

BUILDERS' RISK COVERAGE PART COMPLETED VALUE

We cover direct physical loss to covered property at the premises described on the **declarations** caused by a covered peril.

PROPERTY COVERED

We cover the following property for which a **limit** is shown on the **declarations**.

BUILDING PROPERTY UNDER CONSTRUCTION

This means buildings and structures described on the **declarations**, while being built, including:

1. foundations;
2. the following property located in the buildings and structures described on the **declarations** or in the open (or in vehicles) on or within 100 feet of the described premises and intended to become a permanent part of the described building or structure:
 - a. fixtures, machinery, and equipment used to maintain or service the described building or structure or its premises; and
 - b. materials, equipment, and supplies used in construction, alteration, or repair of the building or structure;
3. if not covered by other insurance, temporary structures constructed or assembled on the site and used in construction while at the site.

PROPERTY EXCLUDED AND LIMITATIONS

1. **Antennas and Signs -- We** do not cover outdoor:
 - a. radio, television, satellite, dish-type, or other antennas including their masts, towers, and lead-in wiring; or
 - b. signs, other than signs attached to buildings.
2. **Land, Water, or Growing Crops or Lawns -- We** do not cover:
 - a. land, including land on which the property is located;

- b. underground or surface water; or
- c. growing crops or lawns.

3. **Trees, Shrubs, and Plants -- We** do not cover trees; shrubs; plants; and grain, hay, straw, or other crops, when outdoors.

ADDITIONAL COVERAGES

1. **Debris Removal -- We** cover the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:
 - a. extract **pollutants** from land or water; or
 - b. remove, restore, or replace polluted land or water.

We do not pay any more under this coverage than 25 percent of the amount **we** pay for the direct physical loss. **We** do not pay more for loss to property and debris removal combined than the **limit** for the damaged property.

However, **we** pay an additional amount of debris removal expense up to \$5,000 when the debris removal expense exceeds 25 percent of the amount **we** pay for direct physical loss or when the loss to property and debris removal combined exceeds the **limit** for the damaged property.

We do not pay any expenses unless they are reported to **us** in writing within 180 days from the date of direct physical loss to covered property.

2. **Emergency Removal -- We** cover loss to covered property while moved or being moved from the described premises for preservation from loss caused by a covered peril. **We** pay for any direct physical loss to that property. This coverage applies for up to 10 days after the property is first moved. This does not increase the **limit**.

3. **Fire Department Service Charges -- We** pay up to \$1,000 to cover **your** liability, assumed by contract or agreement prior to the loss, for fire department service charges.

This coverage is limited to charges incurred when the fire department is called to save or protect covered property from a covered peril.

No deductible applies.

This is an additional **limit**.

4. **Pollutant Clean Up and Removal -- We** 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 a covered peril that occurs during the policy period.

We pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of **pollutants** only when the expense of extracting the **pollutants** is covered by this Additional Coverage.

The most **we** pay for each described premises is \$10,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy. The expenses are paid only if they are reported to **us** in writing within 180 days from the date the covered peril occurs.

This is an additional **limit**.

PERILS COVERED

See the applicable Perils Part shown on the **declarations**.

If the Additional Coverage -- Collapse is included in the Perils Part, **we** do not pay for loss caused by direct physical loss involving collapse of a building or structure or any part of a building or structure caused by the use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

SUPPLEMENTAL COVERAGES

We provide the following supplemental coverage.

This supplemental coverage:

- a. applies for loss caused by a covered peril;

- b. applies to property in or on buildings or structures described on the **declarations** or in the open (or in vehicles) within 100 feet of the described premises; and

- c. is an additional amount of coverage.

Building Materials and Supplies of Others -- We pay up to \$2,500 for building materials and supplies in **your** care that are owned by others and are intended to become a permanent part of the building or structure. This coverage is only for the benefit of the owners of the building materials and supplies.

WHAT MUST BE DONE IN CASE OF LOSS

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

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

2. **Protect Property -- You** must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. **We** pay the reasonable costs incurred by **you** for necessary repairs or emergency measures performed solely to protect covered property from further damage by a covered peril if a covered peril has already caused a loss to covered property. However, **we** do not pay for such repairs or emergency measures performed on property which has not been damaged by a covered peril. This does not increase **our limit**.

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

- a. the time, place, and circumstances of the loss;
- b. other policies of insurance that may cover the loss;
- c. **your** interest and the interests of all others in the property involved, including all mortgages and liens;
- d. changes in title or occupancy of the covered property during the policy period;

- e. detailed estimates for repair or replacement of covered property;
 - f. available plans and specifications of buildings or structures;
 - g. detailed estimates of any covered loss of income and expenses; and
 - h. an inventory of damaged and undamaged covered personal property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. **You** must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory. An inventory of undamaged personal property is not required if the total claim for a loss is less than \$10,000 and less than five percent of the total **limit**.
4. **Examination Under Oath** -- **You** must submit to examination under oath in matters connected with the loss as often as **we** reasonably request and give **us** sworn statements of the answers. If more than one person is examined, **we** have the right to examine and receive statements separately and not in the presence of the others.
 5. **Records** -- **You** must produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss, and expense and permit copies and extracts to be made of them as often as **we** reasonably request.
 6. **Damaged Property** -- **You** must exhibit the damaged and undamaged property as often as **we** reasonably request and allow **us** to inspect or take samples of the property.
 7. **Volunteer Payments** -- **You** must not, except at **your** own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
 8. **Abandonment** -- **We** do not have to accept any abandonment of property.
 9. **Cooperation** -- **You** must cooperate in performing all acts required by the Commercial Property Coverage.

VALUATION

1. **Actual Cash Value** -- The value of covered property is based on the actual cash value at the time of the loss (with a deduction for depreciation), except as provided in paragraphs 2. through 4. below.

2. **Glass** -- The value of glass is based on the cost of safety glazing material where required by code, ordinance, or law.
3. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
4. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

HOW MUCH WE PAY

1. **Insurable Interest** -- **We** do not cover more than **your** insurable interest in any property.
2. **Deductible** -- **We** pay only that part of **your** loss over the deductible amount stated on the **declarations** in any one occurrence. The deductible applies to the loss before application of any coinsurance or reporting provision.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, **we** pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - c. the **limit** that applies to covered property.
4. **Completed Value** -- If the **limit** is less than the value of the covered property on the date of completion, **we** only pay a part of the loss. **Our** part of the loss is determined using the following steps:
 - a. Determine the value of the covered property on the date of completion;
 - b. Divide the **limit** for covered property by the figure determined in 4.a. above;
 - c. Multiply the total amount of loss, after the application of any deductible, by the figure determined in 4.b. above.

The most **we** pay is the amount determined in 4.c. above or the **limit**, whichever is less. **We** do not pay any remaining part of the loss.

If there is more than one **limit** shown on the **declarations** for this Coverage Part, this procedure applies separately to each **limit**.

If there is only one **limit** shown on the **declarations** for this Coverage Part, this procedure applies to the total of all covered property to which the **limit** applies.

Example -- Underinsurance

Value of covered property on the date of completion	\$100,000
Limit	\$60,000
Loss	\$21,000
Deductible	\$1,000

Step a.: \$100,000

Step b.: \$60,000 ÷ \$100,000 = .60

Step c.: \$21,000 - \$1,000 = \$20,000
 \$20,000 x .60 = \$12,000

We pay no more than \$12,000. **We** do not pay the remaining \$9,000.

Example -- Sufficient Insurance

Value of covered property on the date of completion	\$100,000
Limit	\$100,000
Loss	\$21,000
Deductible	\$1,000

Step a.: \$100,000

Step b.: \$100,000 ÷ \$100,000 = 1.00

Step c.: \$21,000 - \$1,000 = \$20,000
 \$20,000 x 1.00 = \$20,000

We pay no more than \$20,000 in excess of the deductible. No penalty applies.

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

6. **Insurance Under More Than One Policy --** You may have another policy subject to the same plan, **terms**, conditions, and provisions as this policy. If **you** do, **we** pay **our** share of the covered loss. **Our** share is the proportion that the applicable **limit** under this policy bears to the **limit** of all policies covering on the same basis.

If there is another policy covering the same loss,

other than that described above, **we** pay only for the amount of covered loss in excess of the amount due from that other policy, whether **you** can collect on it or not. But **we** do not pay more than the applicable **limit**.

LOSS PAYMENT

1. **Our Options -- We** may:

- a. pay the value of the loss;
- b. pay the cost of repairing or replacing the loss;
- c. rebuild, repair, or replace with property of equivalent kind and quality, to the extent practicable; or
- d. take all or any part of the damaged property at the agreed or appraised value.

We must give **you** notice of **our** intentions within 30 days after we have received a satisfactory proof of loss.

2. **Your Losses -- We** adjust all losses with **you**. Payment is made to **you** unless another loss payee is named in the policy. A covered loss is payable 30 days after a satisfactory proof of loss is received, and:

- a. the amount of the loss has been agreed to in writing;
- b. an appraisal award has been filed with **us**; or
- c. a final judgment has been entered.

3. **Property of Others --** Losses to property of others may be adjusted with and paid to:

- a. **you** on behalf of the owner; or
- b. the owner.

If **we** pay the owner, **we** do not have to pay **you**. **We** may also choose to defend any suits arising from the owners at **our** expense.

CONDITIONS

"Subrogation" is amended by the following with respect to this Coverage Part:

You may not waive **your** right to recover from an architect, engineer, or building trades contractor or subcontractor with respect to the described premises unless agreed to in writing by **us**.

OTHER CONDITIONS

In addition to the policy **terms** which are contained in other sections of the Commercial Property Coverage, the following conditions apply.

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

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

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

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

A written agreement is binding on all parties. If the appraisers fail to agree within a reasonable time, they submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three is binding on all parties.

Each appraiser is paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire is paid equally by **you** and **us**.

If there is an appraisal, **we** retain **our** right to deny the claim.

2. **Mortgage Provisions** -- If a mortgagee (mortgage holder) is named in this policy, loss to Building Property shall be paid to the mortgagee and **you** as their interest appears. If more than one mortgagee is named, they shall be paid in order of precedence.

The insurance for the mortgagee continues in effect even when **your** insurance may be void because of **your** acts, neglect, or failure to comply with the coverage **terms**. The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify **us**.

If **we** cancel this policy, **we** notify the mortgagee at least 10 days before the effective date of cancellation if **we** cancel for **your** nonpayment of premium, or 30 days before the effective date of

cancellation if **we** cancel for any other reason.

We may request payment of the premium from the mortgagee, if **you** fail to pay the premium.

If **we** pay the mortgagee for a loss where **your** insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from **you** then belongs to **us**. This does not affect the mortgagee's right to collect the remainder of the mortgage debt from **you**. As an alternative, **we** may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If **we** choose not to renew this policy, **we** give written notice to the mortgagee at least 10 days before the expiration date of this policy.

3. **Recoveries** -- If **we** pay **you** for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. **You** must notify **us** promptly if **you** recover property or receive payment.
 - b. **We** must notify **you** promptly if **we** recover property, or receive payment.
 - c. Any recovery expenses incurred by either are reimbursed first.
 - d. **You** may keep the recovered property but **you** must refund to **us** the amount of the claim paid, or any lesser amount to which **we** agree.
 - e. If the claim paid is less than the agreed loss due to a deductible or other limiting **term** of this policy any recovery is pro rated between **you** and **us** based on **our** respective interest in the loss.
4. **When Coverage Ends** -- Coverage under this Coverage Part ends when:
 - a. this policy expires or is cancelled;
 - b. the property is accepted by the purchaser;
 - c. **you** no longer have an interest in the property;
 - d. **you** abandon the construction with no intention to complete it;
 - e. unless otherwise specified in writing by **us**, when covered property is occupied or put to its intended use or 90 days after the date of completion

whichever occurs first.