

## Filing at a Glance

Companies: Continental Casualty Company , National Fire Insurance Company of Hartford, American Casualty Company of Reading PA, Transportation Insurance Company, Valley Forge Insurance Company, Continental Insurance Company

Product Name: Inland Marine	SERFF Tr Num: CNAB-125233537	State: Arkansas
TOI: 09.0 Inland Marine	SERFF Status: Closed	State Tr Num: AR-PC-07-025454
Sub-TOI: 09.0005 Other Commercial Inland Marine	Co Tr Num: 07-F3182	State Status:
Filing Type: Form	Co Status:	Reviewer(s): Betty Montesi, Llyweyia Rawlins, Brittany Yielding
	Authors: Roberta Cooper, Ruby McGhee	Disposition Date: 07-19-2007
	Date Submitted: 07-15-2007	Disposition Status: Approved
Effective Date Requested (New): On Approval		Effective Date (New): 08-01-2007
Effective Date Requested (Renewal): On Approval		Effective Date (Renewal): 08-01-2007

## General Information

Project Name: Builder's Risk	Status of Filing in Domicile: Pending
Project Number: 07-F3182	Domicile Status Comments:
Reference Organization:	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 07-19-2007	
State Status Changed: 07-16-2007	Deemer Date:
Corresponding Filing Tracking Number:	
Filing Description:	
We are filing New Builders Risk Forms to be used with our Inland Marine Program. This program was developed to provide comprehensive and flexiclbe coverage and to enhance our competitiveness in the Inland Marine Builders Risk Marketplace.	

## Company and Contact

### Filing Contact Information

Roberta F. Cooper, State Filing Consultant	roberta.cooper@cna.com
333 S. Wabash	(312) 822-4292 [Phone]
Chicago, IL 60685	(312) 755-2394[FAX]

### Filing Company Information

Continental Casualty Company	CoCode: 20443	State of Domicile: Illinois
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333 South Wabash	Group Code: 218	Company Type: Property and Casualty
Chicago , IL 60604	Group Name: CNA Insurance Companies	State ID Number:
(312) 822-4292 ext. [Phone]	FEIN Number: 36-2114545 -----	
National Fire Insurance Company of Hartford	CoCode: 20478	State of Domicile: Illinois
333 South Wabash	Group Code: 218	Company Type: Property and Casualty
37th Floor		
Chicago, IL 60604	Group Name: CNA Insurance Companies	State ID Number:
(312) 822-4292 ext. [Phone]	FEIN Number: 06-0464510 -----	
American Casualty Company of Reading PA	CoCode: 20427	State of Domicile: Pennsylvania
333 South Wabash	Group Code: 218	Company Type: Property and Casualty
37th Floor		
Chicago, IL 60604	Group Name: CNA Insurance Companies	State ID Number:
(312) 822-4292 ext. [Phone]	FEIN Number: 23-0342560 -----	
Transportation Insurance Company	CoCode: 20494	State of Domicile: Illinois
333 South Wabash	Group Code: 218	Company Type: Property and Casualty
37th Floor		
Chicago, IL 60604	Group Name: CNA Insurance Companies	State ID Number:
(312) 822-4292 ext. [Phone]	FEIN Number: 36-1877247 -----	
Valley Forge Insurance Company	CoCode: 20508	State of Domicile: Pennsylvania
333 South Wabash	Group Code: 218	Company Type: Property and Casualty
37th Floor		
Chicago, IL 60604	Group Name: CNA Insurance Companies	State ID Number:
(312) 822-4292 ext. [Phone]	FEIN Number: 23-1620527 -----	
Continental Insurance Company	CoCode: 35289	State of Domicile: Pennsylvania
333 South Wabash	Group Code: 218	Company Type: Property and Casualty
37th Floor		

Chicago, IL 60604

Group Name: CNA Insurance  
Companies

State ID Number:

(312) 822-4292 ext. [Phone]

FEIN Number: 13-5010440

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## Filing Fees

Fee Required?	Yes
Fee Amount:	\$300.00
Retaliatory?	No
Fee Explanation:	There is a fee of \$50 per company-- we are filing 6 companies, therefore we submit a check in the amount of \$300.00
Per Company:	No

## Correspondence Summary

### Dispositions

<b>Status</b>	<b>Created By</b>	<b>Created On</b>	<b>Date Submitted</b>
Approved	Llyweyia Rawlins	07-19-2007	07-19-2007

## Disposition

Disposition Date: 07-19-2007

Effective Date (New): 08-01-2007

Effective Date (Renewal): 08-01-2007

Status: Approved

Comment:

Rate data does NOT apply to filing.

Item Type	Item Name	Item Status	Public Access
<b>Supporting Document</b>	Uniform Transmittal Document-Property & Casualty	Approved	Yes
<b>Form</b>	Builders Risk Declarations - Locations Limits Schedule	Approved	Yes
<b>Form</b>	Builders Risk Declarations	Approved	Yes
<b>Form</b>	Builder' Risk Earth Movement	Approved	Yes
<b>Form</b>	Builders Risk Equipment Breakdown Coverage Extension	Approved	Yes
<b>Form</b>	Builders Risk Declarations -Additional Coverages and Coverage Extensions	Approved	Yes
<b>Form</b>	Builders Risk Reporting Form	Approved	Yes
<b>Form</b>	Builder's Risk Coverage Form	Approved	Yes
<b>Form</b>	Builders Risk Fungi, Wet Rot, Dry Rot and Microbe Exclusion	Approved	Yes
<b>Form</b>	Builder's Risk Named Storm Sub-Limit Endorsement	Approved	Yes
<b>Form</b>	Builder's Risk Flood Coverage	Approved	Yes

## Form Schedule

Review Status	Form Name	Form #	Edition Date	Form Type Action	Action Specific Data	Readability	Attachment
Approved	Builders Risk Declarations - Locations Limits Schedule	G-300336-12-2006 A		Declaration News/Schedule		0.00	G300336-A0001.pdf
Approved	Builders Risk Declarations	G-300337-12-2006 A		Declaration News/Schedule		0.00	G300337A0001.pdf
Approved	Builder' Risk Earth Movement	G-300338-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G-300338-A0001.pdf
Approved	Builders Risk Equipment Breakdown Coverage Extension	G-300340-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G300340-A0001.pdf
Approved	Builders Risk Declarations - Additional Coverages and Coverage Extensions	G-300341-12-2006 A		Declaration News/Schedule		0.00	G-300341-A0001.pdf
Approved	Builders Risk Reporting Form	G-300342-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G-300342-A0001.pdf
Approved	Builder's Risk Coverage Form	G-300343-12-2006 B		Policy/CoveNew rage Form		0.00	G300343-B0001.pdf
Approved	Builders Risk Fungi, Wet Rot, Dry Rot and Microbe Exclusion	G-300344-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G300344-A0001.pdf
Approved	Builder's Risk Named Storm Sub-Limit Endorsement	G-300427-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G-300427-A(corrected)0001.pdf
Approved	Builder's Risk Flood Coverage	G-300339-12-2006 A		Endorseme New nt/Amendm ent/Condi tions		0.00	G300339-A0001.pdf



# BUILDERS RISK DECLARATIONS

## LOCATION LIMITS SCHEDULE

The following Limits of Insurance apply to each location unless a specific location is shown below. These Limits are subject to the Builders Risk Policy Limits.

@@@@@@@@ @@@@ @@@@@@@@@@ @@@@

@@  
@@  
@@

**Total Property Limit of Insurance**, subject to additional sublimits and consisting of the total of: @@@@@@@@@@@@@@@@@@

- Completed Value of Project @@@@@@@@@@@@@@@@@@
- Value of Existing Buildings @@@@@@@@@@@@@@@@@@
- Value of Temporary Structures @@@@@@@@@@@@@@@@@@

### Ordinance or Law Limits of Insurance

- Ordinance or Law Undamaged Portion of Building @@@@@@@@@@@@@@@@@@
- Ordinance or Law Demolition Cost, and Increased Cost of Construction @@@@@@@@@@@@@@@@@@
- Ordinance or Law Business Interruption, Contractual Penalties and Extra Expense @@@@@@@@@@@@@@@@@@

**Time Element Insurance** is not covered unless Limits of Insurance are shown below:

- Business Income, Contractual Penalties and Extra Expense: @@@@@@@@@@@@@@@@@@
- Denial of Access by Civil Authority / Ingress—Egress @@@@@@@@@@@@@@@@@@
- Service Interruption: @@@@@@@@@@@@@@@@@@
- Soft Cost: @@@@@@@@@@@@@@@@@@

Time Element Insurance is subject to the following Time Limits:

- a. Business Income Period of Indemnity @@@ Days
- b. Denial of Access by Civil Authority / Ingress – Egress is not covered unless a period is shown: @@@ Days
- c. Time Element (other than Soft Costs) waiting period @@@@ Hours
- d. Soft Cost waiting period @@@@ Hours

Additional Coverage **Operational Testing** Limit of Insurance: @@@@@@@@@@@@@@@@@@

- a. Subject to the following Time Limits if shown below:
  - Operational Testing Period: Not to exceed @@@ Days
  - Operational Testing Period: From @@@@@@@@@@@@@@ to @@@@@@@@@@@@@@

- b. As respects loss or damage under the Additional Coverage **OPERATIONAL TESTING** the deductible shall be: @@@@@@@@@@@@@@@@@@

**The Need for Adequate Insurance Clause does not apply if checked: [ @ ]**



## BUILDERS RISK DECLARATIONS

### POLICY LEVEL INFORMATION

#### 1. PROJECT DESCRIPTION:

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@@  
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#### 2. POLICY LIMITS

The Maximum we will pay in any one occurrence regardless of the number of locations:	@@@@@@@@@@@@@@@@
Maximum Limit under the following conditions: @@ @@ @@ @@	@@@@@@@@@@@@@@@@

#### 3. DEDUCTIBLE(S)

All claims for loss, damage or expense covered under this policy and arising out of or resulting from any one occurrence shall be adjusted as one claim. Except as provided otherwise in this policy, from the amount of each such adjusted loss the sum of @@@@@@@@@@@@@@ shall be deducted before the Company shall be liable for any loss, damage or expense covered.

#### 4. MINIMUM PREMIUM

@@@@@@@@@@@@

#### 5. TERRITORIAL LIMITS

Unless further limited below, the coverage territory is The United States of America, including its territories and possessions, and Canada. The coverage applies to projects located:

@@  
@@  
@@  
@@  
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@@

- 6. Earth Movement is not covered, unless the Earth Movement Endorsement G-300338 is attached.
- 7. Flood is not covered, unless the Flood Coverage Endorsement G-300339 is attached.
- 8. Equipment Breakdown is not covered, unless the Equipment Breakdown Endorsement G-300340 is attached.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**EARTH MOVEMENT ENDORSEMENT  
(SUB-LIMIT FORM)**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

**A. Covered Cause of Loss**

For those locations within the defined areas of the Earth Movement Limits of Liability and only for the Coverage and Limit of Insurance scheduled:

- 1. Section B., Exclusions, subparagraph 1.b. – Earth Movement, is deleted in its entirety;
- 2. Section B., Exclusions, subparagraph 2.k. –Collapse is deleted in its entirety;

**B. Earth Movement Limits Of Insurance**

When the Cause of Loss is Earth Movement:

- 1. The most we will pay for loss or damage at all locations in any 12 month policy period will be the Annual Aggregate Limit of Insurance.
- 2. All Earthquake shocks or Volcanic Eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

**EARTH MOVEMENT LIMITS OF LIABILITY**

Annual Aggregate at all Locations, inclusive of sublimits (if any ) indicated below:

- a. Locations in Alaska, California, Hawaii, Puerto Rico – Annual Aggregate: @@@@
- b. Locations in "Critical New Madrid Areas" – Annual Aggregate: @@@@
- c. Locations in "Critical Pacific Northwest Areas" – Annual Aggregate: @@@@

**C. Deductibles**

The Deductible, in this Coverage Form is replaced by the following with respect to Earth Movement, however, the following deductibles shall not apply to ensuing loss by fire or explosion.

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductibles indicated below. We will then pay the amount of loss or damage in excess of the Deductible, up to the Limit of Insurance shown in the Earth Movement Coverage Limits of Insurance.
  - a. As respects loss or damage due to Earth Movement occurring anywhere within the policy territory except as may be further provided below, the deductible shown is applicable to physical damage and Time Element combined. @@@@
  - b. As respects loss or damage due to Earth Movement at Locations in the states of California, Hawaii and Alaska, and Puerto Rico, the deductible shall be the greater of the indicated percentage of values at risk at the time of loss or the dollar deductible amount shown and is applicable to physical damage and Time Element combined. @@@ % @@@@
  - c. As respects loss or damage due to Earth Movement at Locations in "Critical New Madrid Areas" the deductible shall be the greater of the indicated percentage of values at risk at the time of loss or the dollar deductible amount shown and is applicable to physical damage and Time Element combined. @@@ % @@@@

- d. As respects loss or damage due to Earth Movement at Locations in Critical Pacific Northwest Areas the deductible shall be the greater of the indicated percentage of values at risk at the time of loss or the dollar deductible amount shown and is applicable to physical damage and Time Element combined. @@@ %  
@@@@@@@@@@@@

**D. Exclusions, Limitations And Related Provisions**

1. We will not pay for loss or damage caused directly or indirectly by tidal wave or tsunami, even if attributable to an Earthquake or Volcanic Eruption.
2. We will not pay for loss or damage caused by or resulting from any Earthquake or Volcanic Eruption that begins before the inception of this insurance.
3. The Ordinance Or Law Exclusion in this Coverage Part continues to apply with respect to any loss under this Coverage Part including any loss under this endorsement, unless the Declarations indicate that Ordinance Or Law Coverage applies.

**E. No "Need for Adequate Insurance"**

The Need for Adequate Insurance Condition in this policy, if any, does not apply to the coverage provided under this endorsement.

**F. Definitions**

**Critical New Madrid Areas**

All Locations that are in the indicated counties within the following states:

- ARKANSAS: Clay, Craighead, Crittenden, Cross, Greene, Jackson, Mississippi, Poinsett, St. Francis, Independence, Arkansas, Cleburne, Fulton, Izard, Lonoke, Phillips, Prairie, Stone, Lawrence, Lee, Monroe, Randolph, Sharp, White, Woodruff.
- ILLINOIS: Alexander, Pulaski, Franklin, Hamilton, Hardin, Jackson, Jefferson, Johnson, Marion, Massac, Monroe, Perry, Pope, Randolph, Saline, St. Clair, Union, Washington, Williamson Bond, Christian, Clark, Clay, Clinton, Coles, Crawford, Cumberland, Douglas, Edgar, Edwards, Effingham, Fayette, Gallatin, Jasper, Jersey, Lawrence, Macoupin, Madison, Montgomery, Moultrie, Richland, Shelby, Wabash, Wayne, White.
- INDIANA: Gibson, Knox, Posey, Sullivan, Vanderburgh, Vigo.
- KENTUCKY: Ballard, Carlisle, Fulton, Hickman, Graves, Livingston, McCracken, Caldwell, Calloway, Crittenden, Henderson, Hopkins, Lyon, Marshall, Trigg, Union, Webster.
- MISSISSIPPI: DeSoto, Marshall, Tate, Tunica, Benton, Coahoma, Lafayette, Panola, Quitman, Tippah.
- MISSOURI: Bollinger, Butler, Cape Girardeau, Dunklin, Mississippi, New Madrid, Pemiscot, Scott, Stoddard, Carter, Iron, Madison, Oregon, Perry, Reynolds, Ripley, St. Francis, St. Genevieve, Wayne, Crawford, Dent, Franklin, Howell, Jefferson, Shannon, St. Charles, St. Louis, St. Louis City, Texas, Washington.
- TENNESSEE: Dyer, Lake, Lauderdale, Obion, Shelby, Tipton, Crockett, Fayette, Gibson, Haywood, Madison, Weakley, Benton, Carroll, Chester, Hardeman, Henderson, Henry, McNairy, Stewart.

**Critical Pacific Northwest Areas**

All Locations that are in the indicated counties within the following states:

- OREGON: Benton, Clackamas, Clatsop, Columbia, Coos, Curry, Douglas, Jackson, Josephine, Lane, Lincoln, Linn, Marion, Multnomah, Polk, Tillamook, Washington, Yamhill.
- WASHINGTON: Clallam, Clark, Cowlitz, Grays Harbor, Island, Jefferson, King, Kitsap, Lewis, Mason, Pacific, Pierce, San Juan, Skagit, Skamania, Snohomish, Thurston, Wahkiakum, Whatcom.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EQUIPMENT BREAKDOWN COVERAGE EXTENSION**

This endorsement modifies insurance provided under the following:

**BUILDERS RISK COVERAGE FORM**

The following Coverage Extension is added:

**Equipment Breakdown Coverage****A. Equipment Breakdown**

1. Equipment Breakdown means a sudden and accidental breakdown of Covered Equipment. At the time the breakdown occurs, the breakdown must manifest itself by physical damage to the Covered Equipment that necessitates repair or replacement.
2. Covered Equipment means any of the following equipment that is in use or that has been connected, completely tested and ready for use at the described premises, and is owned or leased by you or operated under your control:
  - a. Electronic data processing equipment;
  - b. Boilers;
  - c. Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of their contents;
  - d. Piping and its accessory equipment;
  - e. Refrigeration or air conditioning systems; or
  - f. Mechanical or electrical machines or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

With respect only to the insurance provided under this Coverage Part for direct physical loss or damage to perishable Business Personal Property and for loss of Business Income and Extra Expense, Covered Equipment also means any transformer or electrical apparatus that is:

- g. Owned by a public utility company; and
    - h. Located at or within 1000 feet of, and used to supply the electrical power to, the described premises or any other premises where such insurance applies.
3. Covered Equipment does not include any production or process machine or apparatus that processes, forms, cuts, shapes, grinds or conveys raw materials, materials in process, waste materials or finished products, or any equipment forming a part of the driving or controlling mechanism for such production machine or apparatus, other than any:
  - a. Unfired pressure vessel, pump, compressor, fan, blower, engine, turbine, motor or generator; or
  - b. Separate enclosed gear set;connected to such production machine or apparatus by a coupling, clutch or belt.
4. Depletion, deterioration, corrosion, erosion, wear and tear, the functioning of any safety or protective device or the breakdown of any structure or foundation does not constitute an Equipment Breakdown.

In addition, Equipment Breakdown does not include the breakdown of any:

- a. Furnace;
  - b. Sewer piping, underground gas piping, or piping forming a part of a sprinkler system;
  - c. Water piping other than boiler feed water piping, boiler condensate return piping or water piping forming a part of a refrigerating or air conditioning system;
  - d. Insulating or refractory material; or
  - e. Vehicle, elevator, escalator, conveyor, hoist or crane.

5. If an initial Equipment Breakdown causes other Equipment Breakdowns, all will be considered one Equipment Breakdown. All Equipment Breakdowns that manifest themselves at the same time and are the result of the same cause will also be considered one Equipment Breakdown, regardless of the number of locations involved.
6. If any Covered Equipment is found to be in, or exposed to a dangerous condition, we may immediately suspend the insurance provided for loss caused by or resulting from a sudden and accidental breakdown of that equipment under this Equipment Breakdown Cause of Loss. The suspension can be done by delivering or mailing a notice of the suspension to:
  - a. Your last known address; or
  - b. The address where the equipment is located.

You will get a pro rata refund of premium for the suspended insurance. But the suspension will be effective even if we have not yet made or offered a refund. Once suspended, such insurance can only be reinstated by a written endorsement issued by us.

**B. Section B. EXCLUSIONS** apply with the exception of the following:

1. Exclusion **2.a.** relating to artificially generated electrical current is deleted.
2. Reference in Exclusion **2.d.**, to mechanical breakdown, including rupture or bursting caused by centrifugal force is deleted.

**C.** The deductible shown in the Schedule is the only applicable deductible for this Extension.

**D.** The most we will pay under this Coverage Extension is the Total Project Limit of Insurance;

If a sublimit is shown in the Schedule, such sublimit is part of and not in addition to the Total Project Limit of Insurance.

**E. Warranty**

We will not pay for loss under this endorsement unless the applicable protective material or instrumentation is installed and activated.

In no event will coverage be provided if supervisory or safety systems have been deliberately circumvented.



## BUILDERS RISK DECLARATIONS

### ADDITIONAL COVERAGE and COVERAGE EXTENSION SCHEDULE

#### Additional Coverages

The following sublimits are in addition to the Property and Time Element per occurrence limits of Insurance unless otherwise indicated:

- a. Accounts Receivable @@@@@@@@@@@@@@@@
- b. Arson and Crime Reward @@@@@@@@@@@@@@@@
- c. Debris Removal @@@@@@@@@@@@@@@@
- d. Electronic Data Processing:
  - (1) Electronic data processing equipment that will not become a permanent part of the project @@@@@@@@@@@@@@@@
  - (2) Cost of research to replace or restore information lost @@@@@@@@@@@@@@@@
- e. Fire Department Service Charges and Extinguishing Expenses @@@@@@@@@@@@@@@@
- f. Increased Hard Cost Coverage for uncompleted portion of Building or Project due to delay in completion as a result of covered cause of loss
  - Percent of Increase: @@@ %
  - Maximum Limit of Insurance @@@@@@@@@@@@@@@@
- g. Inflation Guard- Increased Replacement Cost to Rebuild Damaged portion of Building or Project Percent of Increase: @@@ %
- h. Loss Adjustment Expenses @@@@@@@@@@@@@@@@
- i. Machinery, Tools and Equipment @@@@@@@@@@@@@@@@
- j. Valuable Papers and Records @@@@@@@@@@@@@@@@



**Coverage Extensions**

The following limits are included in the Property and Time Element per occurrence limits of Insurance unless otherwise indicated:

- a. Collapse INCLUDED
  
- b. Decontamination Expense @@@@@@@@@@@@@@@@
  
- c. Expediting Expense @@@@@@@@@@@@@@@@
  
- d. Money and Securities
  - (1) Inside Premises \$10,000
  - (2) Outside Premises \$10,000
  
- e. Pollution Cleanup and Removal - Annual Aggregate @@@@@@@@@@@@@@@@
  
- f. Preservation of Property INCLUDED
  
- g. Property at a Location Other Than the Job Site @@@@@@@@@@@@@@@@
  
- h. Property in Transit @@@@@@@@@@@@@@@@
  - Transit Deductible @@@@@@@@@@@@@@@@
  
- i. Radioactive Contamination @@@@@@@@@@@@@@@@
  
- j. Site Preparation @@@@@@@@@@@@@@@@
  
- k. Trees, Shrubs, Lawns, Sod and Plants are covered for
  - (1) Per Occurrence @@@@@@@@@@@@@@@@
  - (2) Per Item @@@@@@@@@@@@@@@@
  
- l. Unintentional Errors and Omissions @@@@@@@@@@@@@@@@



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**BUILDERS RISK REPORTING FORM**

This endorsement modifies insurance provided under the following:

**BUILDERS RISK COVERAGE FORM**

The policy to which this endorsement is attached covers buildings and structures or projects on a reporting form basis.

**SCHEDULE**

The following rate(s) (per \$100 of reported value) apply:

[ @ ] monthly, [ @ ] quarterly, [ @ ] semiannually, [ @ ] annually, [ @ ] end of policy term

		Construction					
P u b l i c  P r o t e c t i o n  C l a s s		All Constructions	Frame	Joisted Masonry	Metal Non- combustible	Masonry Non- combustible	Fire Resistive
	All Protections	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@
	Class 1-3	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@
	Class 4-6	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@
	Class 7-8	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@
	Class 8A, 8B, 9, 9E, 9S, 10	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@	@@@@@@

**Reporting Period:**

[ @ ] monthly, [ @ ] quarterly, [ @ ] semiannually, [ @ ] annually, [ @ ] end of policy term

**Premium Adjustment Period:**

[ @ ] monthly, [ @ ] quarterly, [ @ ] semiannually, [ @ ] annually, [ @ ] end of policy term

**Values to be reported:**

[ @ ] Value of Covered Property, per building

[ @ ] Estimated Completed Value of Covered Property, per building

[ @ ] Estimated Completed Value of Covered Property, per project

- A. Within 30 days of the end of the "reporting period" selected in the Schedule, you must file with us reports of the new projects started during the "reporting period," the projects completed during the "reporting period" and the projects still in progress on the last day of each "reporting period." For each project, the reports must contain:
1. A description of the building, structure or project and the location of the job site;
  2. The intended occupancy and type of construction of the project;
  3. The date the building, structure or project was begun;
  4. The anticipated or, if completed, the actual completion date of the project;
  5. The estimated completed value of the building, structure or project (it should include the cost of labor and reasonable overhead.); and
  6. The replacement cost value of the temporary structures at the job site.
- B. If you have failed to submit the required reports of value as of the time of "loss," we will not pay you more than the amount included in your last report of value, but if no report has been submitted, the most we will pay is 90% of the applicable Limit of Insurance shown in the Builders' Risk Schedule of Coverages.
- C. We will not pay more than the applicable Limit(s) of Insurance in the Policy Declarations, even if the values you report exceed the Limit(s) of Insurance.
- D. The Additional Condition, Need For Adequate Insurance, is replaced by the following:

**Need For Adequate Insurance**

If you report less than the property values required to be reported and there is a "loss" to the property, you will incur a penalty. The penalty is that we will not pay more for "loss" to:

1. Property that will or has become a permanent part of any one "covered project"; or
2. Temporary structures at any one "covered job site";

than the proportion that the value you reported for the property bears to the value you should have reported for the property.

This condition does not apply to "loss" to property in transit.

- E. The initial premium charged for this insurance is an advance premium. We will calculate the premiums based on the values reported and apply them to the advance premium until it is used up. Additional premium will then be due as each report is filed with us. The premium is calculated by applying the rate shown in the Schedule to the values reported.
- If the initial premium charged for this insurance exceeds the sum of the premiums due for the policy period, the excess premium will be returned to you, subject to the Minimum Premium indicated on the Policy Declarations.
- F. If this insurance expires or is cancelled during any "reporting period," you must file with us a report of the projects started, completed or in progress during that part of the "reporting period" this insurance was in effect. The premium will be calculated on a pro-rata basis.
- H. The following is added to Definitions:

**"Reporting Period"** means the period of time for which new reports of value are due, as shown in the Schedule:

1. **Monthly**, reports must show values as of the last day of the month; and the "reporting period" ends on the last day of each month.
2. **Quarterly**, reports must show values as of the last day of each month; but the "reporting period" ends on the last day of each three month period.
3. **Semi-Annual**, reports must show values as of the last day of each month; but the "reporting period" ends on the last day of the sixth month and on the policy anniversary date.
4. **Annual**, reports must show values as of the last day of each month; but the "reporting period" ends on the policy anniversary date.

5. **End of policy term**, reports must show values as of the last day of each month; but the "reporting period" ends on the policy expiration date.

## BUILDERS RISK COVERAGE FORM

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## BUILDERS' RISK COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and what 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 **G – DEFINITIONS**.

### A. COVERAGE

Subject to the Limits of Liability in the Declarations, and all other policy provisions we will pay for direct physical loss or damage to covered property and/or interests described herein from any Covered Cause of Loss.

**1. Covered Property**, as used in this Coverage form, means the types of property described in section **A.1**. and limited in **A.2**. Property Not Covered. This property may be your property or the property of others.

- a. Property which will or has become a permanent part of and expendable supplies that will be consumed in the construction of the project described in the Declarations, while such property is at the job site described in the Declarations.
- b. Temporary structures, meaning scaffolding, construction forms, falsework, cribbing and other temporary structures at the job site described in the Declarations, when a Value of Temporary Structures is shown in the Declarations.

### 2. Property Not Covered

Covered Property does not include:

- a. "Money" or "securities," except as provided in the "Moneys and Securities" Coverage Extension;
- b. Animals,
- c. Contraband, or property in the course of illegal transportation or trade;
- d. Land (including land on which the Covered Property is located) or water. But the exclusion of land does not apply to:
  - (1) Work performed by you on land, including excavations, grading, backfilling, filling or other movement of land, if such work is an integral part of the project described in the Declarations and the cost of such work is included in the Total Project Limit of Insurance; or
  - (2) Site preparation expenses to which the "Site Preparation" Coverage Extension applies.
- e. Personal property while airborne or waterborne, except with respect to the "Property in Transit" coverage provided in the Coverage Extensions;
- f. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- g. Electronic Data Processing Equipment that will not become a permanent part of project described in the Declarations, except as provided in the Additional Coverage "Electronic Data Processing."
- h. The cost to replace or restore lost "electronic data," except as provided in the Additional Coverage "Electronic Data Processing."
- i. The cost to replace or restore the information on valuable papers and records, including those which exist as "electronic data," except as provided under the Additional Coverage "Valuable Papers and Records." Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems.
- j. Automobiles or other vehicles licensed for highway use; watercraft; aircraft; and railroad rolling stock;
- k. Trees, shrubs, lawns, sod or plants, except as provided in the "Trees, Shrubs, Lawns, Sod and Plants Coverage Extension.
- l. Existing structures or buildings to which improvements, alterations, repairs or additions are being made, unless an Existing Building Value and Limit of Insurance is shown in the Declarations;

- m. Machinery, tools and equipment that will not become a permanent part of project described in the Declarations, except as provided in the Additional Coverage "Machinery Tools and Equipment."
- n. Property at a temporary location or in transit except as provided under the Coverage Extensions "Property at a Location Other Than the Jobsite" or "Property in Transit";
- o. Owner supplied material, equipment, machinery and supplies unless the values of such material, equipment and supplies are included in the estimated Total Project Values on the Declarations.

### 3. Time Element

#### a. Business Income, Contractual Penalties and Extra Expense

(1) As used in this Coverage Form:

(a) **Business Income** means:

- (i) Net income including net rental income (net profit or loss before income taxes) that would have been earned or incurred; and
- (ii) Continuing normal operating expenses incurred.

But Business Income does not include any incentive bonus which would have been received if the project had been completed ahead of schedule.

(b) **Contractual Penalties** means amounts which, under the terms of your written project contract with the project owner, you are required to pay to the project owner due to a delay in the completion of the project in accordance with the contract specifications for the project.

(c) **Extra Expense** means necessary additional expenses you incur to avoid or minimize a delay in the completion of the project described in the Declarations. This includes additional expenses incurred to make temporary repairs to, and expedite the permanent repair or replacement of, Covered Property that is damaged by a Covered Cause of Loss, such as overtime and the additional cost of express or other means of rapid transportation.

(2) We will pay for the following:

(a) The actual loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur due to a delay in the completion of the project described in the Declarations. The delay must be caused by direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss.

This coverage applies to the loss of Business Income which you sustain and Contractual Penalties you incur during the period of time that:

(i) Begins 72 hours after the date the described project would have been completed had there been no loss to Covered Property caused by or resulting from a Covered Cause of Loss; and

(ii) Continues for the length of time between:

- 72 hours after the time of direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss; and
- The date when the damaged Covered Property should have been rebuilt, repaired or replaced with reasonable speed and similar quality;

or until the date the project is completed; whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

(3) The most we will pay for all loss of Business Income, Contractual Penalties and Extra Expense arising out of any one occurrence under this Coverage form is the Business Income, Contractual Penalties and Extra Expense Limit of Insurance indicated in the Declarations.

(4) When a Waiting Period other than 72 hours is indicated for this Coverage form in the Declarations, all references to "72 hours" in this Coverage form are replaced by the Waiting Period indicated in the Declarations. The Waiting Period does not apply to the insurance provided under this Coverage form for Extra Expense.

(5) The amount of Business Income loss under this Coverage form will be determined based on:

- (a) Your net income before the delay in the completion of the described project;
- (b) Your likely net income had there been no delay in the completion of the described project;
- (c) The necessary operating expenses that continue during the delay in the completion of the described project; and
- (d) Other relevant sources of information, including:
  - (i) Your financial records and accounting procedures;
  - (ii) Bills, invoices and other vouchers; and
  - (iii) Deeds, liens or contracts.
- (6) The amount of Extra Expense will be determined based on the expenses that exceed the normal expenses that otherwise would have been incurred in completing the project. We will deduct from the total of such expenses:
  - (a) The salvage value that remains of any property bought for temporary use; and
  - (b) Any Extra Expense that is paid for by other insurance.
- (7) You must make every reasonable effort to avoid or minimize the delay in the completion of the described project. If you fail to do so, we will reduce the amount we would otherwise pay under this Coverage form by the amount which could have been saved.

**b. Denial of Access by Civil Authority/Ingress Egress**

- (1) Subject to the Declarations Sublimit for Denial of Access by Civil Authority/Ingress Egress, we will pay the actual loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur due to a delay in the completion of the project described in the Declarations caused by a civil authority action which prohibits access to the job site described in the Declarations. The civil authority action must be due to:
  - (a) Direct physical loss to property at locations other than the job site described in the Declarations, caused by or resulting from a Covered Cause of Loss; or
  - (b) The threat of a Covered Cause of Loss occurring which could cause bodily injury to persons at or in the vicinity of the job site described in the Declarations;
  - (c) Hazardous road conditions caused by or resulting from a Covered Cause of Loss, but only if:
    - All roads leading to the job site described in the Declarations are closed by the civil authority; and
    - Your normal operations at the job site described in the Declarations could have been conducted had the access roads not been closed.

This coverage applies to the loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur during the period of time that:

- (d) Begins 72 hours after the date the described project would have been completed had there been no civil authority action prohibiting access to the job site described in the Declarations; and
- (e) Continues for the length of time, in excess of 72 hours, during which access to the job site described in the Declarations is prohibited by the civil authority action, subject to the number of days shown in the Declarations for Denial of Access by Civil Authority/Ingress Egress ; or until the project is completed; whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

**c. Service Interruption**

- (1) Subject to the Declarations Sublimit for Service Interruption we will pay the actual loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur due to a delay in the completion of the project described in the Declarations caused by the interruption of steam, gas, water, electricity, sewerage or communications service to the job site described in the Declarations.

The interruption must result from direct physical loss by a Covered Cause of Loss to any steam, gas, water, electricity, sewerage or communications supply property located away from the job site.

(2) This coverage applies to the loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur during the period of time that:

(a) Begins 72 hours after the date the described project would have been completed had there been no interruption of steam, gas, water, electricity, sewerage or communications service to the job site; and

(b) Continues:

(i) For the length of time, in excess of 72 hours, during which your normal operations at the job site were suspended due to the interruption of the steam, gas, water, electricity, sewerage or communications service to the job site; or

(ii) Until the date the project is completed;

whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

(3) This coverage does not apply to Service Interruption caused by loss or damage to any transmission or distribution lines.

**d. Soft Costs**

(1) **Soft Costs**, as used in this Coverage Form, means any of the following additional expenses that are over and above the expenses you would otherwise incur in the completion of the project:

(a) Interest, meaning the additional interest on money borrowed to finance construction or repair;

(b) Taxes, meaning additional realty taxes and other assessments;

(c) Advertising Expense, meaning additional advertising and promotional expenses;

(d) Renegotiation Expense, meaning additional costs and commissions resulting from the renegotiation of leases;

(e) Architect Expense, meaning additional architect, engineering and consultant fees;

(f) Insurance Expense, meaning additional insurance premiums; and

(g) Legal and Accounting Expense, meaning additional legal and accounting fees.

(2) We will pay for the following:

(a) The actual Soft Costs you incur due to a delay in the completion of the project described in the Declarations. The delay must be caused by direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss.

This coverage applies to the Soft Costs you incur during the period of time that:

(i) Begins on the date the described project would have been completed had there been no loss to Covered Property caused by or resulting from a Covered Cause of Loss; and

(ii) Continues:

For the length of time between:

The date of direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss; and

The date when the damaged Covered Property should have been rebuilt, repaired or replaced with reasonable speed and similar quality; or

Until the date the project is completed;

whichever is earlier.

This period of time includes any increased period required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that

regulates the construction or repair of any covered building property or requires the tearing down of parts of any covered building property not damaged by a Covered Cause of Loss.

This period of time will not be limited by the expiration date of this insurance.

**(b)** The actual Soft Costs you incur due to a delay in the completion of the project described in the Declarations caused by a civil authority action which prohibits access to the job site described in the Declarations. The civil authority action must be due to:

**(i)** Direct physical loss to property at locations other than the job site described in the Declarations, caused by or resulting from a Covered Cause of Loss; or

**(ii)** The threat of a Covered Cause of Loss occurring which could cause bodily injury to persons at or in the vicinity of the job site described in the Declarations;

**(iii)** Hazardous road conditions caused by or resulting from a Covered Cause of Loss, but only if:

All roads leading to the job site described in the Declarations are closed by the civil authority; and

Your normal operations at the job site described in the Declarations could have been conducted had the access roads not been closed.

This coverage applies to the Soft Costs you incur during the period of time that:

**(iv)** Begins on the date the described project would have been completed had there been no civil authority action prohibiting access to the job site described in the Declarations; and

**(v)** Continues:

For the length of time access to the job site described in the Declarations is prohibited by the civil authority action, subject to a maximum period of 60 days; or

Until the project is completed;

whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

**(c)** The actual Soft Costs you incur due to a delay in the completion of the project described in the Declarations caused by the interruption of steam, gas, water, electricity, sewerage or communications service to the job site described in the Declarations. The interruption must result from direct physical loss by a Covered Cause of Loss to any steam, gas, water, electricity, sewerage or communications supply property located away from the job site.

This coverage applies to the Soft Costs you incur during the period of time that:

**(i)** Begins on the date the described project would have been completed had there been no interruption of steam, gas, water, electricity, sewerage or communications service to the job site; and

**(ii)** Continues for the length of time your normal operations at the job site were suspended due to the interruption of the steam, gas, water, electricity, sewerage or communications service to the job site; or Until the date the project is completed;

whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

**(d)** Additional expenses you incur to reduce the amount of Soft Costs incurred, but only to the extent that the amount that otherwise would have been payable under this Extension for Soft Costs is reduced.

**(3)** The most we will pay for all loss arising out of any one occurrence under this Extension is the Soft Costs Limit of Insurance indicated in the Declarations.

**(4)** When a Soft Cost Waiting Period is indicated in the Declarations, we will not pay for Soft Costs described in **(1)(a)**, **(1)(b)**, or **(1)(f)** in any one occurrence until the delay in the completion of the project exceeds the Waiting Period indicated in the Declarations. We will then pay only for the Soft Costs described in **(1)(a)**, **(1)(b)**, or **(1)(f)** you incur during that part of the period of time the Soft

Costs coverage applies which begins after the Waiting Period, up to the Limit of Insurance that applies to this Extension.

Soft Costs described in (1)(c), (1)(d), (1)(e) and (1)(g) are subject to the occurrence deductible shown in the Declarations, no additional deductibles apply.

- (5) You must make every reasonable effort to avoid or minimize the delay in the completion of the described project. If you fail to do so, we will reduce the amount of your Soft Costs loss by the amount which could have been saved.

#### 4. Covered Causes of Loss

Covered Causes of Loss means all causes of direct physical loss or damage except those causes of loss listed in Section B. **EXCLUSIONS**.

#### 5. Additional Coverages

Except as otherwise provided, the following Additional Coverages apply separately to each covered location.

##### a. Accounts Receivable

- (1) If an Accounts Receivable Limit of Insurance is shown on the Declarations we will pay the loss and expenses resulting from loss or damage by a Covered Cause of Loss to your records of accounts receivable, including those records which exist on media used in electronic data processing operations:
- (a) All amounts due from your customers that you are unable to collect;
  - (b) Interest charges on any loan required to offset amounts you are unable to collect pending our repayment of these amounts;
  - (c) Collection expenses in excess of your normal collection expenses that are made necessary by the loss or damage; and
  - (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.
- (2) This Additional Coverage applies only to loss or damage to records of accounts receivable at or within 1,000 feet of the described premises;
- (3) The most we will pay in any one occurrence under this Additional Coverage for loss or expense due to loss or damage to records of accounts receivables is the "Accounts Receivable Limit of Insurance shown in the Declarations.. This Limit of Insurance is in addition to the Property and Time Element Limits of Insurance.
- (4) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss, the following method will be used:
- (a) Determine the average monthly amount of accounts receivable for the 12 months immediately preceding the month in which the loss occurs; and
  - (b) Adjust that average monthly amount for any normal fluctuations in the amount of accounts receivable for the month in which the loss occurred or for any demonstrated variance from the monthly average.
- (5) The following will be deducted from the amount of accounts receivable, however that amount is established:
- (a) The amount of the accounts for which there is no loss;
  - (b) The amount of the accounts that you are able to re-establish or collect;
  - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
  - (d) All unearned interest and service charges.
- (6) We will not pay for loss of accounts receivable that requires any audit of records or any inventory computation to prove its factual existence.

**b. Arson and Crime Reward Payments**

- (1) In the event of an arson, theft or vandalism loss to which the insurance provided by this Coverage Form applies, we will reimburse you for amounts you offer, and subsequently pay, as a reward to anyone, other than you or your officers, partners or directors, for information leading to:
  - (a) The arrest and conviction of any person(s) responsible for the arson, theft or vandalism loss; or
  - (b) The recovery of the stolen property.
- (2) The most we will pay under this Additional Coverage for all rewards paid for information regarding any one arson, theft or vandalism loss is the Arson and Crime Reward Limit shown on the Declarations. This Limit of Insurance is in addition to the Property and Time Element Limits of Insurance.
- (3) No deductible applies to this Additional Coverage.

**c. Debris Removal**

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Extract "pollutants" from land or water; or
  - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
  - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
  - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$50,000 (unless a different amount is shown in the Declarations for Debris Removal Additional Amount) for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
  - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$50,000. (If a different amount is shown in the Declarations for Debris Removal Additional Amount, then that corresponding limit will apply instead of the \$50,000 limit.)

**(5) Examples**

The following examples assume that there is no coinsurance penalty and the Debris Removal Additional Amount limit has not been changed from the \$50,000 limit.

**Example #1**

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500

(\$50,000 – \$500)

Debris Removal Expense   \$ 10,000  
 Debris Removal Expense  
 Payable                       \$ 10,000  
 (\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

**Example #2**

Limit of Insurance           \$ 90,000  
 Amount of Deductible       \$ 500  
 Amount of Loss             \$ 80,000  
 Amount of Loss Payable   \$ 79,500  
                                  (\$80,000 – \$500)  
 Debris Removal Expense   \$ 30,000  
 Debris Removal Expense  
 Payable  
 Basic Amount                \$ 10,500  
 Additional Amount         \$ 19,500

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$30,000 = \$109,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$19,500, which is less than the \$50,000 maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$30,000.

**d. Electronic Data Processing**

- (1) When a Limit of Insurance for "Electronic Data Processing Equipment that will not become a permanent part of the project" is shown on the Declarations under the Additional Coverage "Electronic Data Processing" coverage applies to Electronic Data Processing Equipment that will not become a permanent part of the project, while such Electronic Data Processing Equipment is at the Location of the project described in the Declarations.
- (2) When a Limit of Insurance for "Cost of Research to Replace or Restore Information Lost" is shown on the Declarations under the Additional Coverage "Electronic Data Processing" we will pay the cost to replace or restore "electronic data" and records lost due to direct physical loss or damage of Electronic Data Processing Equipment or media by a Covered Causes of Loss.

These Limits of Insurance are in addition to the Property and Time Element Limits of Insurance.

**e. Fire Department Service Charge and Extinguishing Expense**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to the "Fire Department Service Charge and Extinguishing Expense" limit shown in the Declarations for your liability for fire department service charges:

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

This Limit of Insurance is in addition to the Property and Time Element Limits of Insurance.

No Deductible applies to this Additional Coverage.

**f. Increased Hard Cost Coverage**

(1) Subject to the "Increased Hard Cost Coverage" Percent of Increase and Maximum Limit of Insurance in the Declarations we will pay the increase in "hard costs" incurred to complete the insured project due to delayed completion as the result of covered loss or damage. Such increased "hard costs" must be directly related to increased market cost for labor, material, supplies and equipment due to the delay in completion of the insured project, during the period that:

(a) Begins on the date the described project would have been completed had there been no loss to Covered Property caused by or resulting from a Covered Cause of Loss; and continues for the number of days:

(i) Between the date of direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss; and the date when the damaged Covered Property should have been rebuilt, repaired or replaced with reasonable speed and similar quality; or

(ii) Until the date the project is completed.

(2) The most we will pay under this Additional Coverage is the least of the following:

(a) The actual Hard Cost Increase incurred; or

(b) Increased Hard Cost Maximum Limit of Insurance; or

(c) The Hard Cost Percent of Increase determined as follows:

(i) The projected cost of completion for the uncompleted portion of the project at the time of covered loss or damage; times

(ii) The Hard Cost Percent of Increase shown in the Declarations, expressed as a decimal (example: 8% is .08); times

(iii) The number of days of delay as defined in **g.(1) (a)** divided by 365.

**Example:**

The projected cost of completion for the uncompleted portion of the project at the time of covered loss or damage is: \$5,000,000

The annual Hard Cost Percent of Increase is 8%

The number of days delay is 90

The amount of increase is:  
 $\$5,000,000 \times .08 \times 90 \div 365 = \$98,630$

This coverage does not apply to the increased cost to repair or replace the damaged property. Coverage hereunder does not include costs or expenses recoverable elsewhere in this policy.

**g. Inflation Guard**

(1) The Limit of Insurance for property to which this Additional Coverage applies will automatically increase by the Inflation Guard Percent of Increase shown in the Declarations.

(2) The amount of increase will be:

(a) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance; times

(b) The Percent of Increase shown in the Declarations, expressed as a decimal (example: 8% is .08); times

(c) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

**Example:**

If:

The applicable Limit of Insurance is  
100,000

The annual percentage increase is 8%

The number of days since the beginning of the policy year (or last policy change) is 146

The amount of increase is:  
 $\$100,000 \times .08 \times 146 \div 365 = \$3,200$

**h. Loss Adjustment Expense**

In the event of covered loss or damage under this Coverage form, we will pay for reasonable expenses incurred by you, at our request, to assist us in the determination of the amount of loss, such as taking inventory and appraisals.

We will **not** pay the following:

- (1) Public adjustors' fees.

The most we will pay under this Additional Coverage is "Loss Adjustment Expenses" Limit of Insurance shown in the Declarations.

No deductible applies to this Additional Coverage.

**i. Machinery Tools and Equipment**

When a Limit of Insurance for the Additional Coverage "Machinery Tools and Equipment" is shown in the Declarations coverage applies to machinery, tools and equipment, other than Electronic Data Processing Equipment that will not become a permanent part of project, while such machinery tools and equipment are at the location of the project described in the Declarations.

**j. Operational Testing**

- (1) When a Limit of Insurance for the "Operational Testing" is indicated in the Location Limits Schedule of the Declarations, Covered Causes of Loss and "Specified Causes of Loss" for the designated location include:

- (a) Mechanical breakdown of Covered Property, including rupture or bursting of Covered Property caused by centrifugal force; and
- (b) Electrical injury or disturbance to electrical devices, appliances or wires that are Covered Property caused by artificially generated electrical current;

while the Covered Property is undergoing Operational Testing, subject to any Operational Testing Time Limits shown in the Declarations.

- (2) As used in this Additional Coverage, Operational Testing includes, but is not limited to, hot testing, start up, and commissioning operations, and includes the separate testing of individual components of the entire project. Hot testing means any start up, commissioning or other form of testing making use of any feedstock, including operational or performance testing. Under this Additional Coverage, hot testing will be considered to have commenced upon the introduction of feedstock.

- (4) Under Section **B.** the exclusions of:

- (a) Mechanical breakdown, including rupture or bursting caused by centrifugal force under exclusion **2.e.**; and
- (b) Artificially generated electrical current creating a short circuit or other electrical disturbance to electrical devices, appliances or wires under exclusion **2.a.**;

do not apply to this Additional Coverage. All other exclusions in Section **B.** continue to apply. In addition, we will not pay for loss under this Additional Coverage if the applicable protective material or instrumentation has not been installed or activated or if the applicable supervisory or safety systems have been deliberately circumvented.

- (4) For this Additional Coverage only, we will not pay for loss in any one occurrence until the amount of the adjusted "loss," before applying the applicable Limits of Insurance, exceeds the Operational Testing Deductible shown in the Declarations. We will then pay the amount of the adjusted loss in excess of the Deductible, up to the applicable Limits of Insurance.

This Deductible does not apply to any coverage to which a deductible does not otherwise apply.

**k. Ordinance or Law**

If the project described in the Declarations is a building and a Covered Cause of Loss occurs to Covered Property that is a permanent part of the building, and the Declarations indicate that "Ordinance or Law" coverage applies, we will provide the following ordinance or law coverages:

**(1) Coverage for Loss to the Undamaged Portion of the Building**

- (a)** We will pay for the loss in value of the undamaged portion of the building that is Covered Property caused by enforcement of any ordinance or law that:
  - (i)** Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
  - (ii)** Regulates the construction or repair of buildings, or establishes zoning or land use requirements at the job site described in the Declarations; and
  - (iii)** Is in force at the time of loss.
- (b)** This coverage is included within the Total Property Limit of Insurance. This is not additional insurance.
- (c)** If the covered building property is repaired or replaced, on the same or another site, we will not pay more for loss to the covered building property, including loss in value of the undamaged portion of the covered building property to which this coverage applies, than the lesser of:
  - (i)** The amount you actually spend to repair, rebuild or reconstruct the covered building property, but not for more than the amount it would cost to restore the covered building property on the same site and to the same height, floor area, style and comparable quality of the original property insured; or
  - (ii)** The Limit of Insurance applicable to the covered building property.
- (d)** If the building is not repaired or replaced, we will not pay more for loss to the covered building property, including loss in value of the undamaged portion of the covered building property to which this coverage applies, than the lesser of:
  - (i)** The actual cash value of the building at the time of loss; or
  - (ii)** The Limit of Insurance applicable to the covered building property.

**(2) Demolition Cost Coverage and Increased Cost of Construction Coverage**

- (a)** We will pay for:
  - (i)** Demolition Cost, meaning the cost to demolish and clear the site of undamaged parts of the covered building property caused by enforcement of building, zoning or land use ordinance or law; and
  - (ii)** Increased Cost of Construction, meaning the increased cost to repair, rebuild or construct the covered building property caused by enforcement of building, zoning or land use ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use ordinance or law.
- (b)** The most we will pay for the total of all covered losses for Demolition Cost and Increased Cost of Construction is the Demolition Cost and Increased Cost of Construction Limit of Insurance indicated in the Declarations, subject to the following loss payment provisions:
  - (i)** For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site where the covered building property is located.
  - (ii)** We will not pay for increased Cost of Construction:

Until the property is actually repaired or replaced, at the same or another site; and

Unless the repairs or replacement are made as soon as reasonably possible but not more than two years after the loss. We may extend this period in writing during the two years.

(iii) If the covered building property is repaired or replaced at the same site, or if you elect to rebuild at another site, the most we will pay for Increased Cost of Construction is the increased cost of construction at the same site.

(iv) If the ordinance or law requires relocation to another site, the most we will pay for Increased Cost of Construction is the increased cost of construction at the new site.

This Demolition Cost and Increased Cost of Construction Limit of Insurance is additional insurance.

### **(3) Business Income, Contractual Penalties and Extra Expense**

We will pay for the following:

(a) The actual loss of Business Income you sustain and Contractual Penalties and Extra Expense you incur due to any increased delay required to repair or reconstruct the property to comply with the minimum standards of any ordinance or law, in force at the time of loss, that regulates the construction or repair of any covered building property or requires the tearing down of parts of any covered building property not damaged by a Covered Cause of Loss.

This coverage applies to the loss of Business Income which you sustain and Contractual Penalties and Extra Expense you incur during the period of time that:

- (i) Begins 72 hours after the date the described project would have been completed had there been no loss to Covered Property caused by or resulting from a Covered Cause of Loss; and
- (ii) Continues for the length of time between:
  - 72 hours after the time of direct physical loss to Covered Property caused by or resulting from a Covered Cause of Loss; and
  - The date when the damaged Covered Property should have been rebuilt, repaired or replaced with reasonable speed and similar quality;

or until the date the project is completed whichever is earlier.

This period of time will not be limited by the expiration date of this insurance.

(b) The most we will pay for the total of all covered losses for actual loss of Business Income you sustain and Contractual Penalties and Extra Expense is the Ordinance or Law Business Income, Contract Penalties and Extra Expense Limit of Insurance indicated in the Declarations,

The "Ordinance or Law" coverages provided under this Additional Coverage do not apply to the costs associated with the enforcement of any ordinance or law which requires 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 "fungi," wet or dry rot, "microbes" or bacteria; or any costs associated with the enforcement of an 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," "fungi," wet or dry rot, "microbes" or bacteria.

#### **I. Recharge of Fire Protection Equipment**

(1) We will pay expenses you incur to recharge automatic fire protection equipment due to the leakage or discharge of the fire suppressant within the automatic fire protection equipment. The insurance provided under this Additional Coverage applies regardless of how the discharge or leakage is caused. But if the leakage or discharge is caused by or results from a Covered Cause of Loss, no deductible applies.

(2) The most we will pay in any one occurrence under this Additional Coverage is:

- (a) The applicable Covered Property Limit of Insurance when the leakage or discharge is caused by or results from a Covered Cause of Loss; or
- (b) \$25,000 at each described premises, unless a different limit is shown in the Declarations, when the leakage or discharge is caused by or results from a cause of loss other than a Covered Cause of Loss.

These limits are part of, and not in addition to, the applicable Covered Property Limit of Insurance.

**m. Valuable Papers and Records (Other than Electronic Data)**

- (1) If a Valuable Papers and Records Limit of Insurance is shown on the Declarations we will pay the loss and expenses resulting from loss or damage by a Covered Cause of Loss to replace or restore lost information on lost or damaged valuable papers and records for which duplicates do not exist.

We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. But this Additional Coverage does not apply to valuable papers and records which exist as "money," "securities" or "electronic data."

- (2) This Additional Coverage applies only to loss or damage to valuable papers and records:
- (a) At or within 1,000 feet of the described premises; or
  - (b) In transit.
- (3) The most we will pay in any one occurrence under this Additional Coverage for your costs to replace or restore the lost information on lost or damaged valuable papers and records is the Valuable Papers and Records Limit of Insurance is shown in the Declarations.

**6. Coverage Extensions**

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 1,000 feet of the described premises.

**a. Collapse**

- (1) We will pay for loss caused by or resulting from direct physical loss involving collapse of a building or structure, any part of a building or structure or personal property inside a building or structure, if the collapse is caused by one or more of the following:

- (a) The "Specified Causes of Loss" or breakage of building glass, but only as insured against in this Coverage form;
- (b) Hidden decay;
- (c) Hidden insect or vermin damage;
- (d) Weight of people or personal property;
- (e) Weight of rain that collects on a roof;
- (f) Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation. But if the collapse occurs after construction, remodeling or renovation is complete, and is caused in part by a cause of loss listed in **c.(1)(a)** through **c.(1)(e)** above, we will pay for the loss even if the use of defective material or methods in construction, remodeling or renovation contributes to the collapse.

- (2) With respect to the following property:

- (a) Outdoor antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- (b) Awnings, gutters and downspouts;
- (c) Yard fixtures;
- (d) Outdoor swimming pools;
- (e) Fences;
- (f) Bulkheads, piers, wharves and docks;
- (g) Beach or diving platforms or appurtenances;
- (h) Retaining walls that are not part of a building; and
- (i) Bridges, walks, roadways and other paved surfaces;

we will pay for loss caused by or resulting from direct physical loss involving collapse of such property only if:

- (i) The collapse of such property is caused by or results from collapse of a building or structure or any part of a building or structure, but only as insured against in **c.(1)** above; or
- (ii) The collapse of such property is caused by any of the "Specified Causes of Loss" or breakage of building glass, but only as insured against in this Coverage form.

**(3)** Collapse does not include settling, cracking, shrinkage, bulging or expansion.

**b. Decontamination Expense**

- (1)** Subject to the Decontamination Expense sublimit in the Declarations, if at the time insured property is contaminated as a direct result of physical damage insured against by this policy, there is in force any law or ordinance regulating contamination, including but not limited to pollution, then this policy covers, as a result of enforcement of such law or ordinance, the increased cost of decontamination of the insured property and debris removal of such property in a manner to satisfy the minimum such law or ordinance.
- (2)** Also subject to the Decontamination Expense sublimit in the Declarations if this policy includes Time Element coverage, the period of interruption for Time Element coverage is extended to include the additional time as is necessary and reasonable, with the exercise of due diligence and dispatch, to decontaminate insured property in a manner to satisfy the minimum conditions of the aforementioned law or ordinance.
- (3)** There is no liability for expense or time required for removing contaminated property not insured under this policy nor the contaminant therein or thereon, whether or not the contamination results from an insured event.

**c. Expediting Expense**

Subject to the Sublimit for the Coverage Extension "Expediting Expense" in the Declarations we will pay reasonable and necessary costs incurred by the insured to expedite repairs to covered property following loss or damage covered under this Coverage Form. This includes payment of overtime wages and extra cost to use express or other rapid means of transportation.

However, coverage is not included hereunder for costs recoverable elsewhere in this policy or for permanent repair or replacement of damaged property.

**d. Money and Securities**

- (1)** You may extend the insurance provided by this Coverage Form to apply to loss of "money" and "securities":
  - (a)** At the described premises or the premises of a bank or savings institution; or
  - (b)** At any other location, or in transit, in your care and custody or the care and custody of your partners, your "employees" or an armored motor vehicle company;  
resulting directly from theft (meaning any act of stealing), disappearance or destruction.
- (2)** We will not pay for loss under this Extension caused by or resulting from:
  - (a)** Any of the following to the extent these causes of loss are otherwise excluded under this Coverage form:
    - (i)** Governmental Action;
    - (ii)** Nuclear Hazard; or
    - (iii)** War and Military Action;
  - (b)** Dishonest or criminal act by you, any of your partners, members, officers, managers, "employees," directors, trustees, authorized representatives or anyone to whom you entrust the property, other than an armored motor vehicle company:
    - (i)** Acting alone or in collusion with others; or
    - (ii)** Whether or not occurring during the hours of employment;
  - (c)** Accounting or arithmetical errors or omissions;

- (d) The giving or surrendering of the property in any exchange or purchase;
- (e) Voluntary parting with possession of or title to the property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense; or
- (f) Transfer or surrender of the property to a person or place outside the described premises or the premises of a banking or savings institution on the basis of unauthorized instructions.

In addition, we will not pay for loss of "money" contained in any "money" operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

No other exclusions in this policy apply to this Extension.

- (3) The most we will pay in any one occurrence under this Extension for loss of "money" and "securities":
  - (a) At the described premises or the premises of a bank or savings institution is \$10,000 for Money and Securities – Inside Premises;
  - (b) At any other location, or in transit, is \$10,000 for Money and Securities – Outside Premises.

Under this Extension, all loss caused by one or more persons, or involving a single act or a series of related acts, is considered one occurrence.

**e. Pollutant Clean Up and Removal**

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

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

For each described premises, the most we will pay for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy is \$10,000 unless a different limit is shown in the Declarations.

**f. Preservation of Property**

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

- (1) While it is being moved, or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

**g. Property at a Location Other Than the Jobsite**

This policy is extended to cover insured property that has been specifically assigned to the project described in the Declarations, while such property is at a location other than the job site. This extension does not apply to property in the due course of transit. This coverage is subject to the "Property at a Location Other Than the Jobsite" sublimit specified in the Declarations of this policy.

**h. Property in Transit**

Subject to the "Property in Transit" Coverage Extension Sublimit and Deductible in the Declarations, of this Coverage Form, coverage is extended to insured property that has been specifically assigned to the project described in the Declarations while in due course of transit within the territorial limits of the policy from the time the property leaves the location at the initial point of shipment and continuously thereafter, until delivered at the final destination. Coverage shall include general average or salvage charges on shipments covered while waterborne.

- (1) This extension of coverage also insures against physical loss or damage:
  - (a) Occasioned by the acceptance by the Insured, Insured's agent, customer or consignee or others of fraudulent bills of lading, shipping or messenger receipts;

(b) Occasioned by fraud or deceit, perpetrated by any person(s) who may represent themselves to be the proper party or parties to receive the property for shipment or to accept it for delivery. However, this coverage shall not apply to any fraud or deceit by an employee of the Insured, whether acting alone or in collusion with others.

(2) This coverage does not apply to:

- (a) Import shipments until fully discharged from import conveyance or until marine insurance has ceased to cover, whichever last occurs;
- (b) Shipments while waterborne except while on ferries or barges on inland waterways within territorial limits of the policy;
- (c) Property of others, including the Insured's legal liability therefore, hauled on vehicles owned, leased or operated by the Insured when acting as a common or contract carrier.

**i. Radioactive Contamination**

Subject to the "Radioactive Contamination" Coverage Extension Sublimit in the Declarations of this Coverage Form, coverage is extended to loss or damage caused by sudden and accidental radioactive contamination, including resultant radiation damage, to the property covered hereunder, provided that such radioactive contamination arises out of material originating at the Insured Locations, and provided, at the time of such loss, there is neither a nuclear reactor capable of sustaining nuclear fission in a self supporting chain reaction, nor any new or used nuclear fuel which is intended for or which has been used in such a nuclear reactor, at the Insured's Locations.

**j. Site Preparation**

If "Site Preparation" is indicated as INCLUDED in the Additional Coverage and Coverage Extension Schedule of the Declarations of this Coverage Form, we will pay for site preparation, excavation, grading, backfilling and filling or other land movement expenses necessarily incurred by you in the repair or replacement of Covered Property that is lost or damaged by a Covered Cause of Loss.

**k. Trees, Shrubs, Lawns, Sod and Plants**

Subject to the "Trees, Shrubs, Lawns, Sod and Plants" Coverage Extension Sublimit in the Declarations of this Coverage Form, coverage including debris removal expense, is extended to apply to your outdoor trees, shrubs lawns, sod, and plants at the job site described in the Declarations.

**l. Unintentional Errors and Omissions**

This insurance shall not be prejudiced by any unintentional or inadvertent error, omission, incorrect valuation or incorrect description of the interest, risk or property, provided notice is given to the Company as soon as practicable upon discovery of any such error, omission, incorrect valuation or incorrect description. The most the Company will pay under this Coverage Extension is the "Unintentional Errors and Omissions" sublimit specified in the Declarations.

**B. EXCLUSIONS**

1. We will not pay for loss or damage caused directly or indirectly by 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.

**a. Ordinance or Law**

The enforcement of any ordinance or law regulating the construction, use, or repair of any property; or requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, "Ordinance or Law," applies whether the loss 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.

This exclusion does not apply to the extent coverage is provided under the:

"Soft Costs" Additional Coverage; or

"Ordinance or Law" Additional Coverage.

**b. Earth Movement**

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in (1) through (4) above, results in fire or explosion, and such resulting loss or damage is not otherwise excluded, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, and such resulting loss or damage is not otherwise excluded, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage 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 or damage to the described property.

This exclusion does not apply to the coverage provided under the Additional Coverages:

- "Accounts Receivable";
  - "Electronic Data Processing"; and
  - "Valuable Papers and Records";
- or

To the Coverage Extension "Property in transit" in Section A.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

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

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power or other utility service supplied to the described premises, however caused, if the failure occurs away from the described premises and the loss or damage is not otherwise covered under the Section A.3. Time Element Coverage "Service Interruption," or under the Equipment Breakdown Coverage Extension. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply to the Business Income, Contractual Penalties and Extra Expense coverage. Instead, the Special Exclusion in Paragraph **B.5.a.** applies to these coverages.

**f. War and Military Action**

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

**g. Water**

- (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 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.
- (4) Water that backs up or overflows from a sewer, drain or sump, if such back up or overflow is caused by or the result of **g.(1)** through **g.(3)** above.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion, sprinkler leakage or Equipment Breakdown not otherwise excluded, we will pay for the loss or damage caused by that fire, explosion, sprinkler leakage or Equipment Breakdown. Also, under the "Equipment Breakdown" Coverage Extension, if electrical Covered Equipment requires drying out as a result of Water, as described in **g.(1)** through **g.(4)** above, the drying out will be considered an Equipment Breakdown of that Covered Equipment.

This exclusion does not apply to the coverage provided under the:

- Property in transit;
- Restoration of Electronic Data;
- Restoration of Valuable Papers and Records (Other than Electronic Data); or
- Accounts Receivable;

Coverage Extensions in Section A.

Exclusions **B.1.a.** through **B.1.g.** apply whether or not the loss event results in widespread damage or affects a substantial area.

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

- a.** Artificially generated electrical current, including electric arcing, that disturbs electrical devices, appliances or wires, except to the extent such loss or damage is otherwise covered under the Coverage Extension "Equipment Breakdown."

But if artificially generated electrical current results in fire, we will pay for the loss or damage caused by that fire.

- b.** Delay, loss of use or loss of market, except as provided in Section **A.3.** Time Element coverages "Business Income, Contractual Penalties and Extra Expense"; "Denial of Access by Civil Authority/Ingress-Egress"; "Service Interruption" and "Soft Cost."
- c.** Smoke, vapor or gas from agricultural smudging or industrial operations.

But if loss or damage by Equipment Breakdown results from such smoke, vapor or gas, and the resulting Equipment Breakdown is not otherwise excluded, we will pay for that resulting loss or damage.

- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals;
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force, except to the extent such loss or damage is otherwise covered under the Equipment Breakdown Coverage Extension.

But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision;

- (7) The following causes of loss:
  - (a) Dampness or dryness of atmosphere;
  - (b) Changes in or extremes of temperature; or
  - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "Specified Cause of Loss," building glass breakage or Equipment Breakdown not otherwise excluded, we will pay for the loss or damage caused by that "Specified Cause of Loss," building glass breakage or Equipment Breakdown.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control, except to the extent such loss or damage is otherwise covered under the Equipment Breakdown Coverage Extension.

But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- f. Continuous or repeated discharge, seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

But we will pay for resulting loss or damage by Equipment Breakdown if it is a covered Cause of Loss.

- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if heat is not maintained.

- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, "employees," directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose (other than a carrier or other bailee for hire):

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of operation.

This exclusion applies to theft by "employees," but does not apply to acts of destruction by your "employees." However, if the "employee(s)" committing the act of destruction is also you, any of your partners or an officer, the exclusion applies.

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

This exclusion does not apply to the extent coverage is provided under the "Property in Transit" Coverage Extensions.

- j. Rain, snow, ice or sleet to personal property in the open, other than property in the custody of carriers for hire.
- k. Collapse, except as provided in the "Collapse" Additional Coverage in Section **A.** of this form. But if collapse results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants":

Unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "Specified Causes of Loss" or Equipment Breakdown not otherwise excluded;

But if loss or damage caused by the "Specified Causes of Loss" or Equipment Breakdown not otherwise excluded results from the discharge, dispersal, seepage, migration, release or escape of "pollutants," we will pay for the resulting loss or damage caused by the "Specified Causes of Loss" or Equipment Breakdown.

This exclusion does not apply to the:

- (a) Restoration of Electronic Data;
- (b) Restoration of Valuable Papers and Records (Other than Electronic Data);
- (c) Accounts Receivable;

Coverage Extensions.

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.
3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Section **B.1.** of this form to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
  - c. Faulty, inadequate or defective:
    - (1) Design, specifications, workmanship, processing, manufacture, testing, repair, installation, construction, renovation, remodeling, grading, compaction;
    - (2) Materials used in processing, manufacture, testing, repair, construction, renovation or remodeling;
    - (3) Planning, zoning, development, surveying, siting; or
    - (4) Maintenance;of part or all of any property on or off the premises.

- 4. We will not pay for loss or damage which is covered under any guarantee or warranty, expresses or implied, by any manufacturer or supplier whether or not such manufacturer or supplier is an insured under this policy.

#### 5. Special Exclusions

In addition to the exclusions in Section **B.1.** through **B.4.** the following exclusions apply to coverage provided under Section **A.3.** "Business Income, Contractual Penalties and Extra Expense" and to the "Soft Cost" Additional Coverage.

We will not pay for:

- a. Any loss caused directly or indirectly by the failure of power or other utility service supplied to the described premises, however caused, if the failure occurs outside of a covered building. Failure includes lack of sufficient capacity and reduction in supply.

But if the failure of power or other utility service results in a Covered Cause of Loss, we will pay for the loss resulting from that Covered Cause of Loss.

- b. Any increase of loss caused by or resulting from:

(1) The enforcement of any ordinance or law which requires 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 "fungi," wet or dry rot, "microbes" or bacteria; or any costs associated with the enforcement of an 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," "fungi," wet or dry rot, "microbes" or bacteria.

(2) Interference by strikers or other persons with the:

- (a) Transportation of property to be used in the described project;
- (b) Completion of the described project;
- (c) Rebuilding, repair or replacement of the described project; or
- (d) Occupancy or use of the described project.

(3) The suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the delay in the completion of the described project, we will cover your loss of Business Income due to that suspension, lapse or cancellation during the period of time that the Business Income coverage applies.

(a) Any additional time required to rebuild, repair or replace the described project because of improvements which are necessary to correct deficiencies in the original design or construction.

(b) Any other consequential loss.

#### **C. LIMITS OF INSURANCE**

1. The most we will pay for loss in any one occurrence is the Policy Limit of Insurance shown in the Declarations.
2. Except where specifically indicated otherwise payments under Additional Coverages are in addition to the Property and Time Element Limits of Insurance.
3. Except where specifically indicated otherwise, payment under the Coverage Extensions do not increase the applicable Property and Time Element Limits of Insurance.

#### **D. DEDUCTIBLE**

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

#### **E. COMMERCIAL INLAND MARINE CONDITIONS**

The following changes apply to the Commercial Inland Marine Conditions.

##### **1. Loss Payment**

The Loss Payment Loss Condition is replaced by the following:

- a. In the event of loss covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

- b. Except as provided in the Additional Coverage "Ordinance or Law," the cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn statement of "loss."
- d. We will not pay you more than your financial interest in the Covered Property. If the owners of the property are other than you, we will not pay the owners more than their financial interest in the Covered Property.
- e. We will pay for covered loss within 30 days after we receive the sworn statement of "loss," if you have complied with all of the terms of this Coverage form and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

## 2. Recoveries

The Recoveries Loss Condition is replaced by the following:

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

## 3. Reinstatement of Limit After Loss

The Loss Condition, Reinstatement of Limit After Loss, is replaced by the following:

The Limit of Insurance will not be reduced by the payment of any claim unless specifically indicated elsewhere in the policy.

## 4. Transfer Of Rights Of Recovery Against Others To Us

The following is added to the Transfer of Rights of Recovery Against Others to Us Loss Condition:

You may waive your rights to recover damages from another party, in writing:

- a. Prior to a "loss," or
- b. After a loss if, at the time of "loss," the other party is:
  - (1) Someone insured by this insurance; or
  - (2) A business firm:
    - (a) Owned or controlled by you; or
    - (b) That owns or controls you.

This will not restrict your insurance.

## 5. Policy Period, Coverage Territory

The Policy Period General Condition is replaced by the following:

- a. We cover loss commencing:
  - (1) During the Policy Period shown in the Declarations; and
  - (2) Within and between the Coverage Territory.
- b. Unless otherwise agreed to by us in writing, the Coverage Territory is:
  - (1) The United States of America;
  - (2) Puerto Rico; and
  - (3) Canada.

## 6. Valuation

The Valuation General Condition is replaced by the following:

We will determine the value of Covered Property in the event of loss as follows:

- a. The value of new construction projects, including temporary structures, is the least of the following amounts:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to repair, replace or rebuild the Covered Property, at the same premises, with materials of similar or like kind and quality; or
  - (3) The amount you actually spend that is necessary to repair, replace or rebuild the lost or damaged property. This amount includes the cost of labor and reasonable overhead if such costs are included in the Limit of Insurance indicated in the Declarations.
- b. The value of Covered Property in the process of renovation and temporary structures used in the renovation will be determined as follows:
  - (1) If the value of the existing structure is **NOT** indicated in the Declarations, the value of Covered Property in the process of renovation is the least of the following amounts:
    - (a) The Limit of Insurance applicable to the lost or damaged property;
    - (b) The cost to repair, replace or rebuild:
      - (i) the renovation work completed as of the time of loss; and
      - (ii) the lost or damaged temporary structures;  
with materials of similar or like kind and quality; or
    - (c) The amount you actually spend that is necessary to repair, replace or rebuild:
      - (i) the lost or damaged renovation work completed as of the time of loss; and
      - (ii) the lost or damaged temporary structures.  
This amount includes the cost of labor and reasonable overhead if such costs are included in the Limit of Insurance indicated in the Declarations.
  - (2) If the value of the existing structure **IS** indicated in the Declarations, the value of Covered Property in the process of renovation will be the lesser of:
    - (a) The Limit of Insurance applicable to the lost or damaged property; or
    - (b) The value determined in b. (1) above, plus the least of the following amounts:
      - (i) The actual cash value of the existing structure;
      - (ii) The cost of reasonably restoring the existing structure to its condition immediately before the loss; or
      - (iii) The cost of replacing the existing structure with property of similar or like kind and quality.
- c. The value of machinery, tools and equipment that will not become a permanent part of the project is the least of the following amounts:
  - (1) The Limit of Insurance applicable to the lost or damaged property;
  - (2) The cost to repair, or replace the Covered Property, with materials of similar or like kind and quality; or
  - (3) The Actual Cash Value of the lost or damaged property. Actual Cash Value as used here means the replacement cost with deduction for depreciation, deterioration and obsolescence.

Except as provided in the Additional Coverage "Ordinance or Law," the cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

In the event of "loss," the value of property will be determined as of the time of "loss." In no event will we pay more than the Limit of Insurance shown in the Declarations.

## F. ADDITIONAL CONDITIONS

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

### 1. Mortgageholders

- a. The term "mortgageholder" includes trustee.
- b. We will pay for covered loss to buildings or structures to each mortgageholder in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive the loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage form, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1) Pays any premium due under this Coverage form at our request if you have failed to do so;
  - (2) Submits a signed, sworn statement of loss within 60 days after receiving notice from us of your failure to do so; and
  - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage form will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage form:
  - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgageholder's rights to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

### 2. Need For Adequate Insurance

All Covered Property must be insured for its total value or you will incur a penalty.

- a. For property that will or has become a permanent part of the project(s) described in the Declarations:

The penalty is that we will pay only the proportion of any loss that the Completed Value of Project shown in the Declarations bears to the expected completed value of the project at the time of "loss."
- b. For temporary structures:

The penalty is that we will not pay a greater share of any loss than the proportion that the Value of Temporary Structures shown in the Declarations bears to the total replacement cost value of this property at the time of "loss."
- c. For existing buildings or structures:

The penalty is that we will only pay the proportion of any loss that the Existing Building Value Limit of Insurance shown in the Declarations bears to the actual cash value of this property at the time of "loss."

This Additional Condition does not apply if "Need For Adequate Insurance Condition does not apply" is checked in the Declarations. This Additional Condition never applies to policy sublimits.

### 3. When Coverage Ceases

Your coverage will end when one of the following first occurs:

- a. This policy expires or is cancelled;
- b. The covered structure or building is accepted by the purchaser;
- c. Your interest in the property ceases;
- d. You abandon the construction with no intention to complete it;
- e. The structure or building has been completed for more than 90 days; or
- f. No work has been performed for at least 90 days.

### 4. Carriers for Hire

You may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual value of the Covered Property.

### 5. Minimum Earned Premium

If a Minimum Earned Premium is indicated in the Declarations this is the minimum premium we will earn and retain regardless of policy term except when a policy is cancelled as of the policy effective date.

## G. DEFINITIONS

1. **"Electronic Data"** means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This does not apply to your "stock" of prepackaged software.
2. **"Employee"**:
  - a. "Employee" means:
    - (1) Any natural person:
      - (a) While in your service or for 30 days after termination of service;
      - (b) Who you compensate directly by salary, wages or commissions; and
      - (c) Who you have the right to direct and control while performing services for you;
    - (2) Any natural person who is furnished temporarily to you:
      - (a) To substitute for a permanent "employee" as defined in Paragraph (1) above, who is on leave; or
      - (b) To meet seasonal or short-term work load conditions;while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;
    - (3) Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary employee as defined in Paragraph (2) above;
    - (4) Any natural person who is a former "employee," director, partner, member, manager, representative or trustee retained as a consultant while performing services for you; or
    - (5) Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside the premises.
  - b. "Employee" does not mean:
    - (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character; or
    - (2) Any manager, director or trustee except while performing acts coming within the scope of the usual duties of an "employee."
3. **"Fungi"** means any form of fungus, including but not limited to, yeast, mold, mildew, rust, smut or mushroom, and including any spores, mycotoxins, odors, or any other substances, products, or byproducts

produced by, released by, or arising out of the current or past presence of fungi. But "fungi" does not include any fungi intended by the insured for consumption.

4. **"Microbe(s)"** means any non-fungal microorganism or non-fungal, colony-form organism that causes infection or disease. "Microbe" includes any spores, mycotoxins, odors, or any other substances, products, or byproducts produced by, released by, or arising out of the current or past presence of microbes.
5. **"Money"** means:
  - a. Currency, coins and bank notes in current use and having a face value; and
  - b. Travelers checks, register checks and money orders held for sale to the public.
6. **"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.
7. **"Securities"** means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes tokens, revenue and food stamps, and evidences of debt issued in connection with credit or charge cards which are not of your own issue.

But "securities" does not include:

- a. "Money";
  - b. Stamps, other than revenue or food stamps;
  - c. Tickets, including lottery tickets held for sale; or
  - d. Letters of credit.
8. **"Specified Causes of Loss"** means: fire; lightning; explosion; windstorm; hail; smoke; riot or civil commotion; vandalism; theft; leakage from fire extinguishing equipment; aircraft or vehicles and objects thrown up by vehicles; sinkhole collapse as defined below in **a.**; volcanic action; falling objects; weight of snow, ice or sleet; water damage as defined below in **b.**; elevator collision; sonic shock waves; or accident to the vehicle while carrying Covered Property.
    - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
      - i. The cost of filling sinkholes; or
      - ii. Sinking or collapse of land into man-made underground cavities.
    - b. Water damage means loss caused by accidental discharge or leakage of water or steam as the direct result of the breaking or cracking of any part of a system or appliance containing water or steam.
  9. **"Valuable Papers and Records"** means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages.

But "valuable papers and records" does not mean "money" or "securities."



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**FUNGI, WET ROT, DRY ROT AND MICROBE EXCLUSION**

This endorsement modifies insurance provided under the **BUILDERS RISK COVERAGE FORM**

**A.** The following is added to Section **B., EXCLUSIONS** Paragraph 1.:

**h. Fungi, Wet Rot, Dry rot and Microbes**

The presence, growth, proliferation, spread or any activity of "fungi," wet or dry rot or "microbes."

This exclusion does not apply when "fungi," wet or dry rot or "microbes" result from fire or lightning.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**  
**NAMED STORM SUB-LIMIT AND DEDUCTIBLE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

INLAND MARINE BUILDERS RISK COVERAGE PART

**SCHEDULE\***

**Named Storm – Single Occurrence Limit:**     \$ @@@@@@@@@@@@

**Named Storm Deductibles**

**Maximum Per Occurrence Deductible:**     \$ @@@@@@@@

The Named Storm Deductibles shown below apply for each location subject to the Maximum Per Occurrence Deductible if shown above.

Location	Deductible Amount (Fixed Dollar Deductible)	Deductible Percentage (Enter 2, 3 or 5%)

\* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

**A. Limits of Insurance**

**1. Named Storm Coverage - Single Occurrence Limit**

The Limit of Insurance shown under **Named Storm - Single Occurrence Limit** is the most we will pay in a single "Named Storm" occurrence for all covered loss or damage at all covered locations caused by a "Named Storm." All covered loss or damage including but not limited to wind, wind-driven rain, or hail, associated with a "Named Storm" shall be considered a single occurrence.

**2. Additional Coverages and Coverage Extensions**

Amounts payable under an Additional Coverage, Coverage Extension, or other coverage or endorsement, as set forth in the applicable Coverage Form, do not increase the Limit of Insurance for "Named Storm." In addition, the **Named Storm - Single Occurrence Limit** will not increase the amounts payable under an Additional Coverage, Coverage Extension or coverage or endorsement in the applicable Coverage Form.

**B. Deductibles**

- The Named Storm Deductibles, as shown in the Schedule, apply per location to all covered physical loss or damage and Time Element loss or damage caused by a "Named Storm." All covered loss or damage including but not limited to wind, wind-driven rain, or hail, associated with a "Named Storm" shall be considered a single occurrence. The Named Storm Deductibles are the only deductible that apply to loss or damage caused by a "Named Storm".
- For any single occurrence the total of all Deductible amounts applied will not exceed the Maximum Per Occurrence Deductible shown in the above Schedule. If no Maximum Per Occurrence Deductible is shown, then no maximum applies.
- When both a Deductible Amount (Fixed Dollar Deductible) and Deductible Percentage are shown the deductible shall be the greater of the Fixed Dollar Deductible and the indicated Deductible Percentage of values at risk at the time of loss, and is applicable to physical damage and Time Element combined.

**C. No "Need for Adequate Insurance"**

The Need for Adequate Insurance Condition in this policy, if any, does not apply to the "Named Storm" Limit of Insurance.

**D. Definitions**

The following definition is added to the Builders Risk Coverage Part, for the purposes of this endorsement only:

**"Named Storm(s)"** means a storm system that has been declared to be a named tropical storm or hurricane by the U.S. National Weather Service or other governmental authority including hurricane or tropical storm spawned tornado(s) or microburst(s). The named tropical storm or hurricane begins when the National Weather Service officially declares the storm system to be a named tropical storm or hurricane and ends when the National Weather Service officially declares the named tropical storm or hurricane permanently downgraded to a tropical depression.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**"FLOOD" COVERAGE ENDORSEMENT**

This endorsement modifies insurance provided under the following:

BUILDERS RISK COVERAGE FORM

**A. Covered Cause of Loss**

For those locations within the defined areas of the "Flood" Limits of Liability and only for the Coverage and Limit of Insurance scheduled:

- 1. Section B., Exclusions, subparagraph 1.g. – Water, is deleted in its entirety;
- 2. The following is added to Section A. 6. Coverage Extensions a. Collapse:

(1) g. "Flood."

**B. "Flood" Limits Of Insurance**

When the Cause of Loss is "Flood":

- 1. The most we will pay for loss or damage at all locations in any 12 month policy period will be the Annual Aggregate Limit of Insurance.

Annual Aggregate at all Locations, inclusive of sublimits (if any) indicated below:

@@@@@@@@@@@@@@@@

(a) Locations wholly or partially situated in those areas designated as 100 Year Flood Plains by the Federal Emergency Management Agency or other governmental authority -- Annual Aggregate:

@@@@@@@@@@@@@@@@

(b) Locations wholly or partially situated in those areas designated as 500 Year Flood Plains by the Federal Emergency Management Agency or other governmental authority -- Annual Aggregate:

@@@@@@@@@@@@@@@@

**C. Deductibles**

The Deductible, in this Coverage Form is replaced by the following with respect to "Flood," however, the following deductibles shall not apply to ensuing loss by fire or explosion.

- 1. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the Deductibles indicated below. We will then pay the amount of loss or damage in excess of the Deductible, up to the Limit of Insurance shown in the "Flood" Coverage Limits of Insurance.

a. As respects loss or damage due to Flood occurring anywhere within the policy territory, except as may be further provided below, the deductible shown is applicable to physical damage and Time Element combined.

@@@@@@@@@@@@@@@@

b. As respects loss or damage due to Flood occurring anywhere within the policy territory at Locations wholly or partially situated in those areas designated as 100 Year Flood Plains by the Federal Emergency Management Agency or other governmental authority, the deductible shown for Flood is applicable to physical damage and Time Element combined for each Location damaged.

@@@@@@@@@@@@@@@@

**D. Supplemental Conditions**

- 1. Coverage Provided under this endorsement is not subject to the Additional Condition "Need for Adequate Insurance."
- 2. Coverage provided under this endorsement does not apply to Covered Property in transit.

**E. Definitions**

"Flood" means:

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.

**Rate Information**

Rate data does NOT apply to filing.

## Supporting Document Schedules

<b>Satisfied -Name:</b>	Uniform Transmittal Document- Property & Casualty	<b>Review Status:</b> Approved	07-19-2007
<b>Comments:</b>			
<b>Attachment:</b>	Arkansas 07-F3182 NAIC form0001.pdf		

## Property & Casualty Transmittal Document

<b>1. Reserved for Insurance Dept. Use Only</b>
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<b>2. Insurance Department Use only</b>	
a. Date the filing is received:	
b. Analyst:	
c. Disposition:	
d. Date of disposition of the filing:	
e. Effective date of filing:	
New Business	
Renewal Business	
f. State Filing #:	
g. SERFF Filing #:	
h. Subject Codes	

<b>3. Group Name</b>	<b>Group NAIC #</b>
CNA Insurance Companies	218

4. Company Name(s)	Domicile	NAIC #	FEIN #	State #
Continental Casualty Company	IL	20443	36-2114545	
National Insurance Company of Hartford	CT	20478	06-0464510	
American Casualty Company of Reading PA	PA	20427	23-0342560	
Transportation Insurance Company	IL	20494	36-1877247	
Valley Forge Insurance Company	PA	20508	23-1620527	
The Continental Insurance Company	PA	35289	13-5010440	

<b>5. Company Tracking Number</b>	<b>07-F3182 – Arkansas</b>
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**Contact Info of Filer(s) or Corporate Officer(s)** [include toll-free number]

6. Name and address	Title	Telephone #s	FAX #	e-mail
Roberta F. Cooper 333 South Wabash -37 <sup>th</sup> Fl Chicago, IL 60604	State Filing Analyst	312-822-4292	312-755-2394	<a href="mailto:roberta.cooper@cna.com">roberta.cooper@cna.com</a>

7. Signature of authorized filer	<i>Roberta F. Cooper</i>
8. Please print name of authorized filer	Roberta F. Cooper

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

9. Type of Insurance (TOI)	09.0 Inland Marine
10. Sub-Type of Insurance (Sub-TOI)	09.0000 Inland Marine Sub-TOI Combinations
11. State Specific Product code(s) (if applicable)[See State Specific Requirements]	
12. Company Program Title (Marketing title)	Commercial Inland Marine
13. Filing Type	<input type="checkbox"/> Rate/Loss Cost <input type="checkbox"/> Rules <input type="checkbox"/> Rates/Rules <input checked="" type="checkbox"/> <b>Forms</b> <input type="checkbox"/> Combination Rates/Rules/Forms <input type="checkbox"/> Withdrawal <input type="checkbox"/> Other (give description)
14. Effective Date(s) Requested	New: 08/01/07                      Renewal: 08/01/07
15. Reference Filing?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> <b>No</b>
16. Reference Organization (if applicable)	
17. Reference Organization # & Title	
18. Company's Date of Filing	07-11-07
19. Status of filing in domicile	<input type="checkbox"/> Not Filed <input type="checkbox"/> Pending <input type="checkbox"/> Authorized <input type="checkbox"/> Disapproved

## Property & Casualty Transmittal Document—

<b>20. This filing transmittal is part of Company Tracking #</b>	07-F3182
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<b>21. Filing Description</b> [This area can be used in lieu of a cover letter or filing memorandum and is free-form text]
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We are filing a new Builder's Risk Program to be used with our Inland Marine Program. The program was developed to provide comprehensive and flexible coverage and to enhance our competitiveness in the Inland Marine Builder's Risk Marketplace.

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

**Check #:**  
**Amount:** \$300.00

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

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

**FORM FILING SCHEDULE**

(This form must be provided ONLY when making a filing that includes forms)  
 (Do **not** refer to the body of the filing for the forms listing, unless allowed by state.)

<b>1.</b>	<b>This filing transmittal is part of Company Tracking #</b>		<b>07-F3182</b>		
<b>2.</b>	<b>This filing corresponds to rate/rule filing number</b> (Company tracking number of rate/rule filing, if applicable)				
<b>3.</b>	<b>Form Name /Description/Synopsis</b>	<b>Form # Include edition date</b>	<b>Replacement or Withdrawn?</b>	<b>If replacement, give form # it replaces</b>	<b>Previous state filing number, if required by state</b>
01	Builders Risk Declarations- Locations Limits Schedule	G-300336-A (Ed 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
02	Builders Risk Declarations- Policy Level Information	G-300337-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
03	Builder's Risk Earth Movement	G-300338-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
04	Builder's Risk Flood Coverage	G-300339-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
05	Builders Risk Equipment Breakdown Coverage Ext	G-300340-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
06	Builder's Risk Declarations- Additional Coverages and Coverage Extension	G-300341-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
07	Builder's Risk Reporting Form	G-300342-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
08	Builder's Risk Coverage Form	G-300343-B (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
09	Builder's Risk Fungi, Wet Rot, Dry Rot, and Microbe Exclusion	G-300344-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		
10	Builder's Risk Named Storm Sub-Limit Endorsement	G-300427-A (Ed. 12/06)	<input checked="" type="checkbox"/> New <input type="checkbox"/> Replacement <input type="checkbox"/> Withdrawn		