

BUILDERS RISK PLUS® RENOVATION PROJECT COVERAGE FORM

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

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

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

A. Coverage

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

1. Covered Property as used in this Coverage Form, means:

- a.** your property and property for which you are legally responsible, in your care, custody or control, consisting of: building materials and supplies, equipment, machinery and fixtures;
- b.** fences, foundations, excavations, underground pipes, drains, paving, pilings that are not attached to piers, at any renovation project jobsite covered by this Coverage Form;
- c.** the "usable existing structure(s)" that exist prior to any alteration, addition, improvement, renovation or repair;

which is, or is intended to become, a permanent part of the structure(s) at the jobsite(s) described in the Declarations.

2. Property Not Covered

Covered Property does not include:

- a.** water, land, (including land on which the property is located), grading or fill;
- b.** contraband or property in the course of illegal transportation or trade;

- c.** trees, shrubs, lawns, growing crops;
- d.** accounts, bills, currency, deeds, evidences of debt, money, notes or securities;
- e.** contractor's equipment, aircraft, motor vehicles, watercraft, machinery, tools or similar property which will not become a permanent part of the structure(s) at the jobsite described in the Declarations;
- f.** bridges, tunnels, piers and attached pilings, wharves and dams whether or not in the course of construction, reconstruction, renovation or repair;
- g.** property while waterborne (other than while on regularly scheduled ferries or railroad car floats).

3. Covered Causes of Loss

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

4. Coverage Extensions

a. Debris Removal

We will pay your actual and necessary expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss.

The most we will pay for "loss" under this Coverage Extension is the percentage shown in the Declarations for the sum of the amount we pay for direct physical "loss" to Covered Property plus the applicable deductible amount.

If the sum of debris removal expense, deductible amount and our payment for direct "loss" exceeds the applicable Limit of Insurance shown in Section **A.** of the Declarations, we will pay up to the Limit of Insurance shown in Section **B.** of the Declarations for additional debris removal expense.

This Coverage Extension does not apply to the cost to:

- (1) extract "pollutants" from land or water; or
- (2) remove, restore or replace polluted land or water.

b. Pollutant Clean Up and Removal

We will pay your necessary expense to extract "pollutants" from land or water at a jobsite if the release, discharge or dispersal of the "pollutants" results from a Covered Cause of Loss to Covered Property that occurs during the policy period. Your expenses will be paid only if they are reported to us within 180 days of the earlier of:

- (1) the date of the "loss"; or
- (2) the end of the policy period.

The most we will pay under this Coverage Extension is the Limit of Insurance shown in Section **B.** of the Declarations for the sum of all such expenses for each separate policy period up to 12 months.

The limit of Pollutant Clean Up and Removal is separate from the Limits of Insurance stated elsewhere in the policy.

c. Loss Data Preparation

We will pay up to the Limit of Insurance shown in Section **B.** of the Declarations for your actual cost of preparing a statement of loss or any other exhibits required in connection with any claim under this Coverage Form.

B. Exclusions

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

a. Governmental Action

We will not pay for loss caused by seizure or destruction of property by order of governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form.

b. Nuclear Hazard

We will not pay for loss caused by the following:

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

c. War and Military Action

We will not pay for loss caused by the following:

- (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 govern-

ment, sovereign or authority using military personnel or other agents; or

- (3) insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

d. Earth Movement

We will not pay for loss caused by the following:

- (1) Any earth movement (other than "sinkhole collapse") such as earthquake, landslide, mine subsidence or earth sinking, rising, shifting, expanding, contracting or any other earth movement. But if loss or damage by fire, theft, or explosion results, we will pay for that resulting "loss."

- (2) Volcanic eruption, explosion or effusion. But if "loss" by fire or volcanic action results, we will pay for that resulting "loss."

Volcanic action means direct "loss" resulting from the eruption of a volcano when the "loss" is caused by:

- (a) airborne volcanic blast or airborne shock waves;
- (b) ash, dust or particulate matter; or
- (c) lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

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

e. Water

We will not pay for loss caused by the following:

- (1) flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;

- (2) mudslide or mudflow;

- (3) water that backs up from a sewer or drain; or

- (4) water under the ground surface pressing on, or flowing or seeping through:

- (a) foundations, walls, floors or paved surfaces;

- (b) basements, whether paved or not; or

- (c) doors, windows or other openings.

- (5) Water Damage as a result of freezing, unless:

- (a) you have shut off the water supply and drained the plumbing systems; or

- (b) made a reasonable effort to maintain heat in an enclosed building.

But if "loss" by fire, explosion, theft or sprinkler leakage results, we will pay for that resulting "loss."

f. Building Ordinance

The enforcement of 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.

g. "Fungus," Wet Rot, Dry Rot and Bacteria

- (1) presence, growth, proliferation, spread, destruction, decomposition or any other activity of "fungus," wet rot, dry rot, or bacteria;

- (2) we will not pay for the cost to test, monitor, contain, remove, extract, dispose of, treat, remediate, neutralize, or decontaminate land, water, or any property which has been (or is suspected to have been) contaminated by the presence of "fungus," wet rot, dry rot or bacteria.

This exclusion does not apply when "fungus," wet rot, dry rot or bacteria results from a fire or lightning "loss" which occurs during the policy period.

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

- a. Delay, loss of use, loss of market or any other consequential loss.
- b. Dishonest or criminal acts by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone (other than a carrier for hire) to whom you entrust the property:

- (1) acting alone or in collusion with others;
- (2) whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

- c. Rain, sleet, snow, hail, ice or dust to property not in a fully enclosed building. This exclusion does not apply to property in the custody of carrier for hire, or "loss" due to collapse of a structure caused by weight of rain, sleet, snow, hail, ice or dust.
- d. Unexplained loss, mysterious disappearances or shortage disclosed upon taking inventory. This exclusion does not apply to property while in the custody of a carrier for hire or public warehouseman.

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

- a. Collapse or weather conditions. But this exclusion only applies if weather conditions or collapse contribute in any way with a cause or event excluded in Paragraph 1. above to produce the "loss."
- b. Acts or decisions; including the failure to act or decide, of any person, group, organization or governmental body.
- c. Gradual deterioration, hidden or latent defects, any quality in the property that causes it to damage or destroy itself, wear and tear, depreciation, corrosion, rust, dampness or dryness, cold or heat, insects, rodents, birds or other animals.
- d. Settling, cracking, shrinking, expansion, bulging, leaning or sagging of:
- (1) any structure; or
- (2) the structure footings; or
- (3) the structure foundation; or
- (4) of the earth.

4. We will not pay for "loss" caused by or resulting from the following causes.

But, if as a result of the following there is "loss" to other Covered Property by a Covered Cause of Loss, we will pay that resulting "loss."

- a. Artificially generated electric current that creates a short circuit or other electric disturbance within electrical devices, appliances or wires. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.
- b. Mechanical breakdown of machinery including rupture or bursting caused by centrifugal force.
- c. Faulty, inadequate or defective:

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

5. We will not pay for:

- a. Penalties for noncompletion or non-compliance with contract conditions, or liquidated damages (as defined in the construction contract for the specific insured project).
- b. Any "loss" covered under any guarantee, warranty or other expressed or implied obligation of any contractor, manufacturer or supplier. This exclusion applies whether or not such contractor, manufacturer or supplier is a Named Insured.

C. Limits Of Insurance

The most we will pay for "loss" due to Covered Causes of Loss is the applicable Limit of Insurance shown in the Declarations.

D. Deductible

We will pay the amount of the adjusted "loss" in excess of the Deductible amount shown in the Declarations, up to the applicable Limit of Insurance.

E. Additional Conditions

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

1. Coinsurance

Coinsurance applies to the New Construction Work, which must be insured for its total "completed value" at the time of loss or you will incur a penalty for this New Construction Work. We will pay only the proportion of any loss that the applicable

Limit of Insurance shown in the Declarations bears to the total "completed value" of this New Construction Work.

Coinsurance does not apply to the "usable existing structure."

2. Valuation

General Condition **F. Valuation** in the **Commercial Inland Marine** Conditions is replaced by the following:

a. New Construction Work

We will adjust a "loss" to new construction work on the basis of replacement cost, including the contractor's reasonable overhead and profit.

b. The "Usable Existing Structure"

We will adjust a "loss" to the "usable existing structure" on the basis of its "functional value;" unless you have purchased the "usable existing structure" within the 12 months prior to the date this policy begins in which case this valuation reverts to the lesser of:

- (1) your actual purchase price less the cost of land; or
- (2) its "functional value".

c. Other Covered Property

We will adjust "loss" to:

- (1) owned property at the actual cash value, including labor and delivery charges;
- (2) property of others at the cost to repair or replace but not more than the amount for which you are legally liable.

Property will be valued as of the time the "loss" occurs.

The most we will pay is:

- (1) the amount necessary to repair the Covered Property; or

- (2) the amount necessary to replace the Covered Property with materials of the same kind or quality; or
- (3) the applicable Limit of Insurance;

whichever is less.

3. Duty to Preserve Rights of Recovery

- a. Before a "loss" you may waive your rights of recovery against any individual, corporation or other entity except:

- (1) Any architect, engineer, or other party or entity responsible for any design, specifications, or plans for the fabrication, erection or completion of the property insured with respect to any loss or damage that may be caused by:

- (a) fault, defect, error or omission in such design, specifications, or plans;

- (b) performance of, or failure to perform, supervisory or management functions related to the construction project(s).

- (2) Any contractor, manufacturer or supplier of Covered Property that has agreed to make good any loss or damage under a guarantee or warranty.

If any act or agreement of yours impairs our right to recover for "loss" as described above, we will not cover the "loss."

- b. We will not cover any "loss" which you settle or compromise without our written consent.

4. Cancellation

The following is added to **Common Policy Conditions**, Paragraph 5.: If the first Named Insured cancels this policy, we will retain at least the Minimum Premium amount shown in the Declarations.

5. Where Coverage Applies

Coverage applies while Covered Property is:

- a. at the construction jobsite premises described on the Declarations; or
- b. in transit by truck or railroad to the covered jobsite, to off site fabrication or to temporary safekeeping locations,

all while within the United States of America, the District of Columbia or Canada, but excluding while in transit to and from Alaska; to and from Hawaii.

6. When Coverage Begins and Ends

We cover from the time the Covered Property is at your risk starting on or after the date this policy begins.

This coverage will end on each structure when any of the following occurs:

- a. "active renovations" have not begun within thirty (30) days from the date this policy begins;
- b. the purchaser accepts it;
- c. your interest in the Covered Property ceases; or you abandon the construction;
- d. 90 days after the structure is "substantially completed" (if no work on the structure has taken place during that period);
- e. when a structure is occupied or put to its intended use, without our written consent;
- f. any other insurance covers the property as a completed building or structure;
- g. this Coverage Form is cancelled; or
- h. the end of the policy period.

F. Definitions

"Active Renovations" means regular and on-going demolition, removal activity or new work being done to the covered property at the described location.

"Completed Value" means the total value of all Covered Property (including buildings, fences, foundations, underground pipes, drains, paving and pilings that are a permanent part of the covered job) when the job will have been finished at the end of the construction period. The "Completed Value" includes labor, cost of materials and the contractors reasonable overhead and profit.

"Completed Value" does not include:

1. the cost of land; nor
2. the cost of developing land to make it suitable for building (e.g., clearing, filling, grading).

"Functional Value" means the cost to repair or replace the "usable existing structure" at the time of loss with the lesser of:

1. materials of similar kind and quality to those damaged or lost minus a proper deduction for depreciation, or
2. contemporary methods and materials which may be dissimilar but functionally equivalent to the damaged or lost property.

"Fungus" means any type or form of fungus, including mold, mildew, yeast, or mushroom and any toxin, mycotoxin, spore, scent, waste

product or by-product produced or released by any fungus or by metabolism, growth, death or decay of any fungus.

"Loss" means accidental loss or damage.

"Pollutant" 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.

"Sinkhole Collapse" means the sudden sinking or collapse of the land into underground empty space(s) created by action of water on limestone or similar rock formations.

It does not include:

1. the value of land;
2. the cost of filling sinkhole;
3. indirect or consequential loss, the loss of use arising from sinkhole collapse;
4. sinking of the land into man-made structures.

"Substantially Completed" means construction project structure(s) is usable for its intended purpose.

"Usable Existing Structure" means only those parts of an existing structure which are intended to be a permanent part of the renovated structure, according to the project plans, including all alterations, additions, improvements, renovations or repairs that occurred prior to the effective date of this policy.