for the account of the owner of the property.

This extension is additional insurance.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. EARTHQUAKE

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

b. GOVERNMENTAL ACTION

Seizure or destruction of property by order of governmental authority.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a

covered under this Coverage Form.

c. NUCLEAR HAZARD

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

d. WAR AND MILITARY ACTION

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

e. WATER

Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not.

But we will pay for direct "loss" caused by resulting fire, explosion or theft if these causes of "loss" would be covered under this Coverage Form.

This exclusion only applies to property at your premises.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Theft from any unattended vehicle unless at the time of theft its windows, door and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.

But this exclusion does not apply to property in the custody of a carrier for hire.

- b. Marring, scratching, chipping, breakage.

But we will pay for such "loss" caused directly by fire, windstorm, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

- c. Delay, or loss of market.

walls, floors, or raised surfaces, basements or through doors, windows, or other openings, or water which leaks up through or overflows from a sewer, drain or sump.

If fire or explosion ensues, we will be liable only for the resulting direct damage from the fire or explosion.

This exclusion does not apply to Covered Property while in transit.

c. Governmental action or inaction. This includes, but is not limited to the seizure or destruction of property by order of any governmental authority, changes or modifications in zoning or land use statutes or ordinances, and changes or modifications in building codes or requirements.

But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

d. Nuclear reaction or radiation, or radioactive contamination, from any cause.

But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

e. War and military action, including undeclared or civil war; Warlike action by military force, including action in hindering or defending against an actual or expected attack, by any governmental, sovereign or other authority using military personnel or other agents; or Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. Except as may be otherwise provided for in this Coverage Form, we will not pay for a "loss" caused by or resulting from any of the following:

a. Theft from any vehicle unless at the time of theft its windows, doors, and compartments were closed and locked and there are visible signs that the theft was a result of forced entry. But this exclusion does not apply to property in the custody of a carrier for hire.

b. Marring, scratching, chipping, or breakage. But we will pay for such a "loss" caused directly by fire, windstorm, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of "loss" would be covered under this Coverage Form.

c. Delay, loss of use, or loss of market for the Covered Property that occurs from the interruption of business, or any consequential "loss" that is beyond the direct physical "loss" of the Covered Property.

d. Dishonest acts by you, your partner or officer of your company, anyone else with an interest in your property, your or their employees or authorized representatives or anyone entrusted with the property, whether or not acting alone or in collusion with other persons or

occurring during the hours of employment. But this exclusion does not apply to a carrier for hire.

c. All costs and expenses incurred in the reengineering, redesign, or reworking of any faulty or defective workmanship, materials or design of property we cover. We will pay for physical damage to other Covered Property resulting from such faulty or defective workmanship, materials or design if discovered as a result of, or aggravated by, a peril or occurrence not otherwise excluded in this coverage form.

f. Mechanical breakdown or derangement, rupture, bursting or disintegration of the rotating or moving parts of machines resulting from entangled or reciprocating force; however, we will pay for physical damage to any other Covered Property we insure resulting from these occurrences.

g. Loss to electrical systems, devices or equipment due to a short circuit, blowout or electrical disturbance from an artificially generated electrical current, unless fire or explosion ensues, then we will pay the loss caused by such ensuing fire or explosion.

h. Unexplained or mysterious disappearance of property, including inventory shortage, where there is no physical evidence to show forced entry at the construction site. This exclusion does not apply to Covered Property that is in the custody of bailees or carriers for hire.

i. Inherent vice; latent defect; wear and tear; gradual deterioration; rust; corrosion; dampness of atmosphere; wet or dry rot; mild; fungus; virus; bacterium or other microorganisms; changes in temperature; freezing; insects; vermin or rodents; or the settling, cracking, shrinking or expansion of any Covered Property.

j. Testing, unless fire or explosion ensues. Then we will pay only for the resulting loss by fire or explosion.

k. Rain, snow, sleet, volcanic ash, sand or dust, whether or not driven by wind, to property awaiting installation or construction, while in the open and unprotected. This exclusion does not apply to Covered Property in the custody of carriers for hire.

l. Your neglect to use reasonable means to protect Covered Property from additional damage after a "loss" occurs.

m. Faulty, inadequate or defective planning, zoning, development, surveying; or siting; Error, omission or deficiency in design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; Faulty, inadequate or defective materials used in any repair, construction, renovation or remodeling; or Maintenance. This exclusion applies to part or all of any property, wherever located.

n. Unauthorized instructions to transfer property to any person or place, or the voluntary parting with of any property by you or anyone entrusted with the property, if induced to do so by fraudulent scheme, trick, device or false pretense.

authorized representatives of anyone entrusted with the property, whether or not acting alone or in collusion with other persons or occurring during the hours of employment.

But this exclusion does not apply to a carrier for hire.

c. Inproper workmanship, faulty construction or installation, or overloading.

f. Mechanical or electrical failure. But we will pay for such loss caused by resulting fire or explosion if these causes of loss would be covered under this Coverage Form.

g. Error, omission or deficiency in design, specifications, workmanship or materials.

But we will pay for such loss caused by resulting fire or explosion if these causes of loss would be covered under this Coverage Form.

h. Subsidence, settling, cracking, shrinkage or expansion.

But we will pay for direct loss caused by resulting fire, lightning, explosion, windstorm, contact with aircraft or vehicles, vandalism or malicious mischief.

i. Artificially generated current creating a short circuit or other electric disturbance within an article covered under this Coverage Form.

But we will pay for direct "loss" caused by resulting fire or explosion, if these causes of "loss" would be covered under this Coverage Form.

This exclusion only applies to "loss" to that article in which the disturbance occurs.

j. Unexplained disappearance.

k. Shortage found upon taking inventory.

l. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

m. Unauthorized instructions to transfer property to any person or to any place.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any

h. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property wherever located.

d. Collapse except as provided in the Additional Coverage - Collapse section of this Coverage Form.

e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat.

C. LIMITS OF INSURANCE

1. The Any One Occurrence limit shown in the Declarations is the most we will pay for all "loss" resulting from any one occurrence.

2. Payments under the following will not increase the Limit of Insurance in C.1. above:

- a. "loss" occurring at any one construction or installation site.
- b. "loss" occurring while covered property which will become part of the installation site(s) designated in the Declarations is temporarily at any other premises.
- c. "loss" occurring in transit.
- d. mobile tools and equipment.

3. The limit for any one occurrence involving loss by theft is a part of and not in addition to the limits specified in 2. above.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" before applying the applicable Limits of Insurance exceeds the Deductible shown in the Declarations. We will then pay the amount of the adjusted

3. Any act or agreement by you, or anyone acting on your behalf, either before or after a "loss" or damage, which limits your right to recover for the "loss" or damage to Covered Property from the party liable for such "loss" or damage shall constitute a breach of this Coverage Form void, but only with respect to such "loss" or damage. Our right to return premium shall not be affected. We are not liable for any claim for "loss" or damage which you have settled or compromised without our written consent.

**TERMS OF COVERAGE**

We will provide coverage during the period shown on the Declarations which is a part of this Coverage Form, from the time you become legally responsible for or agree to accept responsibility for any Covered Property and continuing without interruption during construction or installation, including any time during which the Covered Property is being transported to the construction or installation site, and while on the construction or installation site awaiting installation.

All coverage will cease when any one of the following situations occur:

1. The policy expires or is cancelled;
2. Your interest in, and responsibility for, any Covered Property ceases;
3. The property is accepted by the purchaser or owner;
4. If no work has been performed at the construction or installation site for a period of sixty (60) days;
5. If construction or installation at site is at least 90% complete, and no work has been performed for a period of thirty (30) days.

**OCCUPANCY**

All coverage under this coverage part will be suspended while the covered premises or any part thereof are occupied for its intended purpose, unless this coverage part is endorsed to provide otherwise.

Premises may be occupied on a temporary basis for testing of equipment or other similar operations without a suspension of coverage. Use of the construction site for temporary construction offices, or for the storage of Covered Property during the course of construction shall not constitute occupancy.

**HOW COVERED PROPERTY WILL BE VALUED IN THE EVENT OF LOSS OR DAMAGE**

The value of the Covered Property will be the cost of replacing that property with substantially similar property as existed immediately before the covered loss happened. However, we will not pay more than the limits stated in the Declarations for this coverage part.

Any expenses you incur for the delay in completion of your contract, guarantee of performance or production obligation will not be considered as part of the value of your Covered Property and we will not pay for these expenses. Also, we will not pay for interest or financing charges on money loaned or advanced to you for construction or installation and charged to the project by the owner(s).

**TERRITORIAL LIMITS**

The coverage territory is the United States of America, including its territories and possessions, and Canada.

**K. CONDITIONS THAT APPLY WHEN LOSS OCCURS**

**1. Deductible**

We will subtract the deductible amount shown on the Declarations for this coverage part from the amount of "loss" in any one occurrence. If more than one deductible applies to a single occurrence, we will subtract only the largest single deductible.

**2. Loss**

The total loss amount that occurs from a single event involving one or more covered perils is considered a single loss and a single claim for your recovery from us. We will group together as a single claim all losses occurring within a seventy-two (72) hour period from riot, strike, or civil commotion. You may determine when the seventy-two (72) hour period began.

We will also group together as a single loss all windstorm or hail damage that occurs from a single atmospheric disturbance.

**3. Coinsurance**

All Covered Property, except for property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations at the time of "loss". This penalty will not apply to property in transit.

**4. Other Insurance**

If other valid and other collectible insurance is available to the insured for a loss we cover under this Policy, this insurance is excess over such other insurance, whether primary, excess, contingent or any other basis, except other insurance purchased specifically to apply in excess of the Limit of Insurance as shown in the Declarations.

When this insurance is excess over other insurance, we will pay only our share of the amount of loss, if any, that exceeds the sum of:

- (1) The total amount that all such other insurance would be obligated to pay, whether collectible or not, for the loss in the absence of this insurance; and
- (2) The total of all deductible and self-insured amounts under all other insurance. We will share the remaining loss, if any, with any other insurance that is not described in this provision and was not bought specifically to apply in excess of the Limit of Insurance shown in the Declarations of this Coverage Part.

**5. Abandonment**

**II. ADDITIONAL CONDITIONS**

The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

**1. COVERAGE TERRITORY**

We cover property:

- a. In transit within the continental United States and Canada;
- b. In temporary storage elsewhere than at premises of construction or installation.

But coverage will not apply while the property is located at any permanent yard or permanent storage area owned or controlled by the Insured, commercial lumber or material yards or depots.

- c. On the construction or installation site including temporary mills or plants of the insured, incidental to the construction or installation operation.

**2. WHEN COVERAGE CEASES**

The insurance provided by this Coverage Form will end when one of the following first occurs:

- a. This policy expires or is cancelled;
- b. The property is accepted by the purchaser or owner;
- c. Your interest in the property ceases;
- d. You abandon the construction with no intention to complete it;
- e. Unless we specify otherwise in writing:

- (1) 90 days after construction is complete; or
- (2) When any building described in the declarations is:
  - (a) Occupied in whole or in part. This condition does not, however, prohibit occupancy by you, your employees or agents which is incidental to the construction, installation, or testing of property insured by this Coverage Form. Permission is granted for occupancy by the owners of additions to existing structures prior to final completion and acceptance.
  - (b) Put to its intended use.

**3. VALUE OF PROPERTY INSURED**

You must keep an accurate record of all property insured under this Coverage Form indicating the value, delivery charges, if any, and incurred labor charges.

**b. Property Of Others**

You must obtain from the owner the value of the property to which will be added delivery and labor charges you incur.

**4. PREMIUM ADJUSTMENT**

**a. Non-Reporting Form**

If the Declarations indicate this policy is written on a non-reporting basis, no additional premium will be collected during the policy term.

**b. Reporting Form**

If the Declarations indicate this policy is written on a reporting basis, the following condition applies:

The deposit premium for this insurance is based on estimated gross annual sales on the inception date of this coverage form. You must keep an accurate record of gross sales and file with us within fifteen days after the expiration of this policy term showing the gross sales for the policy term. The rate will be applied per \$1000 of sales to determine the actual premium. The actual premium will then be compared to the initial premium and an additional or return premium adjustment will be made.

If the policy is cancelled, you must report all gross sales up to and including the date of cancellation. The premium will be adjusted based on the amount of gross sales and the policy will be cancelled in accordance with the terms specified in the Common Policy Conditions.

**5. COINSURANCE**

All Covered Property, except property in transit, must be insured for its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in the Declarations for all Covered Property at all locations bears to the total value of all property at all locations as of the time of "loss". This penalty will not apply to property in transit.

**F. DEFINITIONS**

"Loss" means accidental loss or damage.

There can be no abandonment of any property to us.

#### 6. Duties in the Event of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

- a. Notify the police if a law may have been broken.
- b. Give us prompt notice of the loss or damage. Include a description of the property involved.
- c. Promptly give us a description of how, when and where the loss or damage occurred.
- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
- g. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or a claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- h. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
- i. Cooperate with us in the investigation or settlement of the claim.

#### 7. Loss Payment

- a. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- b. We will not pay you more than your financial interest in the Covered Property.
- c. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- d. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- e. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:
  - i. We have reached agreement with you on the amount of the loss; or
  - ii. An appraisal award has been made.

#### 8. Pair, Sets or Parts

#### a. Pair or Sets

In case of loss or damage to any part of a pair or set we may:

- i. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- ii. Pay the difference between the value of the pair or set before and after the loss or damage.

#### b. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### 9. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limits of Insurance.

#### 10. Salvage

If any loss or damaged Covered Property has a salvage value, we shall control the disposition of such salvage.

#### 11. Reinstatement of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

#### L. GENERAL CONDITIONS

##### 1. Concealment, Misrepresentation or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

- a. This Coverage Part;
- b. The Covered Property;
- c. Your interest in the Covered Property; or
- d. A claim under this Coverage Part.

##### 2. Control of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance. The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

##### 3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

a. There has been full compliance with all the terms of this Coverage Part; and

b. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

4. No Benefit to Bailor

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

I. DEFINITIONS

"Coverage" means the insurance protection provided by this Builder's risk Coverage form.

"Loss" means accidental physical loss or damage.

"In transit" means property being shipped by air, land or sea from the time

beginning:

- When, if shipped from your premises or in conveyances you own, lease or operate, the Covered Property departs your premises;
- When, if shipped from premises of others in or on conveyances you own, lease or operate, the Covered Property is transferred into your care, custody or control;
- When the Covered Property is actually moved from the point of shipment bound for a specified destination, if shipped in or on any other conveyances.

and ending:

- When the Covered Property is accepted by, or on behalf of, the consignee at the intended destination; or
- When the Covered Property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination; or
- At such point where you, or the owner of the Covered Property (if other than you) order the Covered Property stopped and held pending instructions. However, this does not apply to Covered Property while in the custody of a carrier for hire and which is being held at a location, other than the intended destination, by such carrier's "on hand" department for a period not to exceed 30 days; or
- When, if shipped to your premises in or on conveyances you own, lease or operate, the Covered Property arrives at your premises.

In transit includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment, but not while at premises you own, lease or operate. In transit also includes the period of time during which:

- there is substantial and unauthorized deviation from the normal route by a carrier for hire; or
- the contract of carriage is, without your knowledge, abandoned en route by a carrier for hire, its agent or its driver.

In transit does not mean:

- Covered Property shipped by mail, unless shipped by registered or certified mail;
- Import shipments within the Covered Territory until such time as ocean marine insurance has ceased to cover such property;
- Export shipments once they are loaded on board any steamer or other watercraft, or once ocean marine insurance has begun to cover such property;
- Covered Property owned by others when you are acting as a carrier for hire.

"Pollutant" means any solid, liquid, gaseous or thermal irritant or contaminant. This includes, but is not limited to, smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes, but is not limited to, materials to be recycled, reconditioned or reclaimed.

"Sinkhole entrapment" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. It does not include the cost of filling sinkholes or sinking or collapse of land into man-made underground cavities.

"Testing" means commissioning or performance testing; any testing involving the introduction of flammable or explosive feedstock beginning when such feedstock is first introduced; or the rotational operation of any turbine or generator, except for rotational operation by turning gear only when the turbine or generator is not energized. Testing does not mean the commissioning or performance testing of building heating, cooling, air handling, or electrical systems.