

State: District of Columbia **Filing Company:** Zurich American Insurance Company
TOI/Sub-TOI: 09.0 Inland Marine/09.0005 Other Commercial Inland Marine
Product Name: Builders Risk Program - Zurich Master Builders Risk Coverage Form
Project Name/Number: Builders Risk Program - Zurich Master Builders Risk Coverage Form/39786

Filing at a Glance

Company: Zurich American Insurance Company
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General Information

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Created By: Diane Zaborowski

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Zurich is revising and supplementing several forms and endorsements in its Zurich Master Builders Risk Coverage product. This submission consists of four revised forms and endorsements that replace existing forms and endorsements and five new endorsements. These forms and endorsements are designed for commercial insureds seeking first-party property insurance coverage during the construction of large structures while utilizing periodic reporting of insured projects under a single master policy.

The four revised forms are:

- U-MBR-0100-B CW (10/16) Zurich Master Builders Risk Coverage Form has been revised to organize and clarify the Limits of Liability rules and to clarify certain definitions, exclusions and exceptions to exclusions.
- U-MBR-0010-B CW (10/16) Zurich Master Builders Risk General Conditions has been revised to clarify the adjustment of loss process as to the first Named Insured and loss payees, the scope of in transit coverage, and the conditions relating to reinstatement of an aggregate limit of liability.
- U-MBR-D-0001-B CW (10/16) Zurich Master Builders Risk Declarations has been revised to clarify who is a Named Insured, the circumstances in which an entity may be added to the policy as an additional insured without endorsement, and the application of the Maximum Limit of Liability.
- U-MBR-0402-B CW (10/16) Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment Endorsement (formerly titled Reporting and Premium Adjustment) has been revised to clarify the reporting of project locations. This form is optional if an Insured selects the U-MBR-404-A CW (08/16) Zurich Master Builders Risk Gross Receipts Reporting Endorsement.

The state amendatories previously approved with the previous "A" versions of these forms will continue to be attached to these revised forms. The above referenced forms have no rate impact.

The five new endorsements are:

- U-MBR-0301-A CW (10/16) Zurich Master Builders Risk Delay In Completion Coverage Endorsement is an optional endorsement providing indemnity for delay in completion of a project due to insured direct physical damage.
- U-MBR-0404-A CW (10/16) Zurich Master Builders Risk Gross Receipts Reporting And Premium Endorsement is an optional endorsement providing insurance for projects based on gross receipts reporting.
- U-MBR-0406-A CW (10/16) Zurich Master Builders Risk Named Insured - Joint Venture Endorsement is an optional endorsement to add the applicable interest in a Joint Venture when a Named Insured is a partner in a Joint Venture.
- U-MBR-0407-A CW (10/16) Zurich Master Builders Risk Special Extension Option Term Endorsement is an optional endorsement providing optional continuing coverage for an insured project when a Master Builders Risk Policy is terminated.
- U-MBR-0408-A CW (10/16) Zurich Master Builders Risk Additional Interest Endorsement is an optional endorsement to add

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Additional Named Insureds and Additional Insureds by endorsement.

The above referenced forms have no rate impact, except form U-MBR-0404-A CW.

Endorsements designated "Optional" are optional at the request of the insured, unless otherwise stated. The insured learns about the endorsement through the Insured's agent or broker.

Company and Contact

Filing Contact Information

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Filing Company Information

Zurich American Insurance Company	CoCode: 16535	State of Domicile: New York
1299 Zurich Way	Group Code: 212	Company Type:
Schaumburg, IL 60196	Group Name:	State ID Number:
(847) 605-6000 ext. [Phone]	FEIN Number: 36-4233459	

Filing Fees

Fee Required?	No
Retaliatory?	No
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Form Schedule

Item No.	Schedule Item Status	Form Name	Form Number	Edition Date	Form Type	Form Action	Action Specific Data		Readability Score	Attachments
							Previous Filing Number:	ZURC-129665319		
1		Zurich Master Builders Risk Coverage Form	U-MBR-0100-B CW	(10/16)	PCF	Replaced	Replaced Form Number:	U-MBR-0100-A CW (01/15)	0.000	U-MBR-0100-B CW final.pdf
2		Zurich Master Builders Risk General Conditions	U-MBR-0010-B CW	(10/16)	END	Replaced	Previous Filing Number:	ZURC-129665319	0.000	U-MBR-0010-B CW final.pdf
							Replaced Form Number:	U-MBR-0010-A CW (01/15)		
3		Zurich Master Builders Risk Delay In Completion Coverage	U-MBR-0301-A CW	(10/16)	END	New			0.000	U-MBR-0301-A CW final.pdf
4		Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment	U-MBR-0402-B CW	(10/16)	END	Replaced	Previous Filing Number:	ZURC-129665319	0.000	U-MBR-0402-B CW final.pdf
							Replaced Form Number:	U-MBR-0402-A CW (01/15)		
5		Zurich Master Builders Risk Gross Receipts Reporting And Premium Endorsement	U-MBR-0404-A CW	(10/16)	END	New			0.000	U-MBR-0404-A CW final.pdf
6		Zurich Master Builders Risk Named Insured - Joint Venture	U-MBR-0406-A CW	(10/16)	END	New			0.000	U-MBR-0406-A CW final.pdf
7		Zurich Master Builders Risk Special Extension Option Term	U-MBR-0407-A CW	(10/16)	END	New			0.000	U-MBR-0407-A CW final.pdf
8		Zurich Master Builders Risk Additional Interest Endorsement	U-MBR-0408-A CW	(10/16)	END	New			0.000	U-MBR-0408-A CW final.pdf
9		Zurich Master Builders Risk Declarations	U-MBR-D-0001-B CW	(10/16)	DEC	Replaced	Previous Filing Number:	ZURC-129665319	0.000	U-MBR-D-0001-B CW final.pdf
							Replaced Form Number:	U-MBR-D-0001-A CW (01/15)		

Form Type Legend:

ABE	Application/Binder/Enrollment	ADV	Advertising
BND	Bond	CER	Certificate

SERFF Tracking #:

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CNR	Canc/NonRen Notice	DEC	Declarations/Schedule
DSC	Disclosure/Notice	END	Endorsement/Amendment/Conditions
ERS	Election/Rejection/Supplemental Applications	OTH	Other

Zurich Master Builders Risk Coverage Form



Table Of Contents

<u>Section</u>	<u>Page Number</u>
Coverage	1
Property Not Covered	1
Exclusions	2
Limitations	4
Coverage Extensions	
Claim Preparation Expense	4
Construction Documentation And Records	5
Construction Trailers	5
Contract Penalties	5
Contractor Expenses	5
Crane Re-Erection Expense	6
Damage To Existing Real Property – Limited	6
Debris Removal	6
Design Professional Fees	7
Emergency Property Protection Expense	7
Fire Protective Equipment Refills	7
Off Premises Service Interruption – Direct Damage	7
Ordinance Or Law	7
Pollutant Clean-Up And Decontamination	8
Prevention Of Access – Ingress Or Egress	8
Protection Service Charges	9
Reward Payments	9
Spare Construction Materials	9
Limits Of Liability	9
Increased Limits Clause	10
Deductibles	10
Valuation	11
Definitions	12



ZURICH[®]

Zurich Master Builders Risk Coverage Form

Read the entire Policy carefully to determine rights, duties and what is and is not covered.

Words and phrases that appear in quotation marks have special meaning. Refer to the **Definitions** Section. Throughout this Policy, the word Named Insured refers to the Named Insured shown in Item **3.** of the Declarations. The word first Named Insured refers to the first Named Insured listed under Named Insured in Item **3.** of the Declarations. The word Insured refers to the Named Insured and the Additional Insureds shown in Items **3.** and **4.** of the Declarations. The word Company refers to the Insuring Company shown in Item **2.** of the Declarations providing the insurance coverage.

For purposes of this Policy, Covered Property is the property that is insured for loss or damage under the applicable Coverage Forms or endorsements.

Unless otherwise stated, words that are used in the plural tense include the singular tense (and vice versa).

A. Coverage

1. The Company will pay for direct physical loss of or damage to "builders risk property" caused by a "covered cause of loss" while such "builders risk property" is:
 - a. At the "project site";
 - b. In transit; or
 - c. At a "temporary offsite location".
2. Coverage for each "insured project" will begin on the start date specified in the applicable "reporting form" for that "insured project". Coverage ends at the earlier of the following:
 - a. The first Named Insured's interest in the "insured project" ceases;
 - b. The Policy expires, is non-renewed or is cancelled;
 - c. The final acceptance of the "insured project" by the owner; or
 - d. The completion date for that "insured project" specified in the applicable "reporting form".
3. The most the Company will pay in any one "occurrence" is the applicable Limit Of Liability.

B. Property Not Covered

This Policy does not apply to:

1. Land, land value and cut, fill and backfill materials which existed at the "project site" prior to "insured project" commencement, other than the labor expended to move such materials during the "insured project";
2. Contractor's tools, machinery, plant and equipment not intended to become a permanent part of the "insured project";
3. Vehicles or equipment licensed for highway use, rolling stock, aircraft or watercraft;
4. Water, standing timber, growing crops or animals;
5. Accounts, bills, currency, stamps, deeds, evidence of debt, checks, money, securities, precious metals, precious stones or other property of a similar nature;
6. "Existing real property", except as provided under Section **E., Coverage Extensions**;
7. Property at a "project site" that stores, processes, handles or makes use of radioactive materials; however, this does not apply to property at a "project site" making use of radioactive isotopes contained within equipment used for diagnostic or testing purposes;
8. Roadways, sidewalks or other paved surfaces or underground utilities at the "project site" that existed prior to the beginning of the "insured project";
9. Contraband or property in the course of illegal transportation or trade; or

10. Overhead transmission and distribution lines, and their supporting structures, once energized, at the completion of testing.

C. Exclusions

1. The Company will not pay for loss or damage directly or indirectly resulting from any of the following, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, even if such other cause or event would otherwise be covered:

- a. **Governmental Action**

Seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental authority.

This exclusion does not apply to seizure or destruction of property by order of governmental authority and taken at the time of a fire to prevent its spread.

- b. **Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused. But, if nuclear reaction or radiation, or radioactive contamination results in fire, the Company will pay for that portion of the loss or damage which arises directly from that fire.

- c. **Ordinance Or Law**

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion applies whether the loss or damage results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

- d. **War And Military Action**

War and military action, meaning:

- (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 government, sovereign, or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority by hindering or defending against any of these.

2. The Company will not pay for:

- a. **Consequential Loss**

Loss, damage, cost or expense caused by or resulting from the following, except as otherwise stated elsewhere in the Policy:

- (1) Loss of market or loss of use;
- (2) Liquidated damages, performance penalties or penalties for non-completion;
- (3) Non-compliance with contract conditions;
- (4) Delay in completion of construction, including continuing "general conditions expense"; or
- (5) Re-sequencing or inefficiencies of construction activities.

- b. **Cost Of Correcting Or Making Good**

Costs or expense that would have been incurred to rectify any of the following had such condition been rectified immediately prior to the loss or damage:

- (1) Errors or omissions in, or faulty, defective or deficient designs, plans or specifications; or
- (2) Faulty, inadequate or defective workmanship or construction supplies or materials used.

But if the result of one of these excluded causes of loss is a "covered cause of loss", the Company will pay for that portion of the direct physical loss or damage, other than loss of or damage to that faulty, inadequate or defective workmanship or construction supplies or materials used, which was caused by that "covered cause of loss". However, in no event will the Company pay the costs or expense to improve or redesign the original materials, supplies, designs, plans or specifications or to improve workmanship.

c. Cracking And Settling

Loss or damage caused by or resulting from normal subsidence, settling, cracking, expansion, contraction or shrinkage of walls, floors, ceilings, buildings, foundations, patios, walkways, driveways or pavements.

d. Disappearance Or Shortage

Loss or damage caused by or resulting from disappearance or shortage disclosed on taking inventory.

e. Dishonest Acts

Loss or damage caused by or resulting from fraudulent, dishonest or criminal activity of the Insured or any of the Insured's partners, officers, directors, trustees, employees (including leased or temporary employees) or others to whom the property is entrusted.

This exclusion does not apply to:

- (1) Acts of vandalism committed by the Named Insured's employees (including leased or temporary employees); or
- (2) Carriers for hire or anyone claiming to be a carrier for hire at the time the property is entrusted to them.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

f. Electronic Vandalism, Defects Or Errors

Loss or damage caused by or resulting from:

- (1) "Computer virus";
- (2) Authorized or unauthorized access to "electronic hardware", software, programs or data;
- (3) Failure, malfunction, deficiency, deletion, errors or omissions in:
 - (a) Programming;
 - (b) Instructions to a machine; or
 - (c) Installation or maintenance of "electronic hardware"; or
- (4) Mysterious disappearance of code.

g. Expected, Preventable Or Accumulated Losses

Loss or damage caused by or resulting from wear and tear, gradual deterioration, inherent vice, hidden or latent defect, corrosion, rust or dampness or dryness of the atmosphere.

But, if the result of one of these excluded causes of loss is a "covered cause of loss", the Company will pay for that portion of the loss or damage which was caused by that "covered cause of loss".

h. Fines Or Penalties

Fines or penalties imposed on the Insured at the order of any government agency, court or other authority.

i. Fungus

Loss or damage consisting of, directly or indirectly caused by, contributed to or aggravated by the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria, including any expense to remediate the presence or effects of any of the foregoing, unless resulting directly from a "covered cause of loss".

However, if the "fungus" was caused by a "covered cause of loss", the Company will pay the reasonable and necessary expenses to:

- (1) Test for, monitor or assess the existence, concentration or effects of "fungus", wet rot, dry rot or bacteria;
- (2) Tear out and replace any part of Covered Property needed to gain access to the "fungus", wet rot, dry rot or bacteria; and
- (3) Clean up, remove or remediate "fungus", wet rot, dry rot or bacteria.

However, the most we will pay is the cost to repair, rebuild or replace the Covered Property damaged by that "fungus", wet rot, dry rot or bacteria, subject to the applicable Limit Of Liability.

At the Insured's expense, the Insured must take all reasonable means to save and preserve property from further damage at the time of and after the discovery of the "fungus", wet rot, dry rot or bacteria.

The expenses will be paid only if they are reported to the Company in writing within 30 days of the date on which "fungus", wet rot, dry rot or bacteria is first discovered.

j. Pollutants

Loss, damage, cost or expense caused by or resulting from the actual, alleged or threatened discharge, dispersal, seepage, migration, release, or escape of "pollutants", unless the discharge, dispersal, seepage, migration, release, or escape is directly caused by a "specified cause of loss".

But if the discharge, dispersal, seepage, migration, release, or escape of "pollutants" results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

The Company will also not pay for loss, damage, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants".

k. Warranties Or Guarantees

Loss, damage, costs or expenses covered under any written or implied guarantee or warranty by any manufacturer or supplier.

D. Limitations

The following limitations apply:

1. The Company will not pay for direct physical loss of or damage to "landscaping materials" caused by or resulting from:
 - a. Infestation, disease, freezing, drought, lack of moisture, hail, or weight of ice or snow; or
 - b. Insects, vermin, rodents or animals.
2. The Company will not pay the cost or expense for:
 - a. The failure to meet the building certification level that has been registered for "Green standards" for the "insured project"; or
 - b. Re-registering the "insured project" for "Green standards" if such cost or expense would have been incurred had there been no direct physical loss or damage to property from a "covered cause of loss".

E. Coverage Extensions

Subject to Section **F. Limits Of Liability** herein, the following are Coverage Extensions to coverages set forth in this Policy. Each of the following Coverage Extensions apply independently of one another. The Policy exclusions, terms and conditions will apply to each Coverage Extension, except to the extent that coverage is provided under the applicable Coverage Extension.

1. Claim Preparation Expense

The Company will reimburse the Insured for reasonable and necessary claim preparation expenses, as requested by the Company, for determining the amount of loss or damage prior to finalizing a claim adjustment.

- a. Claim preparation expense means the expense incurred by the Insured for:

- (1) The Insured's employees to produce or certify any particulars or details contained within the Insured's books or documents, or such other proofs, information or evidence required by the Company;
- (2) Taking inventory, conducting independent appraisals, or gathering and preparing other data to substantiate the amount of loss or damage; and
- (3) Services provided by accountants, auditors, contractors, architects and engineers or other professionals solely for the purpose of determining the amount of loss or damage.

b. Claim preparation expenses does not mean the expense incurred for:

- (1) Negotiating or presenting any claim that the Company has disputed or denied;
- (2) Attorneys, public adjusters, loss appraisers or loss consultants;
- (3) Representatives or employees of any broker or agent; or
- (4) Examinations under oath, even if requested by the Company.

This Coverage Extension does not apply until a claim for covered loss or damage to Covered Property has been submitted to and accepted by the Company. In the event that the amount of covered loss or damage does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

2. Construction Documentation And Records

The Company will pay for direct physical loss of or damage to "construction documentation and records" caused by a "covered cause of loss".

3. Construction Trailers

The Company will pay for direct physical loss of or damage to "construction trailers" and office trailer contents, other than "construction documentation and records", while at the "project site" or a "temporary offsite location" caused by a "covered cause of loss".

4. Contract Penalties

If the first Named Insured is a general contractor, the Company will pay contractual penalties the first Named Insured is legally liable to pay under the provisions of a written construction contract for late or non-completion of construction of the "insured project". Those penalties must be the result of direct physical loss of or damage to the "insured project". The loss or damage must be caused by a "covered cause of loss". Any such penalties must be specified in the written construction contract executed and signed prior to the start of the "insured project" and will only be payable in excess of 30 days after the expiration date of the Policy.

5. Contractor Expenses

In the event of covered loss or damage to "builders risk property" caused by a "covered cause of loss", the Company will pay for reasonable and necessary expense incurred by the Insured for:

- a. "Contractor's Extra Expense";
- b. "Expediting expense"; or
- c. "General conditions expense",

in excess of the total expense that would normally have been incurred during the same period of time had no loss or damage occurred for the purpose of continuing the scheduled progress of undamaged work and only to the extent such expenses are necessary to continue as nearly as practicable the normal operation of the work in progress.

The most the Company will pay under this Coverage Extension in any one "occurrence" is the percentage shown on the Declarations of the amount of the covered loss of or damage to "builders risk property", prior to the application of any applicable Deductible, up to the Limit Of Liability shown on the Declarations for Contractor's Expense.

In the event that the amount of covered loss or damage to "builders risk property" does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

6. Crane Re-Erection Expense

If a tower or pole crane not covered under this Policy is lost or damaged by a "covered cause of loss" at the "project site", the Company will pay the reasonable and necessary costs incurred by the Insured to re-erect a tower or pole crane necessary to complete the "insured project".

7. Damage To Existing Real Property - Limited

The Company will pay for direct physical loss of or damage to "existing real property" at the "project site" caused by a "covered cause of loss" that arises out of the construction activities or operations of the Insured.

The Company will not pay for loss or damage to "existing real property":

- a. Caused by or resulting from any interruption of incoming electricity, fuel, water, gas, steam, refrigerant or other services. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was caused by that "covered cause of loss".
- b. Caused by or resulting from an explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased or operated and under the control of the Insured; except for explosion of accumulated gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases or combustion pass. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was caused by that "covered cause of loss".
- c. Caused by or resulting from artificially generated electrical current, including electrical arcing, that damages or disturbs electrical devices, wiring or equipment. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was caused by that "covered cause of loss".
- d. Caused by or resulting from mechanical or machinery breakdown, including rupture or bursting caused by or resulting from centrifugal force. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was caused by that "covered cause of loss".
- e. Arising as a consequence of previous loss or damage or any structural, mechanical, electrical or material condition which existed prior to the start date of the "insured project".
- f. While the "existing real property", or any portion of the "existing real property", is being moved.

8. Debris Removal

The Company will pay the cost the Insured incurs to remove debris of Covered Property, including such property while in transit or at a "temporary offsite location", resulting from direct physical loss or damage by a "covered cause of loss".

The Company will also pay for the reasonable and necessary expense incurred by the Insured for:

- a. Recycling debris of Covered Property at a recycling facility, including the associated transportation costs; and
- b. Removing debris of uncovered property that is blown by wind, or drifted by water, onto the "project site".

Any income generated from debris recycling will reduce the Company's loss payment.

The expenses will be paid only if reported to the Company in writing within 365 days of the date of loss or damage.

In the event the amount of covered loss of or damage to Covered Property does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

The most the Company will pay under this Coverage Extension in any one "occurrence" is the percentage shown on the Declarations of the amount of covered loss of or damage to Covered Property, prior to the application of any Deductible, up to the Limit Of Liability shown on the Declarations for Debris Removal.

In no event will there be coverage under this Debris Removal Coverage Extension for any costs to:

- (1) Extract "pollutants" from land, water or debris;
- (2) Remove, restore, or replace polluted land or water; or
- (3) Transport, store, decontaminate or recycle contaminated debris.

9. Design Professional Fees

The Company will reimburse the Insured for reasonable expenses incurred by the Insured for design professional services and expenses necessary in the repair, rebuild or replacement of lost or damaged "builders risk property" to the original design from a "covered cause of loss".

10. Emergency Property Protection Expense

a. If Covered Property is removed from the "project site" or a "temporary offsite location" to protect it from actual or imminent physical loss or damage caused by a "covered cause of loss", the Company will pay for the reasonable and necessary expenses incurred by the Insured to:

(1) Remove Covered Property from the "project site" or a "temporary offsite location"; and

(2) Store Covered Property while away from the "project site" or a "temporary offsite location", for up to 30 consecutive days after the Covered Property is first moved.

b. The Company will reimburse the Insured for the reasonable and necessary expenses to protect Covered Property at the "project site" or "temporary offsite location" from actual or imminent physical loss or damage from fire, "named storm" or "flood", if coverage is provided under this Policy for that Cause of Loss.

No Deductible applies to this Coverage Extension.

11. Fire Protective Equipment Refills

The Company will pay the reasonable and necessary costs the Insured incurs to refill fire protective equipment which has been discharged:

a. Accidentally; or

b. In the course of saving or protecting Covered Property from a "covered cause of loss".

No Deductible applies to this Coverage Extension.

12. Off Premises Service Interruption – Direct Damage

The Company will pay for direct physical loss of or damage to "builders risk property" at the "project site" directly caused by an "off premises service interruption". The interruption must result from direct physical loss or damage directly caused by a "covered cause of loss" to property located away from the "project site" and used to provide any of the following services to the "project site":

a. Water;

b. Power, including steam and natural gas; or

c. Communication, including video, voice and data.

13. Ordinance Or Law

In the event of loss of or damage to "builders risk property" by a "covered cause of loss":

a. The Company will pay for the:

(1) Cost to demolish and clear the "project site" of the undamaged portion of the constructed, erected or installed "builders risk property" as required by the enforcement of any applicable ordinance or law that regulates the zoning, land use or construction at the time of direct physical loss or damage;

(2) Cost for recycling debris from the undamaged portion of the constructed, erected or installed "builders risk property" at a recycling facility, including the associated transportation costs, when those costs are incurred as a result of the demolition of the undamaged portion of the constructed, erected or installed "builders risk property" due to the enforcement of an applicable ordinance or law that regulates the zoning, land use or construction at the time of direct physical loss or damage; and

- (3) Increased costs incurred by the Insured to repair, rebuild or replace the damaged and undamaged portions of that "builders risk property" at the "project site" for the same intended use as per the written contract in place at the time of direct physical loss or damage and in compliance with the minimum requirements of the applicable ordinance or law in force at the time of loss or damage. However, the Company will not pay for these costs unless the repair, rebuild or replacement is commenced at that "project site" within 2 years of the date the direct physical loss or damage occurred.

Any income generated from debris recycling will reduce the Company's loss payment.

- b. The Company will pay for loss to the undamaged portion of the constructed, erected or installed "builders risk property" resulting from the enforcement of any applicable ordinance or law that:
 - (1) Regulates the zoning, land use or construction of the damaged portion of that "builders risk property" at the time of direct physical loss or damage;
 - (2) Requires the demolition of all or a portion of that "builders risk property" not damaged by a "covered cause of loss"; and
 - (3) Is in force at the time of loss or damage.

No coverage is provided under this Ordinance or Law Coverage Extension for:

- (1) Costs associated with the enforcement of any ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to or assess the effects of, "pollutants", "fungus", wet rot, dry rot or bacteria;
- (2) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria; or
- (3) Costs to comply with any ordinance or law that were required to be complied with in the absence of the loss or damage.

14. Pollutant Clean-Up And Decontamination

- a. When required by ordinance, law or regulation in effect at the time of loss or damage, the Company will pay the reasonable and necessary costs incurred by the Insured to extract "pollutants" from land, water or debris at the "project site" or a "temporary offsite location" if the discharge, dispersal, seepage, migration, release or escape of "pollutants" is directly caused by a "covered cause of loss".
- b. When Paragraph a. above applies, the Company will also pay the Insured's reasonable and necessary costs incurred for:
 - (1) Restoring or replacing that contaminated land or water;
 - (2) Transporting that contaminated debris to a temporary storage or decontamination facility; and
 - (3) Testing performed in the course of extracting those "pollutants" from the land or water.

These costs will be paid only if they are reported to the Company in writing within 180 days of the date on which the "covered cause of loss" occurs.

This Coverage Extension does not apply to any other costs to test for, monitor or assess the existence, concentration or effects of "pollutants".

15. Prevention Of Access – Ingress Or Egress

In the event of direct physical loss of or damage to property:

- a. Not insured under this Policy;
- b. Located within one mile from the "project site"; and
- c. Caused by a "covered cause of loss",

the Company will pay for actual and reasonable "contractor's extra expense" and "general conditions expense" incurred by the Insured:

- (1) When ingress or egress to the "project site" by suppliers, contractors or employees is physically obstructed for a period of time greater than 72 hours from the date of direct physical loss of or damage to property; and
- (2) In excess of the total expense that would normally have been incurred during the same period of time had no loss or damage occurred for the purpose of continuing the scheduled progress of undamaged work and only to the extent such expenses are necessary to continue as nearly as practicable the normal operation of the work in progress.

The Company will pay for "contractor's extra expense" and "general conditions expense" incurred after 72 hours from the direct physical loss or damage to property, for up to 30 days in any one "occurrence". The Company will not pay more than the Limit Of Liability shown on the Declarations for Prevention of Access – Ingress or Egress.

No Deductible applies to this Coverage Extension.

16. Protection Service Charges

When the fire department, police department or other governmental authority is called to save or protect Covered Property from a "covered cause of loss" at the "project site" or a "temporary offsite location", the Company will pay the Insured's liability for service charges assessed that are:

- a. Assumed by written contract or written agreement prior to loss or damage; or
- b. Required by local ordinance, law or statute.

The Company will also pay for those costs incurred by the Insured's fire brigade to save or protect Covered Property from fire, but not including the costs to refill fire protective equipment.

The most the Company will pay for this Coverage Extension in any one "occurrence", regardless of the number of responding departments or authorities or number of services performed, is the Limit Of Liability shown on the Declarations for Protection Service Charges.

No Deductible applies to this Coverage Extension.

17. Reward Payments

The Company will reimburse the Named Insured for rewards that the Named Insured paid to others for information leading to:

- a. The successful return of undamaged stolen Covered Property to the Insured or a law enforcement agency; or
- b. The arrest and conviction of any persons responsible for having damaged or stolen Covered Property.

The reward payments must be documented.

The most that the Company will pay under this Coverage Extension in any one "occurrence" is 25% of the covered loss of or damage to Covered Property, prior to the application of any applicable Deductible and recovery of any Covered Property, up to the Limit Of Liability shown on the Declarations for Reward Payments.

18. Spare Construction Materials

The Company will pay for the direct physical loss of or damage to "spare construction materials" at the "project site" or a "temporary offsite location" caused by a "covered cause of loss".

F. Limits Of Liability

1. The most the Company will pay in any one "occurrence" for all loss, damage, cost or expense reported for an "insured project" is the lesser of:
 - a. The Maximum Limit Of Liability shown on the Declarations;
 - b. The "Insured Project" Limit Of Liability; or
 - c. The applicable "construction classification" Limit Of Liability shown on the Declarations.
2. The applicable Limits Of Liability shown on the Declarations or elsewhere in this Policy are part of, and not in addition to the Maximum Limit Of Liability shown on the Declarations for each "insured project" individually.

3. The "Insured Project" Limit Of Liability shall be the estimated "total project value" initially reported for an "insured project".
4. The Coverage Extensions Limits Of Liability shown on the Declarations apply per "occurrence" for each "insured project" individually, unless stated otherwise. Coverage will only apply for that Coverage Extension when a dollar amount is entered. These Limits Of Liability are included in, and not in addition to the Maximum Limit Of Liability. If 'NCP' is shown under the Limits Of Liability for a Coverage Extension, then no coverage is provided for that Coverage Extension.
5. When an Annual Aggregate Limit Of Liability is shown, the amount payable for each "insured project" individually, for a "covered cause of loss" for all "occurrences" in a "policy year", will not exceed the Annual Aggregate Limit Of Liability shown. "Policy Year" means the twelve (12) consecutive months after the commencement of the Policy Term. The Annual Aggregate Limit Of Liability will not increase the Limits Of Liability stated in Section F.1. above or elsewhere in the Policy.
6. When a Project Aggregate Limit Of Liability is shown for a specific coverage, the amount payable for each "insured project" individually, for a "covered cause of loss" for all "occurrences" in the period beginning with the effective date of coverage for the "insured project" and ending with the termination of coverage for the "insured project" will not exceed the Project Aggregate Limit Of Liability shown. The Project Aggregate Limit Of Liability will not increase the Limits Of Liability stated in F.1. above or elsewhere in the Policy.

G. Increased Limits Clause

The Limit Of Liability reported for a specific "insured project", is considered the estimated "total project value" when the "insured project" commences. Should any increase in the estimated "total project value" occur for any "insured project" prior to the completion of the "insured project", the corresponding Limit Of Liability will automatically increase by the same amount to reflect such change. However, in no event will the increased Limit Of Liability exceed the respective "construction classification" Limit Of Liability shown on the Declarations or the Maximum Limit Of Liability shown on the Declarations.

This Increased Limits Clause provision does not apply to any applicable Coverage Extension, Optional Coverage or Catastrophe Limits Of Liability.

H. Deductibles

The Company will not pay for loss or damage in any one "occurrence" until the amount of loss, damage, cost or expense exceeds the applicable Deductibles shown on the Schedule of Rates and Deductibles. The Company will then pay the amount of loss or damage in excess of the Deductibles, up to the applicable Limits Of Liability.

Unless stated otherwise, if more than one Deductible applies, the Company will apply each Deductible separately, but the total of all Deductible amounts applied will not exceed the highest applicable Deductible for loss or damage.

If an applicable Deductible is shown as a percentage, the Company will determine the amount of Deductible in any one "occurrence" as follows:

1. If there is loss of or damage to Covered Property at the "project site", multiply the applicable Deductible percentage, by the "total values in place" at the time of loss or damage.
2. If there is loss of or damage to Covered Property at a "temporary offsite location" or while in transit, multiply the applicable Deductible percentage, by the total amount of Covered Property at the "temporary offsite location" or in transit at the time of loss or damage.
3. Add the Deductible amounts calculated in Paragraphs 1. and 2. above together.

The Deductible amount that will apply to all loss, damage, cost or expense from that "occurrence" will be the greater of the sum determined in Paragraph 3. above, or the dollar Deductible amount shown on the Schedule of Rates and Deductibles.

Example - "Flood" Loss:

The "insured project" has a "total project value" of \$50,000,000. The "total values in place" are \$15,000,000 at the time of loss. In addition, a "temporary offsite location" also sustained damage from the same "occurrence". The total amount of Covered Property at the time of loss at the "temporary offsite location" is \$250,000. The Annual Aggregate Limit Of Liability shown on the Declarations for "flood" is \$10,000,000. The total amount of covered loss at the "project site" and "temporary offsite location" combined is \$500,000.

The Flood Deductible amount shown on the Schedule of Rates and Deductibles is \$100,000 and the Flood Deductible percentage shown on the Schedule of Rates and Deductibles, is 2%.

The percentage Deductible amount is calculated as follows: $2\% \times (\$15,000,000 + \$250,000) = \$305,000$.

The calculated percentage Deductible amount of \$305,000 exceeds the Flood Deductible amount of \$100,000 shown on the Schedule of Rates and Deductibles.

The loss amount payable is \$195,000 [\$500,000 (total amount of loss) less \$305,000 (calculated percentage Deductible amount)].

EXAMPLE - "Earthquake" Loss:

The "insured project" has a "total project value" of \$40,000,000. The "total values in place" are \$10,000,000 at the time of loss. The Annual Aggregate Limit Of Liability on the Declarations for "earthquake" is \$5,000,000. The amount of covered loss is \$750,000.

The Earthquake Deductible amount on the Schedule of Rates and Deductibles is \$250,000 and the Earthquake Deductible percentage on the Schedule of Rates and Deductibles is 2%.

The percentage Deductible amount is calculated as follows: $2\% \times \$10,000,000 = \$200,000$.

The calculated percentage Deductible amount of \$200,000 is less than the Earthquake Deductible of \$250,000 so the Earthquake Deductible amount of \$250,000 on the Schedule of Rates and Deductibles applies.

The loss amount payable is \$500,000 [\$750,000 (total amount of loss) less \$250,000 (Deductible amount)].

I. Valuation

The Company will determine the amount of covered loss or damage as follows:

1. Except as provided in 2., 3. and 4. below, the cost to repair, rebuild or replace "builders risk property" at the time of direct physical loss or damage by the Insured is based on the following:
 - a. Direct payroll cost for labor directly chargeable to the repair, rebuild or replacement of the damaged "builders risk property";
 - b. Reasonable contractors' profit, overhead charges and construction management fees as included in the original contract, or in any subsequent change order contract, as applicable;
 - c. Expenses for the dismantling, transportation and reassembly of damaged "builders risk property";
 - d. "General conditions expense"; and
 - e. "Property under construction" at the Insured's cost.

For a "Green building", the valuation will include applicable "Green standards" in force at the time of loss or damage in the cost to repair, rebuild or replace the lost or damaged "Green building". If applicable "Green standards", or equivalent standards, are not available, the Company will replace the lost or damaged "Green building" with construction materials and equipment of like kind and quality.

2. "Property under construction" owned by others at the lesser of the following:
 - a. The cost to repair, rebuild or replace "property under construction" at the time of direct physical loss or damage with materials of like kind and quality; or
 - b. The amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage of that property.
3. "Property under construction" owned by the Insured that was refurbished, reconditioned or recertified, at the lesser of the cost to repair or replace the "property under construction" or the price which that property might be expected to realize if offered for sale in a fair market on the date of loss or damage.
4. "Landscaping materials" at the cost to repair or replace "landscaping materials" at the time of direct physical loss or damage with materials of like kind, quality and size.

5. "Construction documentation and records" at the full cost necessary to research and reproduce the lost "construction documentation and records", plus the cost of the blank materials on which it resides. However, the Company will only pay for costs of research and reproduction if the Insured reproduces the "construction documentation and records".
6. "Construction trailers" at:
 - a. The actual cash value for owned "construction trailers".
 - b. For leased, rented or borrowed "construction trailers", the lesser of:
 - (1) The cost to repair or replace "construction trailers" with materials of like kind, quality and capability at the time and place of loss or damage; or
 - (2) The amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage to "construction trailers".
7. Office trailer contents at the cost to repair or replace the Covered Property at the time of direct physical loss or damage with similar property intended to perform the same function. Office trailer contents not replaced will be valued at actual cash value, at the time and place of loss or damage.
8. Property in transit at the invoice cost of the lost or damaged Covered Property plus accrued shipping charges less shipper's liability, if any.
9. "Spare construction materials" at the lesser of the following:
 - a. The cost to repair, rebuild or replace "spare construction materials" at the time of direct physical loss or damage with materials of like kind and quality; or
 - b. If owned by others, the amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage of that property.

However, refurbished, reconditioned or recertified "spare construction materials" owned by the Insured will be valued at the lesser of the cost to repair or replace the "spare construction materials" or the price which that property might be expected to realize if offered for sale in a fair market on the date of loss or damage.
10. "Existing real property" at the following:
 - a. Except as provided in Paragraph **b.** below, the cost to repair, rebuild or replace lost or damaged "existing real property" at the time and place of loss or damage with materials of like kind and quality. In the event that materials of like kind and quality are not available due to obsolescence or the means and methods of fabricating, manufacturing or installing such materials are not possible, the Company will pay the cost to repair, rebuild or replace with materials, means or methods that are functionally equivalent to the lost or damaged "existing real property".
 - b. "Existing real property" which is not repaired, rebuilt, or replaced will be valued at actual cash value, at the time and place of loss or damage, but not more than the owner's building acquisition cost, less the value of the land.

J. Definitions

1. "Builders risk property" means:
 - a. "Property under construction";
 - b. "Landscaping materials"; and
 - c. "Temporary works",

owned by the Insured or owned by others which are in the Insured's care, custody or control, or that the Insured is contractually responsible for and are included in the "insured project".
2. "Computer virus" means:

Software, electronic data or code including but not limited to:

- a. Destructive or malicious code or malware;
 - b. Denial of service attack; or
 - c. Any other acts of electronic vandalism that affect the operation or functionality of "electronic hardware" or software.
3. "Construction classification" means the following construction types:
- a. Frame: A building where the walls are constructed of wood or other combustible materials, including when combined with other materials such as brick veneer, stone veneer, wood ironclad or stucco on wood.
 - b. Joisted masonry: A building where the walls are constructed of masonry materials such as clay, adobe, brick, gypsum block, cinder block, hollow concrete block, stone, tile, glass block or other similar material and where the floors and/or roof are combustible.
 - c. Masonry non-combustible: A building where the walls are constructed of masonry materials such as clay, adobe, brick, gypsum block, cinder block, hollow concrete block, stone, tile, glass block or other similar material but with a floor and roof constructed of metal or other non-combustible materials.
 - d. Non-combustible: A building where the walls, floors and roof are constructed of and supported by metal, asbestos, gypsum or other non-combustible material.
 - e. Fire resistive: A building where the walls, floors and roof are constructed of fire resistive materials having a fire resistance rating of not less than two hours.
 - f. Other: Any other construction types not listed above that are constructed of non-combustible materials or fire-resistive materials having a fire resistant rating of not less than two hours.

If any portion of the building walls are wood framing, the building is considered Frame.

Reference to walls means the structural frame and support walls. Reference to floors means the floors and floor supports. Reference to roof means the roof deck and roof supports.

- 4. "Construction documentation and records" means plans, blueprints, drawings, renderings, specifications, models or other contract documents in any format, including those which are stored electronically, relating to the "insured project".
- 5. "Construction trailers" means modular or portable office trailers, construction trailers, storage trailers, portable restroom or shower facilities and other temporary buildings incidental to the "insured project".
- 6. "Contractor's extra expense" means the following:
 - a. Wages for overtime and work on public holidays;
 - b. Rental fees for additional equipment; and
 - c. Other reasonable and necessary emergency expenses.
- 7. "Covered cause of loss" means direct physical loss or damage, not otherwise excluded or limited in this Policy, which actually occurs during the Policy Term.

"Covered cause of loss" does not mean:

 - a. Direct physical loss or damage which actually occurred prior to the Policy Term, regardless of the date on which it first becomes manifest or is first discovered; or
 - b. Damage.
- 8. "Earthquake" means land movement due to seismic activity from an earthquake, including shocks and tremors.

"Earthquake" does not mean:

 - a. Fire, explosion or theft resulting from "earthquake"; or
 - b. Tsunami.
- 9. "Electronic hardware" means computers, computer peripherals, communication systems and other similar devices and components.

10. "ENERGY STAR®" means the rating standard developed as a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy with the intent to save money and protect the environment through energy efficient projects and practices.
11. "Existing real property" means buildings or permanent structures, including equipment and apparatus used to maintain or service the buildings or structures that existed prior to the beginning of the "insured project".

"Existing real property" does not mean roadways, sidewalks or other paved surfaces or underground utilities at the "project site" that existed prior to the beginning of the "insured project".
12. "Expediting expense" means the costs for:
 - a. The temporary repair of the "builders risk property"; and
 - b. Expediting the permanent repair and replacement of damaged "builders risk property".
13. "Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas or dewatered areas from:
 - a. The overflow, or the expansion beyond normal boundaries of inland or tidal waters, including natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse;
 - b. Waves, tides or storm surge, including tsunamis;
 - c. Surface water; or
 - d. The spray from items a., b. and c. above, whether driven by wind or not."Flood" does not mean fire, explosion or theft resulting from "flood".
14. "Flood level 1" means an area within the United States of America (excluding its territories, possessions and Puerto Rico) defined by the Federal Emergency Management Agency (FEMA) that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance is also referred to by FEMA as the base flood or 100-year flood. This includes, but is not limited to the following FEMA zones, Zone A, Zone AO, Zone AH, Zone A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, Zones V1-V30 and Zone D.
15. "Flood level 2" means an area within the United States of America (excluding its territories, possessions and Puerto Rico) defined by the Federal Emergency Management Agency (FEMA) between the Limits Of the base flood and the 0.2-percent-annual-chance or 500-year flood. This is shown on the FEMA Flood Insurance Rate Map (FIRM) and includes, but is not limited to, Zone B or Zone X (shaded).
16. "Flood level 3" means areas within the United States of America (excluding its territories, possessions and Puerto Rico) not in "flood level 1" or "flood level 2".
17. "Fungus" means any form of fungus including, but not limited to, yeast, mold, mildew, rust, smut, mushrooms, spores, mycotoxins, odors or any substances or gases, products or byproducts produced by, released by or arising out of the current or past presence of fungi.
18. "General conditions expense" means the cost of:
 - a. Site protection and security;
 - b. Equipment preservation or maintenance;
 - c. Temporary fencing;
 - d. Temporary office facilities;
 - e. Utilities;
 - f. Related mobilization of equipment;
 - g. Additional storage;
 - h. Equipment rental;
 - i. Testing;

- j. Quality control; or
 - k. Permits.
19. "Green building" means an "insured project" which is registered at the commencement of that "insured project" to be constructed to "Green standards" with the goal of achieving certification at the completion of the "insured project".
 20. "Green standards" means the following standards, products, methods and processes for improving the environment, increasing energy efficiency and enhancing safety and property protection:
 - a. LEED[®] Green Building Rating System™ of the U.S. Green Building Council;
 - b. Green Globes™ Assessment and Rating System;
 - c. Other recognized independent, third-party administered Green Certification program requirements;
 - d. "ENERGY STAR®"; or
 - e. National Fire Protection Association codes, Underwriter Laboratories standards or other comparable local or International codes.
 21. "Insured project" means materials and work which the Insured has contracted for or is contractually obligated to perform, in accordance with the written construction contract.
 22. "Landscaping materials" means trees, plants, shrubs, grass, lawns, and other landscaping materials to be installed and made a permanent part of the "insured project", including those incorporated into any vegetative roof or wall systems.

"Landscaping materials" does not mean such materials that existed at the "project site" prior to the start of the "insured project".
 23. "Named storm" means a specific storm system that has been named by the U.S. National Oceanic and Atmospheric Administration, the National Weather Service, the National Hurricane Center or the Central Pacific Hurricane Center.

"Named storm" does not mean "flood" related to or resulting from a "named storm".
 24. "Occurrence" means all loss or damage that is attributable directly or indirectly to one cause or a series of similar and related causes. All such losses or damages will be treated as one "occurrence".

With respect to loss or damage caused by or resulting from:

 - a. "Earthquake", all earthquake shocks that occur within any single 168-hour period will constitute a single "occurrence". The expiration of this Policy will not reduce the 168-hour period. The Insured may elect the moment when the 168-hour period begins, but no two such periods shall overlap.
 - b. "Named storm", all loss or damage arising out of the same "named storm", including any tornados or microbursts associated with that "named storm", will constitute a single "occurrence".
 - c. "Flood", all loss or damage arising during a continuous condition will constitute a single "occurrence".
 25. "Off premises service interruption" means the interruption of power or other utility services supplied to the "project site", however caused, if the interruption takes place away from the "project site".
 26. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
 27. "Project site" means the location of the "insured project".
 28. "Property under construction" means:
 - a. Materials and supplies;
 - b. Fill, backfill or fill additives;
 - c. Equipment and machinery;
 - d. Furniture and fixtures;
 - e. "Electronic hardware" and software; and

f. Other property as included in the written construction contract that is intended to become a permanent part of the "insured project".

"Property under construction" does not mean "spare construction materials" or "existing real property".

29. "Public protection classes" are one of the following:

a. Protected means that the "insured project" is located within:

- (1) An area designated by the Insurance Services Office, Inc., or state equivalent rating bureau, as Public Protection Class (PPC) 1 through 7; and
- (2) 500 feet of an operable fire hydrant and within five miles of a responding fire department.

b. Unprotected means that the "insured project":

- (1) Is located in an area designated by the rating bureau as Public Protection Class (PPC) 8 through 10; or
- (2) Does not otherwise qualify as Protected as defined in Paragraph a. above.

30. "Renovations" are one of the following:

a. Non-Structural Renovations; interior or exterior work to an existing structure including the upgrade of existing building systems, and not involving any Structural Renovations as defined in Paragraph b. below.

b. Structural Renovations; any "insured project" with structural alterations to a building or structure, including:

- (1) Moving or removal of load-bearing walls or supports;
- (2) Installation of new stairwells or elevator shafts;
- (3) Construction of additional stories on top of an existing building or structure;
- (4) Foundation work or underpinning;
- (5) Restoration due to damage caused by fire, windstorm or collapse;
- (6) Seismic Renovations; modification of the existing structure with the intent to make it more resistant to seismic activity, ground motion or soil failure due to the peril of "earthquake"; or
- (7) Other work of a similar nature.

31. "Reporting form" means the schedule of "insured projects" declared by the Named Insured in accordance with the reporting provisions specified in this Policy or as otherwise endorsed.

32. "Spare construction materials" means:

- a. Materials and supplies;
- b. Machinery and equipment;
- c. Furniture and fixtures; or
- d. Other similar property,

owned by the Insured or owned by others that the Insured is contractually responsible for that is not included as "property under construction" but is kept in reserve for use as part of the "insured project", if needed.

33. "Specified causes of loss" means:

- a. Fire;
- b. Lightning;
- c. Explosion;
- d. Aircraft or vehicles;
- e. Riot or civil commotion;
- f. Windstorm or hail;
- g. Smoke;

Zurich Master Builders Risk General Conditions



Table Of Contents

<u>Conditions</u>	<u>Page No.</u>
Abandonment	1
Alternative Dispute Resolution	1
Appraisal	1
Assignment	2
Bankruptcy Or Insolvency	2
Cancellation	2
Changes	2
Concealment, Misrepresentation Or Fraud	2
Conformance To Statutes	2
Duties In The Event Of Loss Or Damage	2
Examination Of The Insured's Books And Records	3
Extension Of Term Of Insurance	3
Increased Hazard	3
Inspections And Surveys	3
Legal Action Against The Company	4
Liberalization Clause	4
Loss Payment	4
Marine Joint Loss Agreement	5
Mortgage Holders And Lender's Loss Payees	5
No Benefit To Bailee	6
Other Insurance	6
Pair And Set	6
Policy Term, Coverage Territory	7
Premiums	7
Recovery Or Salvage	7
Reinstatement/ Reduction—Aggregate Limit Of Liability	7
Subrogation	8
Titles	8
Unintentional Errors Or Omissions	8



Zurich Master Builders Risk

General Conditions

A. Abandonment

There can be no abandonment of any property to the Company.

B. Alternative Dispute Resolution

If the Company and the first Named Insured disagree on an issue concerning this Policy either may request that the following procedure be used to settle such disagreement:

1. The Company or the first Named Insured may request of the other in writing that the dispute be settled according to an alternative dispute resolution procedure.
2. If the two parties agree to proceed, each will jointly select an alternative dispute resolution technique.
3. If both parties cannot agree on an alternative dispute resolution technique within 60 days of the written request, the parties will contact either the American Arbitration Association or the state Mediation or Dispute Resolution Service and will use their services to select or devise a dispute resolution mechanism.
4. Alternative dispute resolution procedures that may be used include mediation, arbitration or mini-trials, except where prohibited by applicable law or regulation.
5. All expenses of the alternative dispute resolution procedure will be shared equally by both parties.

Any decision or award made as a result of the alternative dispute resolution procedure will be limited by the terms, conditions and Limits Of Liability of this Policy.

This Alternative Dispute Resolution provision will not be available for any dispute involving:

1. "Pollutants" or decontamination;
2. Arson or other attempted fraud by any Named Insured; or
3. The value of the property or the amount of loss as part of the **Appraisal** Condition below.

C. Appraisal

If the Company and the Named Insured disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will choose a competent, disinterested, and impartial appraiser, who has no direct or indirect financial interest in the claim. Each will notify the other of the appraiser selected within 20 days of such demand. The Named Insured may not invoke appraisal unless it has first fully complied with all provisions of this Policy, including the **Duties In The Event Of Loss Or Damage** Condition and has provided the Company with a signed and sworn statement of loss.

The appraisers will then select a competent, disinterested and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request the selection by a judge of a court having jurisdiction.

The appraisers will state separately the value of each item of lost or damaged property as of the date of loss and amount of loss in accordance with the Valuation provisions of the applicable coverage. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear other expenses of the appraisal and umpire equally.

If there is an appraisal, the Company still retains the right to deny the claim in whole or in part, based on the terms and conditions of this Policy.

D. Assignment

The Named Insured's rights and duties under the Policy may not be transferred without the Company's written consent.

E. Bankruptcy Or Insolvency

Bankruptcy or insolvency of the Named Insured will not relieve the Company of any of its obligations under this Policy.

F. Cancellation

1. The first Named Insured shown on the Declarations may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation of this Policy.
2. The Company may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
 - b. 60 days before the effective date of cancellation if the Company cancels for any other reason.
3. The Company will mail or deliver notice to the first Named Insured's address known to us.
4. Notice of cancellation will state the effective date of cancellation. Coverage will end on that date.
5. If this Policy is cancelled, the Company will send the first Named Insured any premium refund due. If the Company cancels, the refund will be pro-rata. If the first Named Insured cancels for any reason other than completion or cancellation of the "insured project", the refund will be calculated on a short rate basis.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

G. Changes

This Policy contains all the agreements between the Named Insured and the Company concerning the insurance afforded. The first Named Insured shown on the Declarations is the sole and irrevocable agent for all Insureds and is authorized to make changes in the terms and conditions of this Policy with the Company's consent. This Policy's terms can be amended or waived only by endorsement issued by the Company and made a part of this Policy.

H. Concealment, Misrepresentation Or Fraud

The Company will not pay as to any Insured who commits fraud, at any time, as it relates to this policy. The Company also will not pay as to any insured, at any time, if that Insured intentionally conceals or misrepresents a material fact concerning:

1. This Policy;
2. The Covered Property;
3. The Insured's interest in the Covered Property; or
4. A claim under the Policy.

I. Conformance To Statutes

Any provisions required by law to be included in policies issued by the Company shall be deemed to have been included in this Policy.

If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy shall be read so as to eliminate such conflict or deemed to include such provisions for the "project site" within such jurisdictions.

J. Duties In The Event Of Loss Or Damage

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

1. Notify the police if a law may have been broken.
2. Give the Company prompt notice of the loss or damage, including a description of the property involved, as soon as practicable, but not later than 60 days after the loss or damage becomes known to the Named Insured.
3. As soon as possible, give the Company a description of how, when and where the loss or damage occurred.

4. Take all reasonable steps to protect, recover or save the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit Of Liability.
5. As often as may be reasonably required, permit the Company to inspect the property proving the loss or damage and permit the Company to make copies of the Insured's books and records.
6. Permit the Company to question any Insured, the Insured's employees or agents 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 the loss or damage, including an Insured's, books and records. In the event of this examination, an Insured's answers must be signed or attested to by a notary public or certified court reporter.
7. Give the Company a signed sworn statement of loss containing the information necessary to investigate the claim. If requested by the Company, the Company will supply the necessary forms. The Named Insured must return these completed forms within 60 days of the request or as required by law.
8. Cooperate with the Company in the investigation or settlement of the claim.

K. Examination Of The Insured's Books And Records

The Company may examine and audit the Insured's books and records as they relate to this Policy at any time during the Policy Term and up to one year afterwards.

L. Extension Of Term Of Insurance

With notification to and agreement by the Company prior to the expiration date of this Policy, the Policy Term may be extended for 90 days or less based on the rates stated in the Schedule of Rates and Deductibles, with the exception of the perils of "earthquake", "flood" and "named storm", which may be subject to different rates, deductibles, limits, terms and conditions determined by the Company at the time of the Company's agreement to the extension. Any extensions for more than 90 days beyond the original Policy Term expiration date will be subject to payment of additional premiums at rates, deductibles, limits, terms and conditions determined by the Company at the time of the Company's agreement to the extension.

M. Increased Hazard

If the circumstances in which this insurance was entered into shall be altered or if the risk shall be materially increased, the Named Insured shall give notice in writing to the Company within 30 days of the Named Insured's knowledge of the same.

N. Inspections And Surveys

1. The Company has the right to:
 - a. Make inspections and surveys at any time;
 - b. Give the Named Insured reports on the conditions found; and
 - c. Recommend changes.
2. The Company is not obligated to make any inspections, surveys, reports or recommendations and any such actions undertaken relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. The Company does not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. above also apply with respect to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

O. Legal Action Against The Company

No one may bring a legal action against the Company under this Policy unless:

1. All of its terms have been fully complied with; and
2. The action is brought within 2 years after the date on which the loss or damage commenced.

P. Liberalization Clause

Should the Company adopt any revisions that would broaden the coverage under this Policy without additional premium within 60 days prior to or during the Policy Term; the broadened coverage will immediately apply to this Policy.

Q. Loss Payment

1. In the event of loss or damage to Covered Property, the Company will, at its option, either:
 - a. Pay the amount of the loss or damage;
 - b. Pay the cost of repairing or replacing the lost or damaged property;
 - c. Take all or any part of the property at any agreed or appraised value; or
 - d. Pay the cost to repair, rebuild or replace the property with other property of like kind and quality.

The Company will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation provision in the **Zurich Master Builders Risk Coverage Form**.

The Company will give notice of its intentions within 30 days after receiving the sworn statement of loss, or as required by law.

2. The Company will not pay more than the Insured's financial interest in the Covered Property.
3. This Policy provides no rights or benefits to any other person or organization, unless otherwise provided. Any claim for loss that is covered under this Policy must be presented by the Named Insured. At the Company's option, the Company may adjust the loss with the owners of the lost or damaged property if other than the Insured. If the Company pays the owner, such payment will satisfy the Insured's claims against the Company for the owner's property. The Company will not pay the owner more than their financial interest in the Covered Property.
4. The Company may elect to defend the Named Insured at the Company's expense against suits arising from claims of owners of Covered Property.
5. The Company will pay for covered loss or damage within 60 days, or as required by law, after receiving the sworn statement of loss, if the Insured has complied with all the terms of this Policy and:
 - a. The Company has reached agreement with the Named Insured on the amount of loss; or
 - b. An appraisal award has been made.
6. The first Named Insured shown on the Declarations will be the payee for any payment of claims that the Company may make with respect to this Policy, subject to the Mortgage Holders and Lender's Loss Payees Condition below. However, payments for loss or damage to property belonging to others may be to the account of the owner of the property.
7. The Company will adjust losses with the first Named Insured, or as directed by the First Named Insured.
8. When a Loss Payee is shown on the "reporting form" for an "insured project", the loss payee will be included in loss payments as respect their financial interest in the "insured project".

R. Marine Joint Loss Agreement

The Insured agrees to externally inspect Covered Property as soon as practicable after delivery to a "project site" or "temporary offsite location" for any possible loss of or damage to that property sustained while in transit. For packed shipments which will be left in their packaging until a later date, the packaging is to be examined for signs of possible loss or damage. Where signs of possible loss or damage are visible, the packaging should be opened and the property inspected.

In the event of loss of or damage to Covered Property that is covered by both this Policy and Marine Insurance or similar insurance provided by other insurers, and there is disagreement between the Company and the Marine Insurers as to whether the loss or damage:

1. Was caused by a "covered cause of loss" insured under the Marine Insurance;
2. Was caused by a "covered cause of loss" insured under this Policy; or
3. Is partially covered by either,

the Company will pay, after the Company receives the Named Insured's written request, the amount of loss or damage that the Company has accepted as covered by this Policy and one-half (1/2) the amount of loss or damage that is in disagreement, but no more than the Company would have paid had there been no Marine Insurance in effect at the time of the occurrence, subject to the following conditions:

1. The amount of loss or damage is agreed to by the Named Insured, the Marine Insurers and the Company.
2. Any payment under this provision is limited to the least amount payable under either the Marine Insurance or this Policy. In no event will the Company pay more than the applicable Limit Of Liability shown on the Declarations.
3. The Marine Insurers will pay the Named Insured the amount of loss the Marine Insurers have accepted as covered by the Marine Insurance and one-half (1/2) the amount of loss that is in disagreement.
4. After payment of the loss under the terms of this provision, the Marine Insurer and the Company agree to submit their differences to arbitration within 90 days of such payment. There will be three arbitrators, one will be appointed by the Company, one will be appointed by the Marine Insurer and one will be appointed by the mutual agreement of the Marine Insurer and the Company. The arbitrators' decision shall be binding on the insurers. Judgment on any award can be entered in any court that has jurisdiction.
5. The Insured agrees to cooperate with the Company in any arbitration proceedings.
6. This provision will not apply unless the Marine Insurance or similar insurance is endorsed with a Marine Joint Loss Agreement provision or similar provision.
7. Acceptance by the Named Insured of sums paid under this provision does not alter, waive or surrender the Named Insured's rights against the Company.

S. Mortgage Holders And Lender's Loss Payees

1. Mortgage holder includes Lender's Loss Payee and trustees.
2. The Company will pay for covered loss or damage to the "builders risk property" to each mortgage holder, in their order of precedence, as interests may appear.
3. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the "builders risk property".
4. If the Company denies the Named Insured's claim because of the Named Insured's acts or because the Named Insured has failed to comply with the terms of this Policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - a. Pays the premium due under this Policy at the Company's request if the first Named Insured has failed to do so;
 - b. Submits a signed, sworn statement of loss within 60 days after receiving notice from the Company of the Named Insured's failure to do so; and
 - c. Has notified the Company of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Policy will then apply directly to the mortgage holder.

5. If the Company pays the mortgage holder for any loss or damage and denies payment to the Named Insured due to the Named Insured's acts or failure to comply with the terms of this Policy:
 - a. The mortgage holder's rights under the mortgage will be transferred to the Company to the extent of the amount paid by the Company; and
 - b. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired by the Named Insured's acts or failure.

The Company has the option to pay to the mortgage holder the whole principal on the mortgage or debt plus any accrued interest. In this event, the mortgage or note will be transferred to the Company and the remaining mortgage or debt will be paid to the Company.

6. If the Company cancels the Policy, the Company will give written notice to the mortgage holder at least:
 - a. 10 days before the effective date of cancellation if canceled for the Named Insured's nonpayment of premium; or
 - b. 60 days before the effective date of cancellation if canceled for any other reason.
7. If the Company elects not to renew the Policy, the Company will give written notice to the mortgage holder at least 10 days before the expiration date of this Policy.

T. No Benefit To Bailee

1. No person or organization, other than the Named Insured, having custody of Covered Property will benefit from this insurance.
2. Transit coverage provided under this Policy will be void if the Named Insured enters into any agreements with transportation carriers that:
 - a. Release them from their common law or statutory liability; or
 - b. Represent that this insurance will in any way inure to the benefit of such carriers.

However, the Named Insured may, without prejudice to this coverage, accept bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of Covered Property.

U. Other Insurance

1. This insurance is primary, except when Paragraphs **2.**, **3.** or **4.** below apply.
2. This insurance is excess over any underlying insurance, including any insurance that the Named Insured purchased for all or any part of a Deductible in this Policy. The existence of underlying insurance shall not prejudice the Insured's rights under this Policy. The Deductible and any amount paid under such underlying insurance will apply to the applicable Deductible under this Policy.
3. To the extent others are responsible for loss of or damage to Covered Property while in transit under terms Free on Board, this insurance will be excess insurance and will not contribute with such other insurance.
4. If there is other insurance, whether purchased by the Insured or others, subject to the same plan, terms, conditions and provisions as the insurance provided under this Policy, the Company will pay the Company share of the covered loss or damage. The Company share is the proportion that the applicable Limit Of Liability under this Policy bears to the sum of all the Limits Of Liability covering on the same basis.

The Named Insured can purchase excess insurance commencing on or after the inception of this Policy that is specifically excess over the Limits Of Liability under this Policy without prejudice to this Policy. The existence of such insurance shall not reduce any liability under this Policy.

V. Pair And Set

1. In the event of loss of or damage to Covered Property which is part of a pair or set, the measure of loss of or damage to such property will be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of the lost or damaged property to the pair or set, but in no event will such loss or damage be construed to mean total loss of the pair or set; or

2. In the event of loss or damage to any part of Covered Property consisting, when complete for use, of several parts, the Company will only be liable for the value of the part lost or damaged.

W. Policy Term, Coverage Territory

Under this Policy:

1. The Company covers loss or damage within the coverage territory which happens during the "insured project" term, provided the loss or damage occurs within the Policy Term.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions); and
 - b. Puerto Rico.
3. When this Policy provides coverage for property in transit:
 - a. The coverage territory is extended to Canada for property in transit as long as the origin or destination is included in Paragraph 2. above, except when property is being transported by a vessel.
 - b. The coverage territory is extended to everywhere else in the world for property while being transported by an aircraft, as long as either the origin or destination is included in Paragraph 2. above and neither the origin nor the destination is in any country upon which the United States government has imposed sanctions, embargoes or similar prohibitions.
4. If the property is in transit by a vessel that originated outside the coverage territory included in Paragraph 2. above, then coverage commences when the property enters into the United States Exclusive Economic Zone as defined by the U.S. Department of State.
5. If the property is in transit by a vessel with a destination outside the coverage territory included in Paragraph 2. above, then coverage ends when the property exits from the United States Exclusive Economic Zone as defined by the U.S. Department of State.
6. With regard to Paragraphs 4. and 5. above, coverage provided under this Policy does not take the place of or satisfy any contractual requirement of the Insured to carry Ocean Marine insurance as it pertains to transit by vessel.

X. Premiums

The first Named Insured shown on the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums the Company pays.

Y. Recovery Or Salvage

1. If either the Insured or the Company recovers any property after a loss settlement, that party must give the other prompt notice. The Named Insured has the option to do one of the following:
 - a. Keep the loss payment and transfer the recovered property to the Company, or
 - b. Keep the recovered property and return the loss payment to the Company. If the Named Insured does this, the Company will pay for the recovery expenses and the expense to repair the recovered property, up to the applicable Limit Of Liability.
2. The amount of loss can be reduced by any salvage recovery through the sale of the damaged Covered Property.
 - a. If, following a loss, a recovery is made from the sale of damaged Covered Property and the Named Insured's claim has not yet been paid, the Company will be entitled to this salvage recovery until the Company has recovered its salvaging fees and expenses. The balance of the salvage recovery will be paid to the Named Insured and the amount of the Named Insured's loss settlement will be reduced by this balance.
 - b. If the Named Insured's claim has already been paid when a salvage recovery is made, the Company will be entitled to the salvage proceeds until the Company has recovered the difference between the amount the Company paid the Insured for the Named Insured's claim and the amount the Company would have paid the Named Insured had the salvage recovery been handled in accordance with Paragraph a. above. Any balance of the salvage recovery will then be promptly refunded to the Insured.

Z. Reinstatement / Reduction – Aggregate Limit Of Liability

With the exception of covered loss or damage subject to Catastrophe Aggregate Limits Of Liability or other Aggregate Limits Of Liability, claims paid will not reduce Limits Of Liability. The reinstatement of an exhausted Aggregate Limit Of Liability is not permitted unless the Company agrees in writing to the terms and conditions and premium.

AA. Subrogation

1. If any person or organization to or for whom the Company makes payment under this Policy has rights to recover damages from another, those rights are transferred to the Company, to the extent of the Company's payment. That person or organization must do everything necessary to secure the Company's rights and cooperate with the Company's efforts to recover the Company's payment and must do nothing after loss to impair the Company's rights. The Company will have no rights of subrogation against:
 - a. Any person or entity, which is a Named Insured or an Insured; or
 - b. Any other person or entity, which the Insured has waived its rights of subrogation against in writing prior to the loss.

Notwithstanding the foregoing and whether or not they are an Insured under this Policy, the Company will be subrogated to all the Insured's rights of recovery against any:

- c. Third party architect or engineer, for any loss or damage arising out of any error, omission or deficiency in the rendering or failure to render professional services by that architect or engineer or their employees (including leased or temporary employees) or others for whose acts they are legally liable.
 - d. Manufacturer or supplier of machinery, equipment or other property, for the cost of making good any loss or damage which that manufacturer or supplier has agreed to make good under a guarantee or warranty, whether expressed or implied.
2. Any recovery as a result of subrogation proceedings arising out of a covered loss, net of fees (including legal fees) and expenses the Company incurs in such subrogation proceedings, will be shared with the Named Insured in the following manner:
 - a. The Company will add the amount of any Deductible the Insured incurred to the amount of any other provable uninsured loss the Insured incurred. This is the Named Insured's interest.
 - b. The Company will determine the proportion the Named Insured's interest bears to the entire provable loss (both insured and uninsured). This is the Named Insured's pro rata share.
 - c. The Company will reimburse to the Named Insured for their pro rata share of the recovery after deduction, from the total recovery, of recovery expenses paid by the Company and after deduction of any legal fees paid by the Company. The Company will retain the balance. The Company will not owe the Named Insured any amount for any legal fees or expenses incurred by the Named Insured in furtherance of any recovery unless those fees or expenses are approved in advance by the Company in writing.

BB. Titles

The titles of the various paragraphs and endorsements of this Policy are inserted solely for reference and shall not in any way affect the provisions to which they relate.

CC. Unintentional Errors Or Omissions

The Named Insured's unintentional error or omission in reporting, or the failure to report, information to the Company in accordance with the terms and conditions of this Policy, will not prejudice the Named Insured's right of recovery. However, the Named Insured or their authorized representative, upon becoming aware of such error or omission, must inform the Company within 30 days of the Named Insureds' discovery of such error or omission and pay any additional premium due. In no event shall any such recovery exceed the "construction classification" Limit Of Liability or any other applicable sublimit, whichever is less, for the Project.

5. Limits Of Liability

Delay Aggregate Limits Of Liability: The most the Company will pay under this Delay in Completion Coverage for an "insured project" in any one "occurrence" and in the aggregate is the sum of the Specific Delay Limits Of Liability as shown on the "reporting form", not to exceed 33% of the reported "total project value" for the applicable "insured project".

Specific Delay Limits Of Liability: The applicable Limit Of Liability for any Specific Delay in Completion Coverage as reported herein for any one "insured project" is the most the Company will pay for that coverage in any one "occurrence" and in the aggregate. The Limits for Specific Delay in Completion Coverage are included in, and not in addition to, the Delay Aggregate Limit Of Liability. If 'NCP' is shown under the Specific Delay Limits Of Liability, then no coverage is provided for that Specific Delay in Completion Coverage. If a limit is not reported for a coverage, then coverage does not apply.

Gross Earnings	\$ As declared
Rental Income	\$ As declared
Soft Costs	\$ As declared
Additional Interest And Financing Expense	\$ As declared

6. Coverage Extensions

The Coverage Extension Limits Of Liability shown below apply for any one "insured project" for which Delay in Completion Coverage has been reported. The Limits for these Coverage Extensions are included in, and not in addition to, the Delay Aggregate Limit Of Liability. If 'NCP' is shown under the Limits Of Liability for a Coverage Extension, then no coverage is provided for that Coverage Extension.

Civil Authority	\$ 100,000	Number of Days	30
Ingress Or Egress	\$ 100,000	Number of Days	30
Ordinance And Law	Included		

7. Additional Soft Costs

None

C. Coverage

The following Coverages are added to Section **A., Coverage** in the **Zurich Master Builders Risk Coverage Form**.

1. Gross Earnings

The Company will pay for the actual loss of "gross earnings" sustained by the Named Insured shown in the "reporting form" due to the delay in completion of the applicable "insured project" during the "period of indemnity". This delay in completion must be caused by direct physical loss of or damage to Covered Property at the "project site", in transit, or at a "temporary offsite location". The loss or damage must be caused by a "covered cause of loss". The most the Company will pay for a loss of "gross earnings" arising from a "delay" in an "insured project" is the Limit Of Liability shown in the "reporting form" for **Gross Earnings**.

2. Rental Income

The Company will pay for the actual loss of "rental income" sustained by the Named Insured shown in the "reporting form" due to the delay in completion of the applicable "insured project" during the "period of indemnity". This delay in completion must be caused by direct physical loss of or damage to Covered Property at the "project site", in transit, or at a "temporary offsite location". The loss or damage must be caused by a "covered cause of loss". The most the Company will pay for a loss of "rental income" arising from a "delay" in an "insured project" is the Limit Of Liability shown in the "reporting form" for **Rental Income**.

3. Soft Costs

The Company will pay for the actual and necessary "soft costs" incurred by the Named Insured shown in the "reporting form" due to the delay in completion of the applicable "insured project" during the "period of indemnity". This delay in completion must be caused by direct physical loss of or damage to Covered Property at the "project site". The loss or damage must be caused by a "covered cause of loss". The most the Company will pay for "soft costs" incurred arising from a "delay" in an "insured project" is the Limit Of Liability shown in the "reporting form" for **Soft Costs**.

4. Additional Interest And Financing Expenses

The Company will pay for the actual and necessary "additional interest and financing expenses" incurred by the Named Insured shown in the "reporting form" due to the delay in completion of the applicable "insured project" during the "period of indemnity". This delay in completion must be caused by direct physical loss of or damage to Covered Property at the "project site". The loss or damage must be caused by a "covered cause of loss". The most the Company will pay for "additional interest and financing expenses" incurred arising from a "delay" in an "insured project" is the Limit Of Liability shown in the "reporting form" for **Additional Interest And Financing Expenses**.

D. Exclusions

The following exclusions apply in addition to the exclusions under Section C., **Exclusions**, in the **Zurich Master Builders Risk Coverage Form** with respect to coverage provided by this endorsement:

The Company will not pay for loss of "gross earnings" or "rental income" sustained, or "soft costs" or "additional interest and financing expenses" incurred by the Named Insured, caused by or resulting from:

1. Suspension, breach, lapse or cancellation of any permit, lease, license, contract or order or the failure to obtain, maintain or extend any permit, lease, license, contract or order.
2. The unavailability of funds for repair or reconstruction, other than funds due from insurance claim reimbursements.
3. The unavailability of subcontractors.
4. Improvements necessary to correct deficiencies in the original construction.
5. Import, export or customs restrictions or regulations.
6. Alterations, additions, improvements or other changes made in the designs, plans, specifications or other contract documents for work which is required to repair, rebuild or replace lost or damaged Covered Property.
7. Any change to or revision of the original "construction schedule", whether occurring prior to or after the "occurrence", which is independent of insured loss or damage which gives rise to a "delay".
8. The failure to exercise due diligence and dispatch in rebuilding, repairing, or restoring Covered Property to the condition which existed prior to physical loss or damage.

E. Limitations

The following limitations apply with respect to coverage provided under this endorsement:

1. Commercial Operations

The Company will not pay for loss of "gross earnings" or "rental income" sustained by the Named Insured for that part of the "insured project" which, at the time of loss or damage, has been put to its intended use.

2. Idle Periods

The Company will not pay for loss of "gross earnings" or "rental income" sustained, or "soft costs" or "additional interest and financing expenses" incurred by the Named Insured, during any period in which construction operations would not or could not have been conducted for any reason other than:

- a. Direct physical loss of or damage to Covered Property unless otherwise endorsed;
- b. A civil authority prohibiting access to the "project site" as described in the Civil Authority Coverage Extension below; or
- c. A physical obstruction affecting ingress or egress to the "project site" as described in the Ingress or Egress Coverage Extension below.

3. **Strikers Or Others Causing Delay**

The Company will not pay for loss of "gross earnings" or "rental income" sustained, or "soft costs" or "additional interest and financing expenses" incurred, caused by or resulting from the delay in rebuilding, repairing, or replacing Covered Property, or resuming construction operations, due to the interference at the "project site" by strikers or other persons.

F. **Coverage Extensions**

The following are Coverage Extensions to coverage set forth in this endorsement. The Policy exclusions, terms and conditions will apply to each Coverage Extension, except to the extent that coverage is provided under the applicable Coverage Extension.

Limits Of Liability for these Coverage Extensions are included in, and not in addition to, the Delay Aggregate Limit Of Liability shown in the Schedule above.

1. **Civil Authority**

The Company will pay for the actual loss of "gross earnings" or "rental income" sustained, and the actual and necessary "soft costs" and "additional interest and financing expenses" incurred, by the Named Insured for up to the number of days shown in the Schedule above due to a delay in completion of the "insured project" when an order of civil authority prohibits access to the "project site". That order must result from the civil authority's response to direct physical loss of or damage to property not insured under this Policy located within one mile from the "project site". The loss or damage must be directly caused by a "covered cause of loss".

The most the Company will pay under this Coverage Extension for any one "insured project" for which Delay in Completion is declared is the Limit Of Liability shown in the Schedule above for Civil Authority.

2. **Ingress Or Egress**

The Company will pay for the actual loss of "gross earnings" or "rental income" sustained, and the actual and necessary "soft costs" and "additional interest and financing expenses" incurred, by the Named Insured for up to the number of days shown in the Schedule above due to a delay in completion of the "insured project" when ingress or egress to the "project site" by suppliers, contractors or employees is physically obstructed due to direct physical loss or damage to property not insured under this Policy located within one mile from the "project site". The loss or damage must be directly caused by a "covered cause of loss". The obstruction cannot be the result of an order of civil authority that prohibits access to that "project site".

The most the Company will pay under this Coverage Extension for any one "insured project" for which Delay in Completion is declared is the Limit Of Liability shown in the Schedule above for Ingress or Egress.

3. **Ordinance Or Law**

In the event of loss of or damage to "builders risk property" by a "covered cause of loss", coverage provided under this endorsement is extended to include the amount of actual loss of "gross earnings" or "rental income" sustained during the "period of indemnity" caused by or resulting from a requirement to comply with any ordinance or law that is in force at the time of loss or damage that:

- a. Regulates the construction or repair of the "builders risk property"; and
- b. Requires the tearing down of any undamaged portion of the constructed, erected or installed "builders risk property".

However, no coverage is provided under this Ordinance or Law Coverage Extension for any increased period required due to the enforcement of any ordinance or law which requires:

- a. Any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, "pollutants", "fungus", wet rot, dry rot and bacteria;
- b. The demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot and bacteria; or
- c. Any Insured or others to comply with any ordinance or law that was required to be complied with in the absence of the loss or damage.

The Limit Of Liability for this Coverage Extension is included in, and not in addition to, the applicable Limit Of Liability shown for "Gross Earnings" or "Rental Income" declared in the "reporting form" for any one "insured project".

G. Limits Of Liability

The applicable Limit Of Liability as reported in the "reporting form" for any Specific Delay in Completion Coverage in the Schedule above is the most the Company will pay for that coverage in any one "occurrence" and in the aggregate. Such Limits Of Liability are included in, and not in addition to the Maximum Limit Of Liability or any applicable Catastrophe Coverage Limits Of Liability shown on the **Zurich Master Builders Risk Declarations**.

However, the most the Company will pay during the reported term for the applicable "insured project", regardless of the number of "occurrences", for all loss, damage, cost or expense covered under this Delay in Completion Coverage is the Limit Of Liability shown in the "reporting form" for Delay Aggregate Limit Of Liability.

H. Deductible

The following is added to Section **H., Deductibles**, in the **Zurich Master Builders Risk Coverage Form**:

The "Deductible Period" for Delay in Completion Coverage shall apply separately from and in addition to any other Deductible(s) in the Policy.

In the event that more than one "covered cause of loss" contributes to the "delay" of an "insured project" and where multiple "deductible period(s)" apply, only the longest applicable "deductible period" will apply.

The Company will not pay for loss of "gross earnings" or "rental income" sustained or "soft costs" or "additional interest and financing expenses" incurred by the Named Insured for a "delay" until such loss, costs or expenses are incurred after the applicable "deductible period(s)" shown in the Schedule above. The Company will then pay the amount of actual "gross earnings" or "rental income" loss sustained or the actual and necessary "soft costs" or "additional interest and financing expenses" incurred after the applicable "deductible period", up to the applicable Limits Of Liability.

The "deductible period" begins immediately following the "anticipated date of completion".

If the "period of indemnity" does not exceed the applicable "deductible period", no coverage will apply.

I. Loss Determination

1. Sources Of Information

The amount of "gross earnings" loss will be based on relevant sources of information, including, but not limited to:

- a. The Insured's financial records, tax returns, and accounting procedures;
- b. Bills, invoices, and other vouchers;
- c. The "construction schedule"; and
- d. Deeds, liens, and contracts.

2. Gross Earnings

The amount of "gross earnings" and "rental income" loss will be determined based on:

- a. The experience of the business before and after the direct physical loss or damage occurred; and
- b. The probable experience of the business if no direct physical loss or damage had occurred, but not including the "gross earnings" or "rental income" that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the "covered cause of loss" on customers or on other businesses.

3. Non-continuing Expenses

The Company will reduce the amount of "gross earnings" or "rental income" loss to the extent the Named Insured's normal ongoing charges and expenses, including payroll, discontinue during the "period of indemnity" or to the extent they are not necessary to start or resume the Named Insured's business activities with the same quality of service that existed immediately preceding the loss.

4. Expense To Reduce Loss

The Company will pay the reasonable and necessary expenses incurred by the Insured, except the cost to extinguish a fire, to reduce the amount of "gross earnings" or "rental income" loss. The Company will pay for such expenses only to the extent that those expenses do not exceed the amount of "gross earnings" or "rental income" loss that would otherwise have been payable.

J. Reporting Requirements

When Delay in Completion Coverage is elected for an "insured project", the following information must be provided at the time the "insured project" is first reported:

1. The Named Insured as respects Delay in Completion Coverage as described in the Schedule above including their mailing address;
2. An individual Limits Of Liability for each Delay in Completion Coverage limit elected: "Gross Earnings", "Rental Income", "Soft Costs" and/or "Additional Interest and Financing Expense";

If Delay in Completion Coverage is requested subsequent to an "insured project" having been reported, coverage is subject to acceptance by the Company at terms and conditions to be agreed at the time of the request.

K. Additional Definitions

The following definitions are added to Section J., **Definitions**, in the **Zurich Master Builders Risk Coverage Form**:

"Additional interest and financing expenses" means:

- a. Additional interest charged by lenders to extend or renew interim financing;
- b. Interest or principal payments on money borrowed by the Named Insured for the "insured project" that are due and must be paid whether or not the "insured project" is operational; and
- c. Additional costs incurred by the Named Insured to obtain new financing for the "insured project" should the financing expire or be nonrenewed, including additional loan fees incurred to rearrange financing necessary to complete the "insured project".

"Anticipated date of completion" means the later of:

- a. The estimated project completion date shown in the "reporting form" for the applicable "insured project" on which the work is scheduled to be completed for the commencement of the commercial operations or the use and occupancy of the "insured project"; or
- b. The anticipated completion date shown in the most current "construction schedule", if applicable, modified to a date later in time than the effective date of this Delay in Completion Coverage.

"Construction schedule" means the timetable, critical path, time line, bar chart or other scheduling tool documenting the start and completion dates of the operations required for construction of the "insured project".

"Deductible period" means the number of calendar days shown in the Schedule.

"Delay" means the period of time between the "anticipated date of completion" and the earlier of:

- a. The actual completion date of the "insured project";
- b. The date at which the "insured project" is put into commercial operation or its intended use; or
- c. The expiration of the "period of indemnity".

"Gross earnings" means the gross revenue from the planned operation of the "insured project" upon occupancy, which are not realized during the "period of indemnity" and which would have been earned by the Named Insured had a "covered cause of loss" not occurred, less non-continuing expenses.

"Hot testing" means the testing of machinery or equipment that will be used in manufacturing, processing or power generation operations, when such machinery or equipment involves the use of feedstock, fuel, catalysts or similar materials, for the purpose of simulating load, operating or production conditions to train personnel or to verify the machinery or equipment functions according to the design specifications.

"Hot testing" does not mean electrical, mechanical, hydraulic, hydrostatic and pneumatic testing, including the startup and testing of systems and equipment that are intended to service a building, including boilers, chillers, pumps, and similar equipment.

"Period of indemnity" means the period of time that begins immediately following the "anticipated date of completion" for the "insured project". The "period of indemnity" ends on the earlier of:

- a. The applicable number of days shown in the Schedule above for the Maximum Period of Indemnity; or
- b. The actual date on which the commercial operations or use and occupancy can commence with the exercise of due diligence.

The expiration date of this Policy will not cut short the "period of indemnity".

"Rental income" means revenues from signed rental or lease agreements, as of the date of loss or damage that would have been earned or incurred from tenant occupancy of the "insured project" including the fair market value for rental of any portion of the "insured project" which is designated to be occupied by the Named Insured, less non-continuing expenses.

"Soft costs" means the following additional expenses:

- a. Legal and accounting expense;
- b. Architects, engineers and design professionals fees;
- c. Real estate taxes, ground rents and property tax assessments;
- d. Insurance premiums;
- e. Project administration expense and general overhead such as temporary leasing or rental expense, clerical expense and other similar expenses;
- f. Advertising and promotional expense;
- g. Commissions or fees for renegotiating leases;
- h. Lost commitment fees from prospective tenants or purchasers;
- i. Testing and quality control costs; and
- j. Any other applicable expenses as described in the Schedule above for Additional Soft Costs.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No.	Effective Date:
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This endorsement modifies insurance provided under the:

Zurich Master Builders Risk Coverage Form

A. Insured Projects

When a project is subject to Total Project Value reporting this endorsement applies. The Company will only cover projects the Insured reports, except as otherwise provided.

B. Schedule

Schedule

Reporting Period	Premium Payment Period	Policy Deposit and Minimum Premium
<input type="checkbox"/> Monthly Reporter	<input type="checkbox"/> Monthly	\$
	<input type="checkbox"/> Paid In Full At Time Of Reporting	
<input type="checkbox"/> Quarterly Reporter	<input type="checkbox"/> Quarterly	\$
	<input type="checkbox"/> Paid In Full At Time Of Reporting	
"Insured Project(s)" with "total project value(s)" less than or equal to \$5,000,000 are not subject to final premium adjustment as described in Section F. below.		

C. Reporting

1. The applicable Reporting Period is shown in the Schedule above.

a. If the Reporting Period is shown as Monthly Reporter, one of the following options shall apply:

- (1) When the Premium Payment Period is Monthly – the Insured will provide a "reporting form" showing as of the last day of each month, the "total project value" for each "insured project" which is under construction during that respective month.
- (2) When the Premium Payment Period is Paid In Full At Time Of Reporting, the Insured will provide a "reporting form" showing as of the last day of each month, the "total project value" for each "insured project" which incepts during that respective month.

b. If the Reporting Period is shown as Quarterly Reporter, one of the following options shall apply:

- (1) When the Premium Payment Period is Quarterly – the Insured will provide a "reporting form" showing as of the last day of each third consecutive quarter, the "total project value" which is under construction that respective quarter.
 - (2) When the Premium Payment Period is Paid In Full At Time Of Reporting, the Insured will provide a "reporting form" showing as of the last day of each third consecutive month, the "total project value" for each "insured project" that has incepted since the last reporting period.
2. For each "insured project" which has incepted as stated in a written contract, the Named Insured agrees to send the Company within 30 days following the end of the applicable Reporting Period an initial "reporting form" which includes:
 - a. Project Name;
 - b. "Project Site" (street address, city, state);
 - c. Project Description;
 - d. The "Total Project Value";
 - e. Type of Construction as it corresponds to the "construction classifications";
 - f. The Project Inception date and the estimated project completion date; and
 - g. The names of all parties to be included as Named Insured, Mortgage Holders or Lender's Loss Payees.
3. If a new construction project incepts and is not reported as provided in 1. and 2., the Company will provide coverage for an "occurrence" at that new construction "project site" for up to 120 days after the date an unreported project incepts, subject to the terms and conditions of the Policy. The Company will charge the first Named Insured premium as of the date the unreported project incepted for the "Total Project Value".
4. The Named Insured may submit a supplemental interim "reporting form" to correct or modify the initial "reporting form".

D. Deposit and Minimum Premium, Billed Premium

The Deposit and Minimum Premium shown in the Schedule above is an advance premium for anticipated "insured projects" during the Policy Term based on information the Insured provides to the Company. The Company will determine an earned premium for each reported "insured project" using the applicable rates stated in the Schedule of Rates and Deductibles attached to this Policy. This earned premium per "insured project" will be applied against the Deposit and Minimum Premium until the Deposit and Minimum Premium are fully earned. The Company will then bill the first Named Insured for additional premium as required, consistent with the "Total Project Value" reported and the applicable rates stated in the Schedule of Rates and Deductibles attached to this Policy. Billed premium will be due and payable within 30 days following billing and in accordance with the Premium Payment Period stated in the Schedule.

E. "Total Project Value" and Special Premium Adjustment Situations

1. If the last "reporting form" for an "insured project" before a covered "occurrence" shows "total insured values" that are less than the Insured's covered loss in an "occurrence", the Insured will be required to pay the additional premium that reflects the difference between the reported "total project value" before the "occurrence" and the "total project value" at the time of the "occurrence", subject to the provisions stated in Section **G.** of the **Zurich Master Builders Risk Coverage Form**.
2. When the actual "total project value" for an "insured project" at the time of a covered "occurrence" exceeds the applicable Limit Of Liability for an applicable "construction classification", and only if the actual "total project value" of the "insured project" is consistent with the Company's underwriting criteria for the applicable "construction classification", the premium for the difference between the Limit Of Liability for the applicable "construction classification" and the "total project value" at the time of the "occurrence" will be determined and required to be paid by the insured. If the "total insured values" at the time of the "occurrence" are not consistent with the Company's underwriting criteria for the applicable "construction classification", there will be no change in the "construction classification" Limit Of Liability.

F. "Insured Project" Final "Total Project Value" Premium Adjustment

Within 30 days following the expiration date of the "Insured Project", the first Named Insured agrees to send the Company a statement of the final "total project value" for the "Insured Project". If the final "total project value" varies by more than 5% of the estimated "total project value" reported at project inception, the Company will recalculate the earned premium back to the inception of that "insured project". The Company will charge additional premium or return any excess premium. In no event will the premium be less than the Minimum Premium shown in the Schedule above.

G. Additional Conditions

1. In the event an "insured project" is contractually required to comply with California Public Contract Code 7105, coverage shall be made available through issuance of a separate project policy.
2. At the Named Insured's option, an "insured project" otherwise covered under this Policy can be placed on a separate stand-alone project policy.

With regard to 1. and 2. above, the Named Insured must inform the Company as soon as practicable of their intent or request. In the event a separate project policy is issued, coverage provided under such policy will be based on the terms and conditions of this Policy subject to any additional terms and conditions which may arise from project specific requirements.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Zurich Master Builders Risk Gross Receipts Reporting And Premium Endorsement



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No.	Effective Date:
------------	-----------------

This endorsement modifies insurance provided under the:

**Zurich Master Builders Risk Declarations
Zurich Master Builders Risk Coverage Form**

A. Insured Projects

This endorsement applies when a project is subject to Gross Receipts reporting. The Company will only cover Gross Receipts reporting projects that the Insured reports.

B. Schedule

Schedule

Estimated "Gross Receipts"	\$	
Deposit Premium	\$	
Minimum Premium	\$	
Limit Of Liability – Gross Receipts	\$	
Description Of "Insured Projects" Subject To Gross Receipts Reporting		

C. For the purpose of this endorsement A. Coverage of the Zurich Master Builders Risk Coverage Form is replaced with the following:

1. The Company will pay for direct physical loss of or damage to "builders risk property" caused by a "covered cause of loss" while such "builders risk property" is:
 - a. At the "project site";
 - b. In transit; or
 - c. At a "temporary offsite location".
2. Coverage for each "insured project" will begin on the date the Named Insured begins the project, but no earlier than the effective date of the Policy shown on the Declarations. Coverage ends at the earlier of the following:
 - a. The first Named Insured's interest in the "insured project" ceases;
 - b. The Policy expires, is non-renewed or is cancelled; or
 - c. The final acceptance of the "insured project" by the owner.
3. The most the Company will pay in any one "occurrence" is the applicable Limit Of Liability for Gross Receipts shown in the Schedule above.

D. For the purpose of this endorsement, **F.1. Limits Of Liability** of the **Zurich Master Builders Risk Coverage Form** is replaced with the following:

1. The most the Company will pay in any one "occurrence" for all loss, damage, cost or expense reported for an "insured project" is the lesser of:
 - a. The Maximum Limit Of Liability shown on the Declarations;
 - b. The "total project value" for such "insured project"; or
 - c. The Limit Of Liability - Gross Receipts.

E. Gross Receipts Reporting And Premium Adjustment

1. Deposit And Minimum Premium

The Deposit Premium shown in the Schedule above is an advance premium. The Company will determine this premium at the beginning of the policy year based on a statement of the estimated "gross receipts" for the policy year for "insured projects" described in the Schedule using the applicable rate(s) stated in the Schedule of Rates and Deductibles attached to this Policy.

In no event will the premium for this coverage be less than the Minimum Premium shown in the Schedule above.

2. Reporting Provision

Within 30 days following the end of the Policy Term, the Insured agrees to report the total amount of "gross receipts" for the described "insured projects" earned during the policy term.

3. Premium Adjustment

The final premium will be determined by applying the applicable reporting rate(s) shown in the Schedule of Rates and Deductibles to the total "gross receipts" reported at the beginning and the end of the Policy Term. Based on the difference between the advance premium and the final premium, we will charge additional premium or return any excess premium, subject to the Minimum Premium stated in the Schedule.

F. The following definition is added to **Definitions** in the **Zurich Master Builders Risk Coverage Form**:

"Gross Receipts" means the total value of all receipts (collected and uncollected) earned from the "insured projects" described in the Schedule above. "Gross receipts" includes the amounts earned from materials, labor, reasonable overhead and profit, and delivery charges that are part of an "insured project".

All other terms, conditions, provisions and exclusions of this policy remain the same.

Zurich Master Builders Risk Named Insured - Joint Venture



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No.

Effective Date:

This endorsement modifies insurance provided under the:

Zurich Master Builders Risk Declarations

Section 3.0 of the **Zurich Master Builders Risk Declarations** is amended to include the following:

If the Named Insured is required by written contract to provide builders risk insurance for a Joint Venture, and to the extent the "total project value" is reported, then this Policy shall include the interests of the Named Insured and its Joint Venture partners for their respective interest in such "insured project".

As to any Joint Venture project for which the Named Insured is not required to provide builders risk insurance but for which the Named Insured has reported the "insured project" on a "reporting form" under the term and conditions of this Policy or as otherwise endorsed, the Named Insured's percentage interest in the Joint Venture is included but the interests of other Joint Venture partners are not included.

The amount of insurance provided for any loss, subject to the terms and conditions of the Policy, is limited to the percentage interest which the Named Insured has in the Joint Venture.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Zurich Master Builders Risk Special Extension Option Term



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No.

Effective Date:

This endorsement modifies insurance provided under the:

**Zurich Master Builders Risk Coverage Form
Zurich Master Builders Risk Declarations
Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment Endorsement**

The following is added to the **Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment Endorsement**:

- A.** The Company agrees to provide a Special Extension Option if the Policy Term expires and the Policy is not renewed and the following parameters are met:
- 1.** There are "insured projects" where construction incepted before the end of the Policy Term; and
 - 2.** Construction will continue at such "insured projects" after the Policy Term ends; and
 - 3.** The Named Insured requests in writing before the end of the Policy Term that it seeks to extend the coverage that was in place under the Policy for "insured projects" as if this Policy continued in force; and
 - 4.** The Named Insured provides a report which lists the "insured projects" which are currently still under construction as of **[original policy expiration date]** and includes the information specified in paragraphs **2.a. - 2.g.** of Section **C. Reporting** in the **Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment Endorsement**.
- B.** The Special Extension Option is subject to the following terms and conditions:
- 1.** As it pertains to the coverage afforded under this endorsement, the expiration date of the Policy is amended to read: **[enter extended expiration date]**;
 - 2.** Coverage shall be extended to those "insured projects" listed on file with the Company as reported under paragraph **A. 4.** above and for which premium has been paid;
 - 3.** Coverage for each specified "insured project" shall remain in effect subject to the terms and conditions under which it was bound until the earlier of the following:
 - a.** The first Named Insured's interest in the "insured project" ceases;
 - b.** The final acceptance of the "insured project" by the owner;
 - c.** The completion date for that "insured project" specified in the report provided by the Named Insured as stated in paragraph **A. 4.**; or
 - d.** The date listed in paragraph **B.1.** above.
 - 4.** Paragraph **A.2.** of the **Zurich Master Builders Risk Coverage Form** is deleted;
 - 5.** In no event shall coverage be afforded to any "insured project" which incepted after the date listed in paragraph **A.4** above.

All other terms, conditions, provisions and exclusions of this policy remain the same.

Zurich Master Builders Risk Additional Interest Endorsement



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No.

Effective Date:

This endorsement modifies insurance provided under the:

Zurich Master Builders Risk Declarations

The following is added to the **Zurich Master Builders Risk Declarations** for the "insured project" and interest shown.

Name And Mailing Address:

"Insured Project":

Interest:

Additional Named Insured

Additional Insured

All other terms, conditions, provisions and exclusions of this policy remain the same.



Zurich Master Builders Risk Declarations

1.0. Policy Number:

2.0. Insuring Company:

3.0. Named Insured:

Mailing Address:

City, State, Zip:

Named Insured shall also include any subsidiary and affiliated companies owned or majority controlled by the first Named Insured, as now exist or may hereafter be constituted or acquired.

4.0. Additional Insureds:

When any Named Insured is party to a written contract or agreement that requires owners, contractors, subcontractors, tenants at the "project site", architects, engineers, manufacturers, suppliers or any other legal entity to be identified as an additional insured for an "insured project", this Policy includes the legal entity as an additional insured, and then only as to their respective financial interest in the Covered Property. As respects manufacturers and suppliers, their interest is limited to their respective financial interest in the Covered Property at the "project site" only.

Additional Insureds may also be endorsed to this Policy.

5.0. Mortgage Holders/Lender's Loss Payees And Loss Payees

Mortgage Holders, Lender's Loss Payees or Loss Payees for an "Insured Project" will be shown as per Schedule on file with the Company.

6.0. Policy Term: From : To: 12:01 A.M. at the mailing address of the Named Insured.

7.0. Territory Of Operations

8.0. Limits Of Liability For "Insured Projects"

8.1. Maximum Limit Of Liability For "Insured Projects" \$ Per "occurrence"

The most the Company will pay for the total of all coverages combined for an "insured project" in any one "occurrence." is the Maximum Limit Of Liability, all subject to the terms, conditions and exclusions stated in the Policy. The Limits Of Liability stated below or elsewhere in the Policy are part of and not in addition to the Maximum Limit Of Liability. NCP means no coverage is provided.

8.2. Construction Classifications

Joisted Masonry	\$	Per "occurrence"
Frame	\$	Per "occurrence"
	\$	Per "occurrence"
	\$	Per "occurrence"
	\$	Per "occurrence"

8.3. Transit \$ Per "occurrence"

8.4.	"Temporary Offsite Location"	\$	Per Location
8.5.	"Water Damage"	\$	Per "occurrence"
8.6.	Coverage Extensions		
	Claim Preparation Expense	\$	Per "occurrence"
	Construction Documentation And Records	\$	Per "occurrence"
	Construction Trailers	\$	Per "occurrence"
	Contract Penalties	\$	Per "occurrence"
	Contractor Expenses:	\$	Per "occurrence"
	25% of the amount of covered loss of or damage to "builder's risk property", prior to the application of any applicable Deductible, up to the Limit Of Liability of:		
	Crane Re-Erection Expense	\$	Per "occurrence"
	Damage To Existing Real Property - Limited	\$	Per "occurrence"
	Debris Removal:	\$	Per "occurrence"
	25% of the amount of covered loss of or damage to Covered Property, prior to the application of any applicable Deductible, up to the Limit Of Liability of:		
	Design Professional Fees	\$	Per "occurrence"
	Emergency Property Protection Expense - Annual Aggregate	\$	Per "occurrence"
	Fire Protective Equipment Refills	\$	Per "occurrence"
	Off Premises Service Interruption – Direct Damage	\$	Per "occurrence"
	Ordinance Or Law – Demolition And Increased Cost Of Construction	\$	Per "occurrence"
	Ordinance Or Law – Undamaged Portion Of The Insured Project	Included in Project Site Limit Of Liability	Per "occurrence"
	Pollutant Clean-Up And Decontamination – Project Aggregate	\$	Per "occurrence"
	Prevention Of Access – Ingress Or Egress	\$	Per "occurrence"
	Protection Service Charges	\$	Per "occurrence"
	Reward Payments:	\$	Per "occurrence"
	25% of the amount of covered loss of or damage to Covered Property, prior to the application of any applicable Deductible, up to the Limit Of Liability of :		
	Spare Construction Materials	\$	Per "occurrence"

8.7. Catastrophe Perils

With respect to the "Earthquake," "Flood," and "Named Storm" causes of loss, the most the Company will pay for covered loss or damage for an "insured project" in any one "occurrence" and as an Annual Aggregate "are the Limits Of Liability shown below. The applicable Limits Of Liability are determined by the state, Zone or Level of the location of the "insured project" loss or damage.

If an "Earthquake" "occurrence" causes Covered Loss or Damage to an "insured project" that is located in more than one state or Zone, a single per "occurrence" sublimit will apply that is equal to the greater applicable state or zone Limit Of Liability for "Earthquake."

If a "Flood" "occurrence" causes Covered Loss or Damage to an "insured project" that is located in more than one flood level area, a single per "occurrence" sublimit will apply that is equal to the greater applicable flood level area Limit Of Liability for "Flood."

If a "Named Storm" "occurrence" causes Covered Loss or Damage to an "insured project" that is located in more than one state or Zone, a single per "occurrence" sublimit will apply that is equal to the greater applicable state or zone Limit Of Liability for "Named Storm."

8.7.1. "Earthquake"

Within California	\$	Per "occurrence" and Annual Aggregate
Within all Earthquake Zone 1 (Other than California as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate
Within Earthquake Zone 2 as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate
Within Earthquake Zone 3 and Zone 4 as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate

8.7.2. "Flood"

Within any "Flood Level 1" areas	\$	Per "occurrence" and Annual Aggregate
Within any "Flood Level 2" areas	\$	Per "occurrence" and Annual Aggregate
Within any "Flood Level 3" areas	\$	Per "occurrence" and Annual Aggregate
United States territories and possessions, and Puerto Rico	NCP	

8.7.3. "Named Storm"

Within Florida and within Wind Zone 1 designated areas as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate
Within Wind Zone 2 designated areas, other than Florida, as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate
Within Wind Zone 3 and 4 as described in the applicable Appendix.	\$	Per "occurrence" and Annual Aggregate

9.0. Deductibles:

Refer to Zurich Master Builders Risk Schedule of Rates and Deductibles and the Policy Terms and Conditions.

State: District of Columbia **Filing Company:** Zurich American Insurance Company
TOI/Sub-TOI: 09.0 Inland Marine/09.0005 Other Commercial Inland Marine
Product Name: Builders Risk Program - Zurich Master Builders Risk Coverage Form
Project Name/Number: Builders Risk Program - Zurich Master Builders Risk Coverage Form/39786

Supporting Document Schedules

Bypassed - Item:	Readability Certificate
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Copy of Trust Agreement
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Expedited SERFF Filing Transmittal Form
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Bypassed - Item:	Consulting Authorization
Bypass Reason:	N/A
Attachment(s):	
Item Status:	
Status Date:	

Satisfied - Item:	Forms Explanatory Memo
Comments:	Previously approved amendatory U-ZBR-0500-A DC (01/15) as approved under ZURC-129665319 will continue to be used.
Attachment(s):	MBR Explanatory Memo Final rev.pdf
Item Status:	
Status Date:	

Satisfied - Item:	Mockups of revised forms
Comments:	
Attachment(s):	U-MBR-0100-B to A Compare.pdf U-MBR-0010-B to A Compare.pdf U-MBR-0402-B to A Compare.pdf U-MBR-D-0001-B to A Compare.pdf

SERFF Tracking #:

ZURC-130818191

State Tracking #:

Company Tracking #:

39786

State:

District of Columbia

Filing Company:

Zurich American Insurance Company

TOI/Sub-TOI:

09.0 Inland Marine/09.0005 Other Commercial Inland Marine

Product Name:

Builders Risk Program - Zurich Master Builders Risk Coverage Form

Project Name/Number:

Builders Risk Program - Zurich Master Builders Risk Coverage Form/39786

Item Status:	
Status Date:	

Zurich Master Builders Risk Explanatory Memorandum

Zurich is revising and supplementing several forms and endorsements in its Zurich Master Builders Risk Coverage product. This submission consists of four revised forms and endorsements that replace existing forms and endorsements and five new endorsements. These forms and endorsements are designed for commercial insureds seeking first-party property insurance coverage during the construction of large structures while utilizing periodic reporting of insured projects under a single master policy.

The four revised forms are:

U-MBR-0100-B CW (10/16) Zurich Master Builders Risk Coverage Form has been revised to organize and clarify the Limits of Liability rules and to clarify certain definitions, exclusions and exceptions to exclusions.

U-MBR-0010-B CW (10/16) Zurich Master Builders Risk General Conditions has been revised to clarify the adjustment of loss process as to the first Named Insured and loss payees, the scope of in transit coverage, and the conditions relating to reinstatement of an aggregate limit of liability.

U-MBR-D-0001-B CW (10/16) Zurich Master Builders Risk Declarations has been revised to clarify who is a Named Insured, the circumstances in which an entity may be added to the policy as an additional insured without endorsement, and the application of the Maximum Limit of Liability.

U-MBR-0402-B CW (10/16) Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment Endorsement (formerly titled Reporting and Premium Adjustment) has been revised to clarify the reporting of project locations. This form is optional if an Insured selects the U-MBR-404-A CW (08/16) Zurich Master Builders Risk Gross Receipts Reporting Endorsement.

The state amendatories previously approved with the previous "A" versions of these forms will continue to be attached to these revised forms. The above referenced forms have no rate impact.

The five new endorsements are:

U-MBR-0301-A CW (10/16) Zurich Master Builders Risk Delay In Completion Coverage Endorsement is an optional endorsement providing indemnity for delay in completion of a project due to insured direct physical damage.

U-MBR-0404-A CW (10/16) Zurich Master Builders Risk Gross Receipts Reporting And Premium Endorsement is an optional endorsement providing insurance for projects based on gross receipts reporting.

U-MBR-0406-A CW (10/16) Zurich Master Builders Risk Named Insured - Joint Venture Endorsement is an optional endorsement to add the applicable interest in a Joint Venture when a Named Insured is a partner in a Joint Venture.

U-MBR-0407-A CW (10/16) Zurich Master Builders Risk Special Extension Option Term Endorsement is an optional endorsement providing optional continuing coverage for an insured project when a Master Builders Risk Policy is terminated.

U-MBR-0408-A CW (10/16) Zurich Master Builders Risk Additional Interest Endorsement is an optional endorsement to add Additional Named Insureds and Additional Insureds by endorsement.

The above referenced forms have no rate impact, except form U-MBR-0404-A CW.

Endorsements designated "Optional" are optional at the request of the insured, unless otherwise stated. The insured learns about the endorsement through the Insured's agent or broker.

~~Zurich Master Builders Risk Coverage Form~~



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Zurich Master Builders Risk Coverage Form



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Table Of Contents

<u>Section</u>	<u>Page Number</u>
Coverage	1
Property Not Covered	1
Exclusions	2
Limitations	4
Coverage Extensions	
Claim Preparation Expense	4
Construction Documentation and <u>And</u> Records	5
Construction Trailers	5
Contract Penalties	5
Contractor Expenses	5
Crane Re-Erection Expense	6
Damage to <u>To</u> Existing Real Property – Limited	6
Debris Removal	6
Design Professional Fees	7
Emergency Property Protection Expense	7
Fire Protective Equipment Refills	7
Off Premises Service Interruption – Direct Damage	8
Ordinance or <u>Or</u> Law	8
Pollutant Clean- up <u>and</u> <u>Up And</u> Decontamination	9
Prevention of <u>Of</u> Access – Ingress or <u>Or</u> Egress	9
Protection Service Charges	9
Reward Payments	10
Spare Construction Materials	10
Limits of <u>Of</u> Liability	10
Increased Limits Clause	11
Deductibles	11 <u>10</u>
Valuation	12
Definitions	13

Zurich Master Builders Risk Coverage Form



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Read the entire Policy carefully to determine rights, duties and what is and is not covered.

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Words and phrases that appear in quotation marks have special meaning. Refer to the **Definitions** Section. Throughout this Policy, the word Named Insured refers to the Named Insured shown in Item 3. of the Declarations. The word first Named Insured refers to the first Named Insured listed under Named Insured in Item 3. of the Declarations. The word Insured refers to the Named Insured and the Additional Insureds shown in Items 3. and 4. of the Declarations. The word Company refers to the Insuring Company shown in Item 2. of the Declarations providing the insurance coverage.

For purposes of this Policy, Covered Property is the property that is insured for loss or damage under the applicable Coverage Forms or endorsements.

Unless otherwise stated, words that are used in the plural tense include the singular tense (and vice versa).

A. Coverage

1. The Company will pay for direct physical loss of or damage to "builders risk property" caused by a "covered cause of loss" while such "builders risk property" is:
 - a. At the "project site";
 - b. In transit; or
 - c. At a "temporary offsite location".
2. Coverage for each "insured project" will begin on the start date specified in the applicable "reporting form" for that "insured project". Coverage ends at the earlier of the following:
 - a. The first Named Insured's interest in the "insured project" ceases;
 - b. The Policy expires, is non-renewed or is cancelled;
 - c. The final acceptance of the "insured project" by the owner; or
 - d. The completion date for that "insured project" specified in the applicable "reporting form".
3. The most the Company will pay in any one "occurrence" is the applicable Limit of Liability.

B. Property Not Covered

This Policy does not apply to:

1. Land, land value and cut, fill and backfill materials which existed at the "project site" prior to "insured project" commencement, other than the labor expended to move such materials during the "insured project";
2. Contractor's tools, machinery, plant and equipment not intended to become a permanent part of the "insured project";
3. Vehicles or equipment licensed for highway use, rolling stock, aircraft or watercraft;
4. Water, standing timber, growing crops or animals;
5. Accounts, bills, currency, stamps, deeds, evidence of debt, checks, money, securities, precious metals, precious stones or other property of a similar nature;
6. ~~existing~~Existing real property", except as provided under Section E., **Coverage Extensions**;
7. Property at a "project site" that stores, processes, handles or makes use of radioactive materials; however, this does not apply to property at a "project site" making use of radioactive isotopes contained within equipment used for diagnostic or testing purposes;
8. Roadways, sidewalks or other paved surfaces or underground utilities at the "project site" that existed prior to the beginning of the "insured project";
9. Contraband or property in the course of illegal transportation or trade; or

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10. Overhead transmission and distribution lines, and their supporting structures, once energized, at the completion of testing.

C. Exclusions

1. The Company will not pay for loss or damage arising directly or indirectly by or resulting from any of the following. ~~Such loss or damage is excluded,~~ regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage, even if such other cause or event would otherwise be covered:

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a. Governmental Action

Seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental authority.

This exclusion does not apply to seizure or destruction of property by order of governmental authority and taken at the time of a fire to prevent its spread.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused. But, if nuclear reaction or radiation, or radioactive contamination results in fire, the Company will pay for that portion of the loss or damage which ~~was solely caused by~~ arises directly from that fire.

c. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion applies whether the loss or damage results from:

- (1) An ordinance or law that is enforced even if the property has not been damaged; or
- (2) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

d. War And Military Action

War and military action, meaning:

- (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 government, sovereign, or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority by hindering or defending against any of these.

2. The Company will not pay for:

a. Consequential Loss

Loss, damage, cost or expense caused by or resulting from ~~the following, except as otherwise stated elsewhere~~ in the Policy:

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- (1) Loss of market or loss of use;
- (2) Liquidated damages, performance penalties or penalties for non-completion;
- (3) Non-compliance with contract conditions;
- (4) Delay in completion of construction, including continuing "general conditions expense"; or
- (5) Re-sequencing or inefficiencies of construction activities.

b. Cost Of Correcting Or Making Good

Costs or expense that would have been incurred to rectify any of the following had such condition been rectified immediately prior to the loss or damage:

- (1) Errors or omissions in, or faulty, defective or deficient designs, plans or specifications; or
- (2) Faulty, inadequate or defective workmanship or construction ~~or~~ supplies or materials used.

But if the result of one of these excluded causes of loss is a "covered cause of loss", the Company will pay for that portion of the direct physical loss or damage, other than loss of or damage to that faulty, inadequate or defective workmanship or construction ~~or~~ supplies or materials used, which was ~~solely~~ caused by that "covered cause of loss". However, in no event will the Company pay the costs or expense to improve or redesign the original materials, supplies, designs, plans or specifications or to improve workmanship.

c. Cracking And Settling

Loss or damage caused by or resulting from normal subsidence, settling, cracking, expansion, contraction or shrinkage of walls, floors, ceilings, buildings, foundations, patios, walkways, driveways or pavements.

d. Disappearance Or Shortage

Loss or damage caused by or resulting from disappearance or shortage disclosed on taking inventory.

e. Dishonest Acts

Loss or damage caused by or resulting from fraudulent, dishonest or criminal activity of the Insured or any of the Insured's partners, officers, directors, trustees, employees (including leased or temporary employees) or others to whom the property is entrusted.

This exclusion does not apply to:

- (1) Acts of vandalism committed by the Named Insured's employees (including leased or temporary employees); or
- (2) Carriers for hire or anyone claiming to be a carrier for hire at the time the property is entrusted to them.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

f. Electronic Vandalism, Defects Or Errors

Loss or damage caused by or resulting from:

- (1) "Computer virus";
- (2) Authorized or unauthorized access to "electronic hardware", software, programs or data;
- (3) Failure, malfunction, deficiency, deletion ~~or~~ errors or omissions in:
 - (a) Programming;
 - (b) Instructions to a machine; or
 - (c) Installation or maintenance of "electronic hardware"; or
- (4) Mysterious disappearance of code.

g. Expected, Preventable Or Accumulated Losses

Loss or damage caused by or resulting from wear and tear, gradual deterioration, inherent vice, hidden or latent defect, corrosion, rust or dampness or dryness of the atmosphere.

But, if the result of one of these excluded causes of loss is a "covered cause of loss", the Company will pay for that portion of the loss or damage which was ~~solely~~ caused by that "covered cause of loss".

h. Fines Or Penalties

Fines or penalties imposed on the Insured at the order of any government agency, court or other authority.

i. Fungus

Loss or damage consisting of, directly or indirectly caused by, contributed to or aggravated by the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot or bacteria, including any expense to remediate the presence or effects of any of the foregoing, unless resulting directly from a "covered cause of loss".

However, if the "fungus" was caused by a "covered cause of loss", the Company will pay the reasonable and necessary expenses to:

- (1) Test for, monitor or assess the existence, concentration or effects of "fungus", wet rot, dry rot ~~and/or~~ bacteria;
- (2) Tear out and replace any part of Covered Property needed to gain access to the "fungus", wet rot, dry rot or bacteria; and
- (3) Clean up, remove or remediate "fungus", wet rot, dry rot or bacteria.

However, the most we will pay is the cost to repair, rebuild or replace the Covered Property damaged by that "fungus", wet rot, dry rot or bacteria, subject to the applicable Limit ~~of~~Of Liability.

At the Insured's expense, the Insured must take all reasonable means to save and preserve property from further damage at the time of and after the discovery of the "fungus", wet rot, dry rot or bacteria.

The expenses will be paid only if they are reported to the Company in writing within 30 days of the date on which "fungus", wet rot, dry rot or bacteria is first discovered.

j. Pollutants

Loss, damage, cost or expense caused by or resulting from the actual, alleged or threatened discharge, dispersal, seepage, migration, release, or escape of "pollutants", unless the discharge, dispersal, seepage, migration, release, or escape is directly caused by a "specified cause of loss".

But if the discharge, dispersal, seepage, migration, release, or escape of "pollutants" results in a "specified cause of loss", the Company will pay for the loss or damage caused by that "specified cause of loss".

The Company will also not pay for loss, damage, cost or expense arising out of any request, demand, order or statutory or regulatory requirement that requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants".

k. Warranties Or Guarantees

Loss, damage, costs or expenses covered under any written or implied guarantee or warranty by any manufacturer or supplier.

D. Limitations

The following limitations apply:

1. The Company will not pay for direct physical loss of or damage to "landscaping materials" caused by or resulting from:
 - a. Infestation, disease, freezing, drought, lack of moisture, hail, or weight of ice or snow; or
 - b. Insects, vermin, rodents or animals.
2. The Company will not pay the cost or expense for:
 - a. The failure to meet the building certification level that has been registered for "Green standards" for the "insured project"; or
 - b. Re-registering the "insured project" for "Green standards" if such cost or expense would have been incurred had there been no direct physical loss or damage to property from a "covered cause of loss".

E. Coverage Extensions

~~The Subject to Section F. Limits Of Liability herein, the~~ following are Coverage Extensions to coverages set forth in this Policy. Each of the following Coverage Extensions apply independently of one another. The Policy exclusions, terms and conditions will apply to each Coverage Extension, except to the extent that coverage is provided under the applicable Coverage Extension.

~~With respect to an "insured project", the most the Company will pay for loss, damage, cost or expense under any of the following Coverage Extensions are the Limits of Liability shown on the Declarations. If "NCP" is shown for any Coverage Extension on the Declarations, then no coverage is provided for that Coverage Extension.~~

~~Limits of Liability for these Coverage Extensions are included in and not in addition to the applicable Limit of Liability.~~

~~These Coverage Extensions are subject to the applicable Deductible shown on the Schedule of Rates and Deductibles for that "insured project", unless otherwise stated below.~~

1. Claim Preparation Expense

The Company will reimburse the Insured for reasonable and necessary claim preparation expenses, as requested by the Company, for determining the amount of loss or damage prior to finalizing a claim adjustment.

a. Claim preparation expense means the expense incurred by the Insured for:

- (1) The Insured's employees to produce or certify any particulars or details contained within the Insured's books or documents, or such other proofs, information or evidence required by the Company;
- (2) Taking inventory, conducting independent appraisals, or gathering and preparing other data to substantiate the amount of loss or damage; and
- (3) Services provided by accountants, auditors, contractors, architects and engineers or other professionals solely for the purpose of determining the amount of loss or damage.

b. Claim preparation expenses does not mean the expense incurred for:

- ~~(1)~~ (1) Negotiating or presenting any claim that the Company has disputed or denied;
- ~~(2)~~ (2) Attorneys, public adjusters, loss appraisers or loss consultants;
- ~~(3)~~ (3) Representatives or employees of any broker or agent; or
- ~~(4)~~ (4) Examinations under oath, even if requested by the Company.

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This Coverage Extension does not apply until a claim for covered loss or damage to Covered Property has been submitted to and accepted by the Company. In the event that the amount of covered loss or damage does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Claim Preparation Expense.~~

2. Construction Documentation And Records

The Company will pay for direct physical loss of or damage to "construction documentation and records" caused by a "covered cause of loss".

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Construction Documentation and Records.~~

3. Construction Trailers

The Company will pay for direct physical loss of or damage to "construction trailers" and office trailer contents, other than "construction documentation and records", while at the "project site" or a "temporary offsite location" caused by a "covered cause of loss".

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Construction Trailers.~~

4. Contract Penalties

If the first Named Insured is a general contractor, the Company will pay contractual penalties the first Named Insured is legally liable to pay under the provisions of a written construction contract for late or non-completion of construction of the "insured project". Those penalties must be the result of direct physical loss of or damage to the "insured project". The loss or damage must be caused by a "covered cause of loss". Any such penalties must be specified in the written construction contract executed and signed prior to the start of the "insured project" and will only be payable in excess of 30 days after the expiration date of the Policy.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Contract Penalties.~~

5. Contractor Expenses

In the event of covered loss or damage to "builders risk property" caused by a "covered cause of loss", the Company will pay for reasonable and necessary expense incurred by the Insured for:

- a. "Contractor's Extra Expense";
- b. "Expediting expense"; or
- c. "General conditions expense",

in excess of the total expense that would normally have been incurred during the same period of time had no loss or damage occurred for the purpose of continuing the scheduled progress of undamaged work and only to the extent such expenses are necessary to continue as nearly as practicable the normal operation of the work in progress.

The most the Company will pay under this Coverage Extension in any one "occurrence" is the percentage shown on the Declarations of the amount of the covered loss of or damage to "builders risk property", prior to the application of any applicable Deductible, up to the Limit of Liability shown on the Declarations for Contractor's Expense.

In the event that the amount of covered loss or damage to "builders risk property" does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

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6. Crane Re-Erection Expense

If a tower or pole crane not covered under this Policy is lost or damaged by a "covered cause of loss" at the "project site", the Company will pay the reasonable and necessary costs incurred by the Insured to re-erect a tower or pole crane necessary to complete the "insured project".

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Crane Re-Erection Expense.~~

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7. Damage To Existing Real Property - Limited

The Company will pay for direct physical loss of or damage to "existing real property" at the "project site" caused by a "covered cause of loss" that arises out of the construction activities or operations of the Insured.

The Company will not pay for loss or damage to "existing real property":

- a. Caused by or resulting from any interruption of incoming electricity, fuel, water, gas, steam, refrigerant or other services. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was solely caused by that "covered cause of loss".
- b. Caused by or resulting from an explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased or operated and under the control of the Insured; except for explosion of accumulated gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases or combustion pass. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was solely caused by that "covered cause of loss".
- c. Caused by or resulting from artificially generated electrical current, including electrical arcing, that damages or disturbs electrical devices, wiring or equipment. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was solely caused by that "covered cause of loss".
- d. Caused by or resulting from mechanical or machinery breakdown, including rupture or bursting caused by or resulting from centrifugal force. But if a result of this excluded cause of loss is a "covered cause of loss", the Company will pay for the portion of the loss or damage which was solely caused by that "covered cause of loss".
- e. Arising solely as a consequence of previous loss or damage or any structural, mechanical, electrical or material condition which existed prior to the start date of the "insured project".
- f. While the "existing real property", or any portion of the "existing real property", is being moved.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Damage to Existing Real Property - Limited.~~

8. Debris Removal

The Company will pay the cost the Insured incurs to remove debris of Covered Property, including such property while in transit or at a "temporary offsite location", resulting from direct physical loss or damage by a "covered cause of loss".

The Company will also pay for the reasonable and necessary expense incurred by the Insured for:

- a. Recycling debris of Covered Property at a recycling facility, including the associated transportation costs; and
- b. Removing debris of uncovered property that is blown by wind, or drifted by water, onto the "project site".

Any income generated from debris recycling will reduce the Company's loss payment.

The expenses will be paid only if reported to the Company in writing within 365 days of the date of loss or damage.

In the event the amount of covered loss of or damage to Covered Property does not exceed the applicable Deductible, no coverage will apply under this Coverage Extension.

The most the Company will pay under this Coverage Extension in any one "occurrence" is the percentage shown on the Declarations of the amount of covered loss of or damage to Covered Property, prior to the application of any Deductible, up to the Limit of Liability shown on the Declarations for Debris Removal.

In no event will there be coverage under this Debris Removal Coverage Extension for any costs to:

- (1) Extract "pollutants" from land, water or debris;
- (2) Remove, restore, or replace polluted land or water; or
- (3) Transport, store, decontaminate or recycle contaminated debris.

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9. Design Professional Fees

The Company will reimburse the Insured for reasonable expenses incurred by the Insured for design professional services and expenses necessary in the repair, rebuild or replacement of lost or damaged "builders risk property" to the original design from a "covered cause of loss".

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Design Professional Fees.~~

10. Emergency Property Protection Expense

a. If Covered Property is removed from the "project site" or a "temporary offsite location" to protect it from actual or imminent physical loss or damage caused by a "covered cause of loss", the Company will pay for the reasonable and necessary expenses incurred by the Insured to:

- (1) Remove Covered Property from the "project site" or a "temporary offsite location"; and
- ~~(2)~~ Store Covered Property while away from the "project site" or a "temporary offsite location",
- (2) for up to 30 consecutive days after the Covered Property is first moved.

b. The Company will reimburse the Insured for the reasonable and necessary expenses to protect Covered Property at the "project site" or "temporary offsite location" from actual or imminent physical loss or damage from fire, "named storm" or "flood", if coverage is provided under this Policy for that Cause of Loss.

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~~The most the Company will pay under this Coverage Extension is the Annual Aggregate Limit of Liability shown on the Declarations for Emergency Property Protection Expense — Annual Aggregate.~~

No Deductible applies to this Coverage Extension.

11. Fire Protective Equipment Refills

The Company will pay the reasonable and necessary costs the Insured incurs to refill fire protective equipment which has been discharged:

- a. Accidentally; or
- b. In the course of saving or protecting Covered Property from a "covered cause of loss".

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Fire Protective Equipment Refills.~~

No Deductible applies to this Coverage Extension.

12. Off Premises Service Interruption – Direct Damage

The Company will pay for direct physical loss of or damage to "builders risk property" at the "project site" directly caused by an "off premises service interruption". The interruption must result from direct physical loss or damage directly caused by a "covered cause of loss" to property located away from the "project site" and used to provide any of the following services to the "project site":

- a. Water;
- b. Power, including steam and natural gas; or
- c. Communication, including video, voice and data.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Off-Premises Service Interruption—Direct Damage.~~

13. Ordinance Or Law

In the event of loss of or damage to "builders risk property" by a "covered cause of loss":

- a. The Company will pay for the:
 - (1) Cost to demolish and clear the "project site" of the undamaged portion of the constructed, erected or installed "builders risk property" as required by the enforcement of any applicable ordinance or law that regulates the zoning, land use or construction at the time of direct physical loss or damage;
 - (2) Cost for recycling debris from the undamaged portion of the constructed, erected or installed "builders risk property" at a recycling facility, including the associated transportation costs, when those costs are incurred as a result of the demolition of the undamaged portion of the constructed, erected or installed "builders risk property" due to the enforcement of an applicable ordinance or law that regulates the zoning, land use or construction at the time of direct physical loss or damage; and
 - (3) Increased costs incurred by the Insured to repair, rebuild or replace the damaged and undamaged portions of that "builders risk property" at the "project site" for the same intended use as per the written contract in place at the time of direct physical loss or damage and in compliance with the minimum requirements of the applicable ordinance or law in force at the time of loss or damage. However, the Company will not pay for these costs unless the repair, rebuild or replacement is commenced at that "project site" within 2 years of the date the direct physical loss or damage occurred.

Any income generated from debris recycling will reduce the Company's loss payment.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Ordinance or Law—Demolition and Increased Cost of Construction.~~

- b. The Company will pay for loss to the undamaged portion of the constructed, erected or installed "builders risk property" resulting from the enforcement of any applicable ordinance or law that:
 - (1) Regulates the zoning, land use or construction of the damaged portion of that "builders risk property" at the time of direct physical loss or damage;
 - (2) Requires the demolition of all or a portion of that "builders risk property" not damaged by a "covered cause of loss"; and
 - (3) Is in force at the time of loss or damage.

~~The most the Company will pay under this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Ordinance or Law—Undamaged Portion of the Insured Project.~~

No coverage is provided under this Ordinance or Law Coverage Extension for:

- (1) Costs associated with the enforcement of any ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of, "pollutants", "fungus", wet rot, dry rot and/or bacteria;

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- (2) Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling, or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot, dry rot ~~and/or~~ bacteria; or
- (3) Costs to comply with any ordinance or law that were required to be complied with in the absence of the loss or damage.

14. Pollutant Clean-Up And Decontamination

- a. When required by ordinance, law or regulation in effect at the time of loss or damage, the Company will pay the reasonable and necessary costs incurred by the Insured to extract "pollutants" from land, water or debris at the "project site" or a "temporary offsite location" if the discharge, dispersal, seepage, migration, release or escape of "pollutants" is directly caused by a "covered cause of loss".
- b. When Paragraph a. above applies, the Company will also pay the Insured's reasonable and necessary costs incurred for:
 - (1) Restoring or replacing that contaminated land or water;
 - (2) Transporting that contaminated debris to a temporary storage or decontamination facility; and
 - (3) Testing performed in the course of extracting those "pollutants" from the land or water.

These costs will be paid only if they are reported to the Company in writing within 180 days of the date on which the "covered cause of loss" occurs.

This Coverage Extension does not apply to any other costs to test for, monitor or assess the existence, concentration or effects of "pollutants".

~~The most the Company will pay under this Coverage Extension for the Policy Term is the Policy Aggregate Limit of Liability shown on the Declarations for Pollutant Clean-Up and Decontamination.~~

15. Prevention Of Access – Ingress Or Egress

In the event of direct physical loss of or damage to property:

- a. Not insured under this Policy;
- b. Located within one mile from the "project site"; and
- c. Caused by a "covered cause of loss",

the Company will pay for actual and reasonable "contractor's extra expense" and "general conditions expense" incurred by the Insured:

- (1) When ingress or egress to the "project site" by suppliers, contractors or employees is physically obstructed for a period of time greater than 72 hours from the date of direct physical loss of or damage to property; and
- (2) In excess of the total expense that would normally have been incurred during the same period of time had no loss or damage occurred for the purpose of continuing the scheduled progress of undamaged work and only to the extent such expenses are necessary to continue as nearly as practicable the normal operation of the work in progress.

The Company will pay for "contractor's extra expense" and "general conditions expense" incurred after 72 hours from the direct physical loss or damage to property, for up to 30 days in any one "occurrence". The Company will not pay more than the Limit ~~of~~ Liability shown on the Declarations for Prevention of Access – Ingress or Egress.

No ~~other~~ Deductible applies to this Coverage Extension.

16. Protection Service Charges

When the fire department, police department or other governmental authority is called to save or protect Covered Property from a "covered cause of loss" at the "project site" or a "temporary offsite location", the Company will pay the Insured's liability for service charges assessed that are:

- a. Assumed by written contract or written agreement prior to loss or damage; or
- b. Required by local ordinance, law or statute.

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The Company will also pay for those costs incurred by the Insured's fire brigade to save or protect Covered Property from fire, but not including the costs to refill fire protective equipment.

The most the Company will pay for this Coverage Extension in any one "occurrence", regardless of the number of responding departments or authorities or number of services performed, is the Limit of Liability shown on the Declarations for Protection Service Charges.

No Deductible applies to this Coverage Extension.

17. Reward Payments

The Company will reimburse the Named Insured for rewards that the Named Insured paid to others for information leading to:

- a. The successful return of undamaged stolen Covered Property to the Insured or a law enforcement agency; or
- b. The arrest and conviction of any persons responsible for having damaged or stolen Covered Property.

The reward payments must be documented.

The most that the Company will pay under this Coverage Extension in any one "occurrence" is 25% of the covered loss of or damage to Covered Property, prior to the application of any applicable Deductible and recovery of any Covered Property, up to the Limit of Liability shown on the Declarations for Reward Payments.

18. Spare Construction Materials

The Company will pay for the direct physical loss of or damage to "spare construction materials" at the "project site" or a "temporary offsite location" caused by a "covered cause of loss".

~~The most the Company will pay for this Coverage Extension in any one "occurrence" is the Limit of Liability shown on the Declarations for Spare Construction Materials.~~

F. Limits Of Liability

1. The most the Company will pay in any one "occurrence" for all loss, damage, cost or expense reported for an "insured project" is the lesser of:

a. The ~~value~~ Maximum Limit Of Liability shown on the ~~"reporting form"; or~~ Declarations;

~~b. The "Insured Project" Limit Of Liability; or~~

~~b. The applicable "construction classification" limit identified on the Schedule of Rates and Deductibles;~~

~~c. subject to the Maximum~~ Limit of Liability shown on the Declarations.

2. The applicable Limit of Liability ~~for any Coverage Extensions shown on the Declarations or Coverage Option is the most the Company will pay for that specific coverage included elsewhere in this Policy are part of,~~ and not in addition to the Maximum Limit of Liability shown on the Declarations for each "insured project" individually.

~~3. The "Insured Project" Limit Of Liability shall be the estimated "total project value" initially reported for an "insured project".~~

~~4. The Coverage Extensions Limits of Liability shown on the Declarations apply as per "occurrence," for each "insured project" individually, unless stated otherwise. Coverage will only apply for that Coverage Extension when a dollar amount is entered. These Limits of Liability are included in, and not in addition to the Maximum Limit of Liability. If 'NCP' is shown under the Limits of Liability for a Coverage Extension, then no coverage is provided for that Coverage Extension.~~

~~4. Annual Aggregate Limits of Liability are included in, and not in addition to the Maximum Limit of Liability shown on the Declarations.~~

~~5. If a Limit of Liability is shown on the Declarations as a Policy Aggregate, then the Company will apply that Limit of Liability to all "occurrences" during the term of this Policy. 5. When an Annual Aggregate Limit Of Liability is shown, the amount payable for each "insured project" individually, for a "covered cause of loss" for all "occurrences" in a "policy year", will not exceed the Annual Aggregate Limit Of Liability shown. "Policy Year" means the twelve (12) consecutive months after the commencement of the Policy Term. The Annual Aggregate Limit Of Liability will not increase the Limits Of Liability stated in Section F.1. above or elsewhere in the Policy.~~

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~~6. When a Project Aggregate Limit Of Liability is shown for a specific coverage, the amount payable for each "insured project" individually, for a "covered cause of loss" for all "occurrences" in the period beginning with the effective date of this Policy, including all extensions of the original Policy Term. The Policy Aggregate Limits of Liability are included in, and not in addition to the Maximum Limit Liability shown on the Declarations.~~

~~6. With respect to the "earthquake", "flood" or "named storm" Causes of Loss, coverage for the most "insured project" and ending with the Company will pay for all loss of or damage to Covered Property are termination of coverage for the applicable Limits of "insured project" will not exceed the Project Aggregate Limit Of Liability shown for that Cause of Loss on. The Project Aggregate Limit Of Liability will not increase the Declarations. These Limits of Of Liability will apply as Annual Aggregate Limits of Liability unless stated otherwise. If it is indicated on the Declarations that these Limits of Liability do not apply as an Annual Aggregate Limit of Liability, then these Limits will apply as per "occurrence". These Limits of Liability are included in, and not stated in F.1. above or elsewhere in addition to, the Maximum Limit of Liability on the Declarations. If 'NCP' is shown under the Limit of Liability for any of those Causes of Loss, then no coverage is provided for that Cause of Loss Policy.~~

G. Increased Limits Clause

The Limit of Of Liability reported for a specific "insured project", is considered the estimated "total project value" when the "insured project" commences. Should any increase in the estimated "total project value" occur for any "insured project" prior to the completion of the "insured project", the corresponding Limit of Of Liability will automatically increase by the same amount to reflect such change. However, in no event will the increased Limit of Of Liability exceed the respective "construction classification" Limit of Of Liability shown on the Schedule of Rates and Deductibles or the Maximum Limit of Of Liability shown on the Declarations. ~~If no "construction classification" is reported, the Increased Limits Clause does not apply.~~

This Increased Limits Clause provision does not apply to any applicable Coverage Extension, Optional Coverage or Catastrophe Limits of Of Liability.

H. H. Deductibles

The Company will not pay for loss or damage in any one "occurrence" until the amount of loss, damage, cost or expense exceeds the applicable Deductibles shown on the Schedule of Rates and Deductibles. The Company will then pay the amount of loss or damage in excess of the Deductibles, up to the applicable Limits of Of Liability.

Unless stated otherwise, if more than one Deductible applies, the Company will apply each Deductible separately, but the total of all Deductible amounts applied will not exceed the highest applicable Deductible for loss or damage.

If an applicable Deductible is shown as a percentage, the Company will determine the amount of Deductible in any one "occurrence" as follows:

1. If there is loss of or damage to Covered Property at the "project site", multiply the applicable Deductible percentage, by the "total values in place" at the time of loss or damage.
2. If there is loss of or damage to Covered Property at a "temporary offsite location" or while in transit, multiply the applicable Deductible percentage, by the total amount of Covered Property at the "temporary offsite location" or in transit at the time of loss or damage.
3. Add the Deductible amounts calculated in Paragraphs 1. and 2. above together.

The Deductible amount that will apply to all loss, damage, cost or expense from that "occurrence" will be the greater of the sum determined in Paragraph 3. above, or the dollar Deductible amount shown on the Schedule of Rates and Deductibles.

Example - "Flood" Loss:

The "insured project" has a "total project value" of \$50,000,000. The "total values in place" are \$15,000,000 at the time of loss. In addition, a "temporary offsite location" also sustained damage from the same "occurrence". The total amount of Covered Property at the time of loss at the "temporary offsite location" is \$250,000. The Annual Aggregate Limit of Of Liability shown on the Declarations for "flood" is \$10,000,000. The total amount of covered loss at the "project site" and "temporary offsite location" combined is \$500,000.

The Flood Deductible amount shown on the Schedule of Rates and Deductibles is \$100,000 and the Flood Deductible percentage shown on the Schedule of Rates and Deductibles, is 2%.

The percentage Deductible amount is calculated as follows: $2\% \times (\$15,000,000 + \$250,000) = \$305,000$.

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The calculated percentage Deductible amount of \$305,000 exceeds the Flood Deductible amount of \$100,000 shown on the Schedule of Rates and Deductibles.

The loss amount payable is \$195,000 [\$500,000 (total amount of loss) less \$305,000 (calculated percentage Deductible amount)].

EXAMPLE - "Earthquake" Loss:

The "insured project" has a "total project value" of \$40,000,000. The "total values in place" are \$10,000,000 at the time of loss. The Annual Aggregate Limit of Liability on the Declarations for "earthquake" is \$5,000,000. The amount of covered loss is \$750,000.

The Earthquake Deductible amount on the Schedule of Rates and Deductibles is \$250,000 and the Earthquake Deductible percentage on the Schedule of Rates and Deductibles is 2%.

The percentage Deductible amount is calculated as follows: 2% x \$10,000,000 = \$200,000.

The calculated percentage Deductible amount of \$200,000 is less than the Earthquake Deductible of \$250,000 so the Earthquake Deductible amount of \$250,000 on the Schedule of Rates and Deductibles applies.

The loss amount payable is \$500,000 [\$750,000 (total amount of loss) less \$250,000 (Deductible amount)].

I. Valuation

The Company will determine the amount of covered loss or damage as follows:

1. Except as provided in 2., 3. and 4. below, the cost to repair, rebuild or replace "builders risk property" at the time of direct physical loss or damage by the Insured is based on the following:
 - a. Direct payroll cost for labor directly chargeable to the repair, rebuild or replacement of the damaged "builders risk property";
 - b. Reasonable contractors' profit, overhead charges and construction management fees as included in the original contract, or in any subsequent change order contract, as applicable;
 - c. Expenses for the dismantling, transportation and reassembly of damaged "builders risk property";
 - d. "General conditions expense"; and
 - e. "Property under construction" at the Insured's cost.

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For a "Green building", the valuation will include applicable "Green standards" in force at the time of loss or damage in the cost to repair, rebuild or replace the lost or damaged "Green building". If applicable "Green standards", or equivalent standards, are not available, the Company will replace the lost or damaged "Green building" with construction materials and equipment of like kind and quality.

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2. "Property under construction" owned by others at the lesser of the following:
 - a. The cost to repair, rebuild or replace "property under construction" at the time of direct physical loss or damage with materials of like kind and quality; or
 - b. The amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage of that property.
3. "Property under construction" owned by the Insured that was refurbished, reconditioned or recertified, at the lesser of the cost to repair or replace the "property under construction" or the price which that property might be expected to realize if offered for sale in a fair market on the date of loss or damage.
4. "Landscaping materials" at the cost to repair or replace "landscaping materials" at the time of direct physical loss or damage with materials of like kind, quality and size.
5. "Construction documentation and records" at the full cost necessary to research and reproduce the lost "construction documentation and records", plus the cost of the blank materials on which it resides. However, the Company will only pay for costs of research and reproduction if the Insured reproduces the "construction documentation and records".
6. "Construction trailers" at:
 - a. The actual cash value for owned "construction trailers".

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- b. For leased, rented or borrowed "construction trailers", the lesser of:
 - (1) The cost to repair or replace "construction trailers" with materials of like kind, quality and capability at the time and place of loss or damage; or
 - (2) The amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage to "construction trailers".
 - 7. Office trailer contents at the cost to repair or replace the Covered Property at the time of direct physical loss or damage with similar property intended to perform the same function. Office trailer contents not replaced will be valued at actual cash value, at the time and place of loss or damage.
 - 8. Property in transit at the invoice cost of the lost or damaged Covered Property plus accrued shipping charges less shipper's liability, if any.
 - 9. "Spare construction materials" at the lesser of the following:
 - a. The cost to repair, rebuild or replace "spare construction materials" at the time of direct physical loss or damage with materials of like kind and quality; or
 - b. If owned by others, the amount the Insured is legally obligated to pay for direct physical loss or damage by reason of the Insured's assumption of liability in a written agreement executed prior to the loss or damage of that property.
- However, refurbished, reconditioned or recertified "spare construction materials" owned by the Insured will be valued at the lesser of the cost to repair or replace the "spare construction materials" or the price which that property might be expected to realize if offered for sale in a fair market on the date of loss or damage.
- 10. "Existing real property" at the following:
 - a. Except as provided in Paragraph b. below, the cost to repair, rebuild or replace lost or damaged "existing real property" at the time and place of loss or damage with materials of like kind and quality. In the event that materials of like kind and quality are not available due to obsolescence or the means and methods of fabricating, manufacturing or installing such materials are not possible, the Company will pay the cost to repair, rebuild or replace with materials, means or methods that are functionally equivalent to the lost or damaged "existing real property".

~~If the "existing real property" is listed on a historical registry, the valuation will be the cost to repair, rebuild or replace the "existing real property" at the time of loss or damage with similar property intended to perform the same function.~~

- b. "Existing real property" which is not repaired, rebuilt, or replaced will be valued at actual cash value, at the time and place of loss or damage, but not more than the owner's building acquisition cost, less the value of the land.

J. J. Definitions

4.1. "Builders risk property" means:

- a. "Property under construction";
- b. "Landscaping materials"; and
- c. "Temporary works",

owned by the Insured or owned by others which are in the Insured's care, custody or control, or that the Insured is contractually responsible for and are included in the "insured project".

2.2. "Computer virus" means:

Software, electronic data or code including but not limited to:

- a. Destructive or malicious code or malware;
- b. Denial of service attack; or

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c. Any other acts of electronic vandalism, that affect the operation or functionality of "electronic hardware" or software.

that affect the operation or functionality of "electronic hardware" or software.

3.3. "Construction classification" means the following construction types:

a.a. Frame: A building where the walls are constructed of wood or other combustible materials, including when combined with other materials such as brick veneer, stone veneer, wood ironclad or stucco on wood.

b.b. Joisted masonry: A building where the walls are constructed of masonry materials such as clay, adobe, brick, gypsum block, cinder block, hollow concrete block, stone, tile, glass block or other similar material and where the floors and/or roof are combustible.

c.c. Masonry non-combustible: A building where the walls are constructed of masonry materials such as clay, adobe, brick, gypsum block, cinder block, hollow concrete block, stone, tile, glass block or other similar material but with a floor and roof constructed of metal or other non-combustible materials.

d. Non-combustible: A building where the walls, floors and roof are constructed of and supported by metal, asbestos, gypsum or other non-combustible material.

e. Fire resistive: A building where the walls, floors and roof are constructed of fire resistive materials having a fire resistance rating of not less than two hours.

f. Other: Any other construction types not listed above that are constructed of non-combustible materials or fire-resistive materials having a fire resistant rating of not less than two hours.

If any portion of the building walls are wood framing, the building is considered Frame.

Reference to walls means the structural frame and support walls. Reference to floors means the floors and floor supports. Reference to roof means the roof deck and roof supports.

4.4. "Construction documentation and records" means plans, blueprints, drawings, renderings, specifications, models or other contract documents in any format, including those which are stored electronically, relating to the "insured project".

~~**e)** "Construction schedule" means the time table, critical path, time line, bar chart or other scheduling tool documenting the start and completion date of the operations required for the construction of the "insured project".~~

6.5. "Construction trailers" means modular or portable office trailers, construction trailers, storage trailers, portable restroom or shower facilities and other temporary buildings incidental to the "insured project".

7.6. "Contractor's extra expense" means the following:

- a. Wages for overtime and work on public holidays;
- b. Rental fees for additional equipment; and
- c. Other reasonable and necessary emergency expenses.

~~**8-7.** "Covered cause of loss" means direct physical loss or damage, not otherwise excluded or limited in this Policy, which actually occurs during the Policy Term.~~

"Covered cause of loss" does not mean:

- a. Direct physical loss or damage which actually occurred prior to the Policy Term, regardless of the date on which it first becomes manifest or is first discovered; or
- b. Damage.

9.8. "Earthquake" means land movement due to seismic activity from an earthquake, including shocks and tremors.

"Earthquake" does not mean:

- a. Fire, explosion or theft resulting from "earthquake"; or
- b. Tsunami.

10.9. "Electronic hardware" means computers, computer peripherals, communication systems and other similar devices and components.

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41.10. "ENERGY STAR®" means the rating standard developed as a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy with the intent to save money and protect the environment through energy efficient projects and practices.

42.11. "Existing real property" means buildings or permanent structures, including equipment and apparatus used to maintain or service the buildings or structures that existed prior to the beginning of the "insured project".

"Existing real property" does not mean roadways, sidewalks or other paved surfaces or underground utilities at the "project site" that existed prior to the beginning of the "insured project".

43.12. "Expediting expense" means the costs for:

- a. The temporary repair of the "builders risk property"; and
- b. Expediting the permanent repair and replacement of damaged "builders risk property".

44.13. "Flood" means a general and temporary condition of partial or complete inundation of normally dry land areas or dewatered areas from:

- a. The overflow, or the expansion beyond normal boundaries of inland or tidal waters, including natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans or any other body of water or watercourse;
- b. Waves, tides or storm surge, including tsunami;
- c. Surface water; or
- ~~d.~~—The spray from items a., b. and c. above, whether driven by wind or not;
- ~~e.~~—Mudslides or mudflows caused by the accumulation of water on or under the ground; or
- ~~f.~~~~d.~~ Wind driven rain.

"Flood" does not mean fire, explosion or theft resulting from "flood".

45.14. "Flood level 1" means an area within the United States of America (excluding its territories, possessions and Puerto Rico) defined by the Federal Emergency Management Agency (FEMA) that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent annual chance is also referred to by FEMA as the base flood or 100-year flood. This includes, but is not limited to the following FEMA zones, Zone A, Zone AO, Zone AH, Zone A1-A30, Zone AE, Zone A99, Zone AR, Zone AR/AE, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, Zones V1-V30 and Zone D.

46.15. "Flood level 2" means an area within the United States of America (excluding its territories, possessions and Puerto Rico) defined by the Federal Emergency Management Agency (FEMA) between the ~~limits of~~limits Of the base flood and the 0.2-percent-annual-chance or 500-year flood. This is shown on the FEMA Flood Insurance Rate Map (FIRM) and includes, but is not limited to, Zone B or Zone X (shaded).

47.16. "Flood level 3" means areas within the United States of America (excluding its territories, possessions and Puerto Rico) not in "flood level 1" or "flood level 2".

48.17. "Fungus" means any form of fungus including, but not limited to, yeast, mold, mildew, rust, smut, mushrooms, spores, mycotoxins, odors or any substances or gases, products or byproducts produced by, released by or arising out of the current or past presence of fungi.

49.18. "General conditions expense" means the cost of:

- a. Site protection and security;
- b. Equipment preservation or maintenance;
- c. Temporary fencing;
- d. Temporary office facilities;
- e. Utilities;
- f. Related mobilization of equipment;
- g. Additional storage;

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- h. Equipment rental;
- i. Testing;
- j. Quality control; or
- k. Permits.

20.19. "Green building" means an "insured project" which is registered at the commencement of that "insured project" to be constructed to "Green standards" with the goal of achieving certification at the completion of the "insured project".

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24.20. "Green standards" means the following standards, products, methods and processes for improving the environment, increasing energy efficiency and enhancing safety and property protection:

- a. LEED® Green Building Rating System™ of the U.S. Green Building Council;
- b. Green Globes™ Assessment and Rating System;
- c. Other recognized independent, third-party administered Green Certification program requirements;
- d. "ENERGY STAR®"; or
- e. National Fire Protection Association codes, Underwriter Laboratories standards or other comparable local or International codes.

~~v) "Gross receipts" means the Insured's total cost for the "insured project".~~

23.21. "Insured project" means materials and work which the Insured has contracted for or is contractually obligated to perform, in accordance with the written construction contract, ~~and listed on the "reporting form".~~

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24.22. "Landscaping materials" means trees, plants, shrubs, grass, lawns, and other landscaping materials to be installed and made a permanent part of the "insured project", including those incorporated into any vegetative roof or wall systems.

"Landscaping materials" does not mean such materials that existed at the "project site" prior to the start of the "insured project".

25.23. "Named storm" means a specific storm system that has been named by the U.S. National Oceanic and Atmospheric Administration, the National Weather Service, the National Hurricane Center or the Central Pacific Hurricane Center.

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"Named storm" does not mean "flood" related to or resulting from a "named storm".

26.24. "Occurrence" means all loss or damage that is attributable directly or indirectly to one cause or a series of similar and related causes. All such losses or damages will be treated as one "occurrence".

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With respect to loss or damage caused by or resulting from:

- a. "Earthquake", all earthquake shocks that occur within any single 168-hour period will constitute a single "occurrence". The expiration of this Policy will not reduce the 168-hour period. The Insured may elect the moment when the 168-hour period begins, but no two such periods shall overlap.
- b. "Named storm", all loss or damage arising out of the same "named storm", including any tornados or microbursts associated with that "named storm", will constitute a single "occurrence".
- c. "Flood", all loss or damage arising during a continuous condition will constitute a single "occurrence".

27.25. "Off premises service interruption" means the interruption of power or other utility services supplied to the "project site", however caused, if the interruption takes place away from the "project site".

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28.26. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

29.27. "Project site" means the location of the "insured project" ~~as shown on the "reporting form".~~

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30.28. "Property under construction" means:

- a. Materials and supplies;

- b. Fill, backfill or fill additives;
 - c. Equipment and machinery;
 - d. Furniture and fixtures;
 - e. "Electronic hardware" and software; and
 - f. Other property as included in the written construction contract;
- that is intended to become a permanent part of the "insured project".

"Property under construction" does not mean "spare construction materials" or "existing real property".

34.29. "Public protection classes" are one of the following:

- a. Protected means that the "insured project" is located within:
 - (1) An area designated by the Insurance Services Office, Inc., or state equivalent rating bureau, as Public Protection Class (PPC) 1 through 7; and
 - (2) 500 feet of an operable fire hydrant and within five miles of a responding fire department.
- b. Unprotected means that the "insured project":
 - (1) Is located in an area designated by the rating bureau as Public Protection Class (PPC) 8 through 10; or
 - (2) Does not otherwise qualify as Protected as defined in Paragraph a. above.

32.30. "Renovations" are one of the following:

- a. Non-Structural Renovations; interior or exterior work to an existing structure including the upgrade of existing building systems, and not involving any Structural Renovations as defined in Paragraph b. below.
- b. Structural Renovations; any "insured project" with structural alterations to a building or structure, including:
 - (1) Moving or removal of load-bearing walls or supports;
 - (2) Installation of new stairwells or elevator shafts;
 - (3) Construction of additional stories on top of an existing building or structure;
 - (4) Foundation work or underpinning;
 - (5) Restoration due to damage caused by fire, windstorm or collapse; ~~or~~
 - (6) Seismic Renovations; modification of the existing structure with the intent to make it more resistant to seismic activity, ground motion or soil failure due to the peril of "earthquake"; ~~or~~
 - (7) Other work of a similar nature.

~~gg)~~ "Rental value" means "rental income" less non-continuing expenses.

34.31. "Reporting form" means the ~~most recent~~ schedule of "insured projects" ~~declared by the Named Insured in accordance with the reporting provisions specified in this Policy or as otherwise endorsed.~~

35.32. "Spare construction materials" means:

- a. Materials and supplies;
- b. Machinery and equipment;
- c. Furniture and fixtures; ~~and/or~~
- d. Other similar property,

owned by the Insured or owned by others that the Insured is contractually responsible for that is not included as "property under construction" but is kept in reserve for use as part of the "insured project", if needed.

36.33. "Specified causes of loss" means:

- a. Fire;
- b. Lightning;

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- c. Explosion;
- d. Aircraft or vehicles;
- e. Riot or civil commotion;
- f. Windstorm or hail;
- g. Smoke;
- h. Vandalism or malicious mischief; ~~and/or~~
- i. Leakage or accidental discharge from automatic fire protection systems.

~~37-34.~~ "Temporary offsite location" means any location, other than the "project site", where Covered Property is located on a temporary basis, except while in the course of manufacturing or processing at a manufacturer's or supplier's site or while in transit.

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~~38-35.~~ "Temporary works" means:

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- a. Installations or engineered solutions used in the course of construction to provide access, protection, support or services to the Insured at the "insured project"; ~~and/or~~
- b. Temporary service, repair or support for the "insured project" until the permanent works have achieved a state of completion allowing the temporary service, repair or support to be removed.

"Temporary works" includes, but is not limited to:

- (1) Formwork and falsework for structures;
- (2) Shoring and temporary bracing;
- (3) Scaffolding;
- (4) Temporary bridges;
- (5) Site hoarding and fencing;
- (6) Signage;
- (7) Cofferdams;
- (8) Tower crane bases or supports; ~~and/or~~
- (9) Anchors or ties for construction hoists.

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~~39-36.~~ "Total project value" means the completed cost of the "insured project", including:

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- a. Materials and labor costs for the "insured project", "general conditions expense", construction management fees and contractor's profit and overhead;
- b. Property not included in Paragraph a. above that is part of the "insured project" and owned by others for which the Insured has assumed responsibility; plus
- c. "Temporary works" not included in Paragraph a. above.

~~37.~~ "Total values in place" means the ~~value of~~ following values which existed immediately prior to the "builders loss or damage to the "insured project":

- ~~a.~~ "Builders risk property" constructed, erected or installed ~~plus the value of the "builders;~~
- ~~40. b.~~ "Builders risk property" not yet ~~constructed, erected or~~ installed that is at the "project site"; ~~and~~
- ~~c.~~ ~~Associated costs for labor, "general conditions expense", construction management fees and contractor's profit and overhead.~~

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~~41-38.~~ "Water damage" means all loss or damage caused by water, whatever the source and whether or not driven by wind, other than loss or damage caused by or resulting from "flood" or "named storm".

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Zurich Master Builders Risk General Conditions



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Table Of Contents

<u>Conditions</u>	<u>Page No.</u>
Abandonment	1
Alternative Dispute Resolution	1
Appraisal	1
Assignment	2
Bankruptcy or Insolvency	2
Cancellation	2
Changes	2
Concealment, Misrepresentation or Fraud	2
Conformance to Statutes	2
Duties in the In The Event of Loss or Damage	2
Examination of the Of The Insured's Books and Records	3
Extension of Term of Insurance	3
Increased Hazard	3
Inspections and Surveys	3
Legal Action Against the The Company	4
Liberalization Clause	4
Loss Payment	4
Marine Joint Loss Agreement	5
Mortgage Holders and Lender's Loss Payees	5
No Benefit to Bailee	6
Other Insurance	6
Pair and Set	6
Policy Term, Coverage Territory	7
Premiums	7
Recovery or Salvage	7
<u>Reinstatement/ Reduction—Aggregate Limit Of Liability</u>	<u>7</u>
Subrogation	8
Titles	8
Unintentional Errors or Omissions	8

Zurich Master Builders Risk General Conditions



A. Abandonment

There can be no abandonment of any property to the Company.

B. Alternative Dispute Resolution

If the Company and the first Named Insured disagree on an issue concerning this Policy either may request that the following procedure be used to settle such disagreement:

1. The Company or the first Named Insured may request of the other in writing that the dispute be settled according to an alternative dispute resolution procedure.
2. If the two parties agree to proceed, each will jointly select an alternative dispute resolution technique.
3. If both parties cannot agree on an alternative dispute resolution technique within 60 days of the written request, the parties will contact either the American Arbitration Association or the state Mediation or Dispute Resolution Service and will use their services to select or devise a dispute resolution mechanism.
4. Alternative dispute resolution procedures that may be used include mediation, arbitration or mini-trials, except where prohibited by applicable law or regulation.
5. All expenses of the alternative dispute resolution procedure will be shared equally by both parties.

Any decision or award made as a result of the alternative dispute resolution procedure will be limited by the terms, conditions and Limits of Liability of this Policy.

This Alternative Dispute Resolution provision will not be available for any dispute involving:

1. "Pollutants" or decontamination;
2. Arson or other attempted fraud by any Named Insured; or
3. The value of the property or the amount of loss as part of the **Appraisal** Condition below.

C. Appraisal

If the Company and the Named Insured disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will choose a competent, disinterested, and impartial appraiser, who has no direct or indirect financial interest in the claim. Each will notify the other of the appraiser selected within 20 days of such demand. The Named Insured may not invoke appraisal unless it has first fully complied with all provisions of this Policy, including the **Duties In The Event Of Loss Or Damage** Condition and has provided the Company with a signed and sworn statement of loss.

The appraisers will then select a competent, disinterested and impartial umpire. If they cannot agree upon an umpire within 15 days, either may request the selection by a judge of a court having jurisdiction.

The appraisers will state separately the value of each item of lost or damaged property as of the date of loss and amount of loss in accordance with the Valuation provisions of the applicable coverage. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear other expenses of the appraisal and umpire equally.

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If there is an appraisal, the Company still retains the right to deny the claim in whole or in part, based on the terms and conditions of this Policy.

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D. Assignment

The Named Insured's rights and duties under the Policy may not be transferred without the Company's written consent.

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E. Bankruptcy Or Insolvency

Bankruptcy or insolvency of the Named Insured will not relieve the Company of any of its obligations under this Policy.

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F. Cancellation

1. The first Named Insured shown on the Declarations may cancel this Policy by mailing or delivering to the Company advance written notice of cancellation of this Policy.
2. The Company may cancel this Policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if the Company cancels for nonpayment of premium; or
 - b. 60 days before the effective date of cancellation if the Company cancels for any other reason.
3. The Company will mail or deliver notice to the first Named Insured's address known to us.
4. Notice of cancellation will state the effective date of cancellation. Coverage will end on that date.
5. If this Policy is cancelled, the Company will send the first Named Insured any premium refund due. If the Company cancels, the refund will be pro-rata. If the first Named Insured cancels for any reason other than completion or cancellation of the "insured project", the refund will be calculated on a short rate basis.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

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G. Changes

This Policy contains all the agreements between the Named Insured and the Company concerning the insurance afforded. The first Named Insured shown on the Declarations is the sole and irrevocable agent for all Insureds and is authorized to make changes in the terms and conditions of this Policy with the Company's consent. This Policy's terms can be amended or waived only by endorsement issued by the Company and made a part of this Policy.

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H. Concealment, Misrepresentation Or Fraud

The Company will not pay as to any Insured who commits fraud, at any time, as it relates to this policy. The Company also will not pay as to any insured, at any time, if that Insured intentionally conceals or misrepresents a material fact concerning:

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1. This Policy;
2. The Covered Property;
3. The Insured's interest in the Covered Property; or
4. A claim under the Policy.

I. Conformance To Statutes

Any provisions required by law to be included in policies issued by the Company shall be deemed to have been included in this Policy.

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If the provisions of this Policy conflict with the laws of any jurisdictions in which this Policy applies, and if certain provisions are required by law to be stated in this Policy, this Policy shall be read so as to eliminate such conflict or deemed to include such provisions for the "project site" within such jurisdictions.

J. Duties In The Event Of Loss Or Damage

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

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1. Notify the police if a law may have been broken.

2. Give the Company prompt notice of the loss or damage, including a description of the property involved, as soon as practicable, but not later than 60 days after the loss or damage becomes known to the Named Insured.
3. As soon as possible, give the Company a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect, recover or save the Covered Property from further damage. If feasible, set the damaged property aside and in the best possible order for examination. Also, keep a record of expenses for emergency and temporary repairs for consideration in the settlement of the claim. This will not increase the Limit of Liability.
5. As often as may be reasonably required, permit the Company to inspect the property proving the loss or damage and permit the Company to make copies of the Insured's books and records.
6. Permit the Company to question any Insured, the Insured's employees or agents 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 the loss or damage, including an Insured's, books and records. In the event of this examination, an Insured's answers must be signed or attested to by a notary public or certified court reporter.
7. Give the Company a signed sworn statement of loss containing the information necessary to investigate the claim. If requested by the Company, the Company will supply the necessary forms. The Named Insured must return these completed forms within 60 days of the request or as required by law.
8. Cooperate with the Company in the investigation or settlement of the claim.

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K. Examination Of The Insured's Books And Records

The Company may examine and audit the Insured's books and records as they relate to this Policy at any time during the Policy Term and up to one year afterwards.

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L. Extension Of Term Of Insurance

With notification to and agreement by the Company prior to the expiration date of this Policy, the Policy Term may be extended for 90 days or less based on the rates stated on the Declarations in the Schedule of Rates and Deductibles, with the exception of the perils of "earthquake", "flood" and "named storm", which may be subject to different rates, deductibles, limits, terms and conditions determined by the Company at the time of the Company's agreement to the extension. Any extensions for more than 90 days beyond the original Policy Term expiration date will be subject to payment of additional premiums at rates, deductibles, limits, terms and conditions determined by the Company at the time of the Company's agreement to the extension.

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M. Increased Hazard

If the circumstances in which this insurance was entered into shall be altered or if the risk shall be materially increased, the Named Insured shall give notice in writing to the Company within 30 days of the Named Insured's knowledge of the same.

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N. Inspections And Surveys

1. The Company has the right to:
 - a. Make inspections and surveys at any time;
 - b. Give the Named Insured reports on the conditions found; and
 - c. Recommend changes.
2. The Company is not obligated to make any inspections, surveys, reports or recommendations and any such actions undertaken relate only to insurability and the premiums to be charged. The Company does not make safety inspections. The Company does not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. The Company does not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. above also apply with respect to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

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O. Legal Action Against The Company

No one may bring a legal action against the Company under this Policy unless:

1. All of its terms have been fully complied with; and
2. The action is brought within 2 years after the date on which the loss or damage commenced.

P. Liberalization Clause

Should the Company adopt any revisions that would broaden the coverage under this Policy without additional premium within 60 days prior to or during the Policy Term, the broadened coverage will immediately apply to this Policy.

Q. Loss Payment

1. In the event of loss or damage to Covered Property, the Company will, at its option, either:
 - a. Pay the amount of the loss or damage;
 - b. Pay the cost of repairing or replacing the lost or damaged property;
 - c. Take all or any part of the property at any agreed or appraised value; or
 - d. Pay the cost to repair, rebuild or replace the property with other property of like kind and quality.

The Company will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation provision in the **Zurich Master Builders Risk Coverage Form**.

The Company will give notice of its intentions within 30 days after receiving the sworn statement of loss, or as required by law.

2. The Company will not pay more than the Insured's financial interest in the Covered Property.
3. This Policy provides no rights or benefits to any other person or organization, unless otherwise provided. Any claim for loss that is covered under this Policy must be presented by the Named Insured. At the Company's option, the Company may adjust the loss with the owners of the lost or damaged property if other than the Insured. If the Company pays the owner, such payment will satisfy the Insured's claims against the Company for the owner's property. The Company will not pay the owner more than their financial interest in the Covered Property.
4. The Company may elect to defend the Named Insured at the Company's expense against suits arising from claims of owners of Covered Property. ~~The Company will do this at the Company's expense.~~
5. The Company will pay for covered loss or damage within 60 days, or as required by law, after receiving the sworn statement of loss, if the Insured has complied with all the terms of this Policy and:
 - a. The Company has reached agreement with the Named Insured on the amount of loss; or
 - b. An appraisal award has been made.
6. The first Named Insured shown on the Declarations will be the payee for any payment of claims that the Company may make with respect to this Policy, subject to the Mortgage Holders and Lender's Loss Payees Condition below. However, payments for loss or damage to property belonging to others may be to the account of the owner of the property.
7. The Company will adjust losses with the first Named Insured, or as directed by the First Named Insured.
8. When a Loss Payee is shown on the "reporting form" for an "insured project", the loss payee will be included in loss payments as respect their financial interest in the "insured project".

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R. Marine Joint Loss Agreement

The Insured agrees to externally inspect Covered Property as soon as practicable after delivery to a "project site" or "temporary offsite location" for any possible loss of or damage to that property sustained while in transit. For packed shipments which will be left in their packaging until a later date, the packaging is to be examined for signs of possible loss or damage. Where signs of possible loss or damage are visible, the packaging should be opened and the property inspected.

In the event of loss of or damage to Covered Property that is covered by both this Policy and Marine Insurance or similar insurance provided by other insurers, and there is disagreement between the Company and the Marine Insurers as to whether the loss or damage:

1. Was caused by a "covered cause of loss" insured under the Marine Insurance;
2. Was caused by a "covered cause of loss" insured under this Policy; or
3. Is partially covered by either,

the Company will pay, after the Company receives the Named Insured's written request, the amount of loss or damage that the Company has accepted as covered by this Policy and one-half (1/2) the amount of loss or damage that is in disagreement, but no more than the Company would have paid had there been no Marine Insurance in effect at the time of the occurrence, subject to the following conditions:

1. The amount of loss or damage is agreed to by the Named Insured, the Marine Insurers and the Company.
2. Any payment under this provision is limited to the least amount payable under either the Marine Insurance or this Policy. In no event will the Company pay more than the applicable Limit of Liability shown on the Declarations.
3. The Marine Insurers will pay the Named Insured the amount of loss the Marine Insurers have accepted as covered by the Marine Insurance and one-half (1/2) the amount of loss that is in disagreement.
4. After payment of the loss under the terms of this provision, the Marine Insurer and the Company agree to submit their differences to arbitration within 90 days of such payment. There will be three arbitrators, one will be appointed by the Company, one will be appointed by the Marine Insurer and one will be appointed by the mutual agreement of the Marine Insurer and the Company. The arbitrators' decision shall be binding on the insurers. Judgment on any award can be entered in any court that has jurisdiction.
5. The Insured agrees to cooperate with the Company in any arbitration proceedings.
6. This provision will not apply unless the Marine Insurance or similar insurance is endorsed with a Marine Joint Loss Agreement provision or similar provision.
7. Acceptance by the Named Insured of sums paid under this provision does not alter, waive or surrender the Named Insured's rights against the Company.

S. Mortgage Holders And Lender's Loss Payees

1. Mortgage holder includes Lender's Loss Payee and trustees.
2. The Company will pay for covered loss or damage to the "builders risk property" to each mortgage holder, in their order of precedence, as interests may appear.
3. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the "builders risk property".
4. If the Company denies the Named Insured's claim because of the Named Insured's acts or because the Named Insured has failed to comply with the terms of this Policy, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - a. Pays the premium due under this Policy at the Company's request if the first Named Insured has failed to do so;
 - b. Submits a signed, sworn statement of loss within 60 days after receiving notice from the Company of the Named Insured's failure to do so; and
 - c. Has notified the Company of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

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All of the terms of this Policy will then apply directly to the mortgage holder.

5. If the Company pays the mortgage holder for any loss or damage and denies payment to the Named Insured due to the Named Insured's acts or failure to comply with the terms of this Policy:

- a. The mortgage holder's rights under the mortgage will be transferred to the Company to the extent of the amount paid by the Company; and
- b. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired by the Named Insured's acts or failure.

The Company has the option to pay to the mortgage holder the whole principal on the mortgage or debt plus any accrued interest. In this event, the mortgage or note will be transferred to the Company and the remaining mortgage or debt will be paid to the Company.

6. If the Company cancels the Policy, the Company will give written notice to the mortgage holder at least:

- a. 10 days before the effective date of cancellation if canceled for the Named Insured's nonpayment of premium; or
- b. 60 days before the effective date of cancellation if canceled for any other reason.

7. If the Company elects not to renew the Policy, the Company will give written notice to the mortgage holder at least 10 days before the expiration date of this Policy.

T. No Benefit To Bailee

1. No person or organization, other than the Named Insured, having custody of Covered Property will benefit from this insurance.

2. Transit coverage provided under this Policy will be void if the Named Insured enters into any agreements with transportation carriers that:

- a. Release them from their common law or statutory liability; or
- b. Represent that this insurance will in any way inure to the benefit of such carriers.

However, the Named Insured may, without prejudice to this coverage, accept bills of lading, receipts or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of Covered Property.

U. Other Insurance

1. This insurance is primary, except when Paragraphs 2., 3. or 4. below apply.

2. This insurance is excess over any underlying insurance, including any insurance that the Named Insured purchased for all or any part of a Deductible in this Policy. The existence of underlying insurance shall not prejudice the Insured's rights under this Policy. The Deductible and any amount paid under such underlying insurance will apply to the applicable Deductible under this Policy.

3. To the extent others are responsible for loss of or damage to Covered Property while in transit under terms Free on Board, this insurance will be excess insurance and will not contribute with such other insurance.

4. If there is other insurance, whether purchased by the Insured or others, subject to the same plan, terms, conditions and provisions as the insurance provided under this Policy, the Company will pay the Company share of the covered loss or damage. The Company share is the proportion that the applicable Limit of Liability under this Policy bears to the sum of all the Limits of Liability covering on the same basis.

The Named Insured can purchase excess insurance commencing on or after the inception of this Policy that is specifically excess over the Limits of Liability under this Policy without prejudice to this Policy. The existence of such insurance shall not reduce any liability under this Policy.

V. Pair And Set

1. In the event of loss of or damage to Covered Property which is part of a pair or set, the measure of loss of or damage to such property will be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of the lost or damaged property to the pair or set, but in no event will such loss or damage be construed to mean total loss of the pair or set; or

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- In the event of loss or damage to any part of Covered Property consisting, when complete for use, of several parts, the Company will only be liable for the value of the part lost or damaged.

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W. Policy Term, Coverage Territory

Under this Policy:

- The Company covers loss or damage within the coverage territory which happens during the "insured project" term, provided the loss or damage occurs within the Policy Term.
- The coverage territory is:
 - The United States of America (including its territories and possessions); and
 - Puerto Rico.
- When this Policy provides coverage for property in transit:
 - The coverage territory is extended to Canada for property in transit as long as the origin or destination is included in Paragraph 2. above, except when property is being transported by a vessel.
 - The coverage territory is extended to everywhere else in the world for property while being transported by an aircraft, as long as either the origin or destination is included in Paragraph 2. above and neither the origin nor the destination is in any country upon which the United States government has imposed sanctions, embargoes or similar prohibitions.
- If the property is in transit by a vessel that originated outside the coverage territory included in Paragraph 2. above, then coverage commences when the property ~~has been fully discharged from~~ enters into the vessel onto a point within United States Exclusive Economic Zone as defined by the coverage territory U.S. Department of State.
- If the property is in transit by a vessel with a destination outside the coverage territory included in Paragraph 2. above, then coverage ends when the property ~~has been loaded on board the vessel~~ exits from the United States Exclusive Economic Zone as defined by the U.S. Department of State.
- With regard to Paragraphs 4. and 5. above, coverage provided under this Policy does not take the place of or satisfy any contractual requirement of the Insured to carry Ocean Marine insurance as it pertains to transit by vessel.

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X. Premiums

The first Named Insured shown on the Declarations is responsible for the payment of all premiums and will be the payee for any return premiums the Company pays.

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Y. Recovery Or Salvage

- If either the Insured or the Company recovers any property after a loss settlement, that party must give the other prompt notice. The Named Insured has the option to do one of the following:
 - Keep the loss payment and transfer the recovered property to the Company, or
 - Keep the recovered property and return the loss payment to the Company. If the Named Insured does this, the Company will pay for the recovery expenses and the expense to repair the recovered property, up to the applicable Limit ~~of~~ Liability.
- The amount of loss can be reduced by any salvage recovery through the sale of the damaged Covered Property.
 - If, following a loss, a recovery is made from the sale of damaged Covered Property and the Named Insured's claim has not yet been paid, the Company will be entitled to this salvage recovery until the Company has recovered its salvaging fees and expenses. The balance of the salvage recovery will be paid to the Named Insured and the amount of the Named Insured's loss settlement will be reduced by this balance.
 - If the Named Insured's claim has already been paid when a salvage recovery is made, the Company will be entitled to the salvage proceeds until the Company has recovered the difference between the amount the Company paid the Insured for the Named Insured's claim and the amount the Company would have paid the Named Insured had the salvage recovery been handled in accordance with Paragraph a. above. Any balance of the salvage recovery will then be promptly refunded to the Insured.

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Z. Reinstatement / Reduction – Aggregate Limit Of Liability

With the exception of covered loss or damage subject to Catastrophe Aggregate Limits Of Liability or other Aggregate Limits Of Liability, claims paid will not reduce Limits Of Liability. The reinstatement of an exhausted Aggregate Limit Of Liability is not permitted unless the Company agrees in writing to the terms and conditions and premium.

AA. Subrogation

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1. If any person or organization to or for whom the Company makes payment under this Policy has rights to recover damages from another, those rights are transferred to the Company, to the extent of the Company's payment. That person or organization must do everything necessary to secure the Company's rights and cooperate with the Company's efforts to recover the Company's payment and must do nothing after loss to impair the Company's rights. The Company will have no rights of subrogation against:

- a. Any person or entity, which is a Named Insured or an Insured; or
- b. Any other person or entity, which the Insured has waived its rights of subrogation against in writing prior to the loss.

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Notwithstanding the foregoing and whether or not they are an Insured under this Policy, the Company will be subrogated to all the Insured's rights of recovery against any:

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- c. Third party architect or engineer, for any loss or damage arising out of any error, omission or deficiency in the rendering or failure to render professional services by that architect or engineer or their employees (including leased or temporary employees) or others for whose acts they are legally liable.
- d. Manufacturer or supplier of machinery, equipment or other property, for the cost of making good any loss or damage which that manufacturer or supplier has agreed to make good under a guarantee or warranty, whether expressed or implied.

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2. Any recovery as a result of subrogation proceedings arising out of a covered loss, net of fees (including legal fees) and expenses the Company incurs in such subrogation proceedings, will be shared with the Named Insured in the following manner:

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- a. The Company will add the amount of any Deductible the Insured incurred to the amount of any other provable uninsured loss the Insured incurred. This is the Named Insured's interest.
- b. The Company will determine the proportion the Named Insured's interest bears to the entire provable loss (both insured and uninsured). This is the Named Insured's pro rata share.
- c. The Company will reimburse to the Named Insured for their pro rata share of the recovery after deduction, from the total recovery, of recovery expenses paid by the Company and after deduction of any legal fees paid by the Company. The Company will retain the balance. The Company will not owe the Named Insured any amount for any legal fees or expenses incurred by the Named Insured in furtherance of any recovery unless those fees or expenses are approved in advance by the Company in writing.

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AABB. Titles

The titles of the various paragraphs and endorsements of this Policy are inserted solely for reference and shall not in any way affect the provisions to which they relate.

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ABCC. Unintentional Errors Or Omissions

The Named Insured's unintentional error or omission in reporting, or the failure to report, information to the Company in accordance with the terms and conditions of this Policy, will not prejudice the Named Insured's right of recovery. However, the Named Insured or their authorized representative, upon becoming aware of such error or omission, must inform the Company within 30 days of the Named Insureds' discovery of such error or omission and pay any additional premium due. In no event shall any such recovery exceed the "construction classification" Limit of Liability or any other applicable sublimit, whichever is less, for the Project.

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Reporting and Premium Adjustment



Policy No. _____

Eff. Date of Pol. _____

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Zurich Master Builders Risk Total Project Value Reporting And Premium Adjustment



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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Policy No. _____	Effective Date: _____
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This endorsement modifies insurance provided under the:
Zurich Master Builders Risk Coverage Form

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A. Insured Projects

When a project is subject to Total Project Value reporting this endorsement applies. The Company will only cover projects the Insured reports, except as otherwise provided.

B. Schedule

Schedule

Reporting Period	Premium Adjustment Payment Period	Policy Deposit and Minimum Premium
<input type="checkbox"/> Monthly Reporter — Total Project Value	<input type="checkbox"/> Monthly	\$ _____
	<input type="checkbox"/> Quarterly Paid In Full At Time Of Reporting	\$ _____
<input type="checkbox"/> Quarterly Reporter — Total Project Value	<input type="checkbox"/> Quarterly	\$ _____
<input type="checkbox"/> — Quarterly Reporter — Gross Receipts	<input type="checkbox"/> Quarterly Paid In Full At Time Of Reporting	\$ _____

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"Insured Project(s)" with "total project value(s)" less than or equal to \$5,000,000 are not subject to final premium adjustment as described in Section F. below.

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A.C. Reporting

1. The applicable Reporting Period is shown in the Schedule above.
 - a. If the Reporting Period is shown as Monthly Reporter, one of the following options shall apply:
 - (1) When the Premium Payment Period is Monthly – the Insured will provide a "reporting form" showing as of the last day of each month, the "total project value" for each "insured project" which is under construction during that respective month.
 - (2) When the Premium Payment Period is Paid In Full At Time Of Reporting, the Insured will provide a "reporting form" showing as of the last day of each month, the "total project value" for each "insured project" which incepts during that respective month.
 - b. If the Reporting Period is shown as Quarterly Reporter, one of the following options shall apply:
 - (1) When the Premium Payment Period is Quarterly – the Insured will provide a "reporting form" showing as of the last day of each third consecutive quarter, the "total project value" which is under construction that respective quarter.
 - (2) When the Premium Payment Period is Paid In Full At Time Of Reporting, the Insured will provide a "reporting form" showing as of the last day of each third consecutive month, the "total project value" for each "insured project" that has incepted since the last reporting period.
2. For each "insured project" which has incepted as stated in a written contract, the Named Insured agrees to send the Company within 30 days following the end of the applicable Reporting Period an initial "reporting form" which includes:
 - a. Project Name;
 - b. "Project Site" (street address, city, state);
 - c. Project Description;
 - d. The "Total Project Value";
 - e. Type of Construction as it corresponds to the "construction classifications";
 - f. The Project Inception date and Premium Adjustment the estimated project completion date; and
 - g. The names of all parties to be included as Named Insured, Mortgage Holders or Lender's Loss Payees.
3. If a new construction project incepts and is not reported as provided in 1. and 2., the Company will provide coverage for an "occurrence" at that new construction "project site" for up to 120 days after the date an unreported project incepts, subject to the terms and conditions of the Policy. The Company will charge the first Named Insured premium as of the date the unreported project incepted for the "Total Project Value".
4. The Named Insured may submit a supplemental interim "reporting form" to correct or modify the initial "reporting form".

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4. D. Deposit and Minimum Premium, Billed Premium

The Deposit and Minimum Premium shown in the Schedule above is an advance premium for ~~an anticipated~~ "insured project". ~~Based on projects during the Policy Term based on the values information the Insured reports according provides to the applicable Reporting and Adjustment Period shown in the Schedule above, the Company.~~ The Company will determine ~~the an~~ earned premium ~~due for each reported "insured project"~~ using the applicable rates stated in the Schedule of Rates and Deductibles attached to this Policy. This earned premium ~~per "insured project"~~ will be applied against the Deposit and Minimum Premium until the Deposit and Minimum Premium ~~is are~~ fully earned. The Company will then bill the first Named Insured for ~~any~~ additional premium. ~~All premiums as required, consistent with the "Total Project Value" reported and the applicable rates stated in the Schedule of Rates and Deductibles attached to this Policy.~~ Billed premium will be due and payable within 30 days following ~~billing and in accordance with the Adjustment Premium Payment Period shown stated in the Schedule above.~~

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In no event will the premium for this Policy be less than the Deposit and Minimum Premium shown in the Schedule above.

2. Report of Project Values

Within 30 days following the end of the Reporting Period shown in the Schedule above, the Named Insured agrees to send the Company a "reporting form" which includes the "total project value" or the "gross receipts", as shown in the Schedule above, for each "insured project" in progress.

If a subsequent "reporting form" for a previously reported "insured project" shows an increase or a decrease in the "total project value", the Company will recalculate the earned premium back to the inception of that "insured project" to reflect that increase or decrease in the "total project value".

The Company will cover only the "insured projects" the Insured reports. However, if a new project begins after a report is due and **E. "Total Project Value" and Special Premium Adjustment Situations**

1. If the last "reporting form" for an "insured project" before a covered loss or damage occurs, the Company will pay for that covered loss or damage at that new construction project site subject to the applicable terms and conditions for up to 90 days after the unreported project commences. The Company will charge the first Named Insured premium for that unreported project from the date the unreported project commences.

3. Full Reporting

If the last "reporting form" before loss or damage "occurrence" shows "total insured values" that are less than the Insured's actual covered loss, in an "occurrence", the Insured will be required to pay the additional premium that reflects the difference between the actual "total project value" and the reported "total project value". If before the actual "occurrence" and the "total project value" at the time of loss or damage exceeds the applicable Limit of Liability shown on "occurrence", subject to the Declarations for provisions stated in Section G. of the "construction classification" of that "insured project", the Insured will pay the premium difference between the Limit of Liability for that "construction classification" and the reported "total project value". **Zurich Master Builders Risk Coverage Form.**

4. Reporting Period

a. If the Reporting Period is shown as a Monthly Reporter — Total Project Value, the Insured will provide a "reporting form" as of the last day of each month for the **2. When the actual "total project value" for each an "insured project" in progress at any the time during that month.**

a. If the Reporting Period is shown as a Quarterly Reporter:

(1) For Quarterly Reporting — Total Project Value, the Insured will provide a "reporting form" as of the last day of each third consecutive month for the **of a covered "occurrence" exceeds the applicable Limit Of Liability for an applicable "construction classification", and only if the actual "total project value" for each of the "insured project" in progress at any time during that quarter.**

(2) For Quarterly Reporting — Gross Receipts, **is consistent with the Company's underwriting criteria for the applicable "construction classification", the premium for the Insured will provide a "reporting form" as of difference between the last day of each third consecutive month Limit Of Liability for the "gross receipts" for each "insured applicable "construction classification" and the "total project" in progress value" at the time of the "occurrence" will be determined and required to be paid by the insured. If the "total insured values", at any the time during that quarter of the "occurrence" are not consistent with the Company's underwriting criteria for the applicable "construction classification", there will be no change in the "construction classification" Limit Of Liability.**

B. Reporting and

F. "Insured Project" Final "Total Project Value" Premium Adjustment

1. Reporting Provision

Within 30 days following the **termination expiration date** of the **Policy; "Insured Project"**, the first Named Insured agrees to send the Company a statement of the final "total project value".

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2. Premium Adjustment

~~" for the "Insured Project". If the final "total project value" varies by more than 5% of the estimated "total project value" declared reported at policy inception, the final Company will recalculate the earned premium will be calculated by applying the applicable annual rates shown for the actual term of coverage back to the final "total project value". Based on the difference between the Total Deposit Premium and the final earned premium, the inception of that "insured project". The Company will charge additional premium or return any excess premium, subject to the minimum and earned premium. In no event will the premium be less than the Minimum Premium shown in the Schedule above.~~

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~~All other terms and conditions of this Policy remain unchanged.~~ **G. Additional Conditions**

~~1. In the event an "insured project" is contractually required to comply with California Public Contract Code 7105, coverage shall be made available through issuance of a separate project policy.~~

~~2. At the Named Insured's option, an "insured project" otherwise covered under this Policy can be placed on a separate stand-alone project policy.~~

~~With regard to 1. and 2. above, the Named Insured must inform the Company as soon as practicable of their intent or request. In the event a separate project policy is issued, coverage provided under such policy will be based on the terms and conditions of this Policy subject to any additional terms and conditions which may arise from project specific requirements.~~

~~All other terms, conditions, provisions and exclusions of this policy remain the same.~~

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Zurich Master Builders Risk Declarations



1 Policy Number:

0

2 Insuring Company:

0

3 Named Insured:

0

Mailing Address:

City, State, Zip:

Named Insured shall also include any subsidiary and affiliated companies owned or majority controlled by the first Named Insured, as now exist or may hereafter be constituted or acquired.

4 Additional Insureds:

0

~~Owners~~When any Named Insured is party to a written contract or agreement that requires owners, contractors and, subcontractors, tenants at the "project site", architects and, engineers, all as required by any written contract or written subcontract made prior to the date of loss manufacturers, suppliers or damage to the Covered Property, and including any other legal entity to be identified as an additional insured for an "insured project", this Policy includes the legal entity as required by the first Named Insured an additional insured, and then only as to their respective financial interest in the Covered Property, are included as Additional Insureds under this Policy. As respects manufacturers and suppliers, their interest is limited to their respective financial interest in the Covered Property at the "project site" only.

Additional Insureds may also be listed above or endorsed to this Policy.

5 Mortgage Holders/Lender's Loss Payees And Loss Payees

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prior to the application of any applicable Deductible, up to the Limit

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Crane Re-Erection Expense \$

Per "occurrence"

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Damage To Existing Real Property - Limited \$

Per "occurrence"

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Debris Removal \$

Per "occurrence"

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25% of the amount of covered loss of or damage to Covered Property, prior to the application of any applicable

Deductible, up to the Limit

~~of~~Of Liability of:

Design Professional Fees \$

Per "occurrence"

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Emergency Property Protection Expense \$

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- Annual Aggregate			
Fire Protective Equipment Refills	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Off Premises Service Interruption - Direct Damage	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Ordinance Or Law - Demolition And Increased Cost Of Construction	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Ordinance Or Law - Undamaged Portion Of The Insured Project	Included in Project Site Limit of Liability	<u>Per "occurrence"</u>	Formatted Table Formatted: Justified Inserted Cells Formatted: Justified
Pollutant Clean-Up And Decontamination - Policy Project Aggregate	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Prevention Of Access - Ingress Or Egress	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Protection Service Charges	\$	<u>Per "occurrence"</u>	Formatted: Justified Formatted: Justified
Reward Payments:	\$	<u>Per "occurrence"</u>	

25% of the amount of covered loss or damage to Covered Property, prior to the application of any applicable Deductible, up to the Limit Of Liability of:

Construction Materials \$ _____ Per "occurrence"

8 Catastrophe Perils

Reward Payments — 25% of the amount of covered loss or damage to Covered Property, prior to the application of any applicable Deductible, up to the Limit of Liability of: With respect to the "Earthquake," "Flood," and "Named Storm" causes of loss, the most the Company will pay for covered loss or damage for an "insured project" in any one "occurrence" and as an Annual Aggregate "are the Limits Of Liability shown below. The applicable Limits Of Liability are determined

\$ _____

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by the state, Zone or Level of the location of the "insured project" loss or damage.

If an "Earthquake" occurrence causes Covered Loss or Damage to an "insured project" that is located in more than one state or Zone, a single per "occurrence" sublimit will apply that is equal to the greater applicable state or zone Limit Of Liability for "Earthquake."

If a "Flood" occurrence causes Covered Loss or Damage to an "insured project" that is located in more than one flood level area, a single per "occurrence" sublimit will apply that is equal to the greater applicable flood level area Limit Of Liability for "Flood."

If a "Named Storm" occurrence causes Covered Loss or Damage to an "insured project" that is located in more than one state or Zone, a single per "occurrence" sublimit will apply that is equal to the greater applicable state or zone Limit Of Liability for "Named Storm."

"Earthquake"

\$ Within California \$ Per "occurrence" and Annual Aggregate

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Within all \$ _____ Per "occurrence" and Annual Aggregate
Earthquake Zone
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Appendix

Within \$ _____ Per "occurrence" and Annual Aggregate
Earthquake Zone
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Within \$ _____ Per "occurrence" and Annual Aggregate
Earthquake Zone
3 and
Zone 4
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8 "Flood"

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Within
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areas

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Per "occurrence" and Annual Aggregate

Within
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Per "occurrence" and Annual Aggregate

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Per "occurrence" and Annual Aggregate

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**"Named
Storm"**

Within
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Per "occurrence" and Annual Aggregate

Within
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Per "occurrence" and Annual Aggregate

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Within \$ _____ Per "occurrence" and Annual Aggregate
Wind
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9 Deduct
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Refer to Zurich Master Builders Risk Schedule of Rates and Deductibles and the Policy Terms and Conditions.

10. Catastrophe Limits of Liability

With respect to the Causes of Loss below, the most the Company will pay for all loss of or damage to Covered Property in any one occurrence and as an Annual Aggregate for any one "insured project" are the Limits of Liability shown below. The applicable Limits of Liability are determined by the state, Zone or Level of the location of the "insured project" that suffered loss or damage. These Limits of Liability are included in, and not in addition to the Maximum Limit of Liability. If "NCP" is shown under the Limit of Liability for any of these Causes of Loss, no coverage is provided for that Cause of Loss.

"Earthquake"

- \$ _____ Within California;
- \$ _____ Within all other Earthquake Zone 1 (Other than California);
- \$ _____ Within Earthquake Zone 2;
- \$ _____ Within Earthquake Zone 3 and Zone 4;

"Flood"

- \$ _____ Within any "flood level 1" prone areas;
- \$ _____ Within any "flood level 2" prone areas;
- \$ _____ Within any "flood level 3" prone areas;
- NCP** United States territories and possessions, and Puerto Rico

"Named Storm"

- \$ _____ Within Florida and within Wind Zone 1 designated areas;
 - \$ _____ Within Wind Zone 2 designated areas, other than Florida;
 - \$ _____ Within Wind Zones 3 and 4;
- If checked, the Annual Aggregate Limit of Liability does not apply to "named storm".

11. Deductibles: Refer to Zurich Master Builders Risk Schedule of Rates and Deductibles.

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