



**To:** Malcolm Blane  
**Company Name:** Higgins Insurance  
**Email:** mblane@higgins-ins.com

**From:** Michael Whitman  
**Date Sent:** 11/08/2023  
**Email:** mwhitman@chubb.com

**Builders Risk Coverage Quotation**

Quote # 08HSA6 001QU

**Named Insured** Christian County Board of Education  
**& Mailing Address** 200 Glass Avenue, Hopkinsville, KY 42240

Thank you for submitting the captioned account. Please read this quotation carefully, as the limits, coverage, exclusions, and any other terms and conditions may vary from those you requested in your submission and/or from the expiring policy.

This quote is valid for 60 days from the date sent or until the effective date shown below, whichever comes first. Please contact me with any questions that you may have.

**When Coverage Begins:** 12/01/2023 12:01 A.M. Local Time at the NAMED INSURED's Address

**When Coverage Ends:** 07/01/2026 12:01 A.M. Local Time at the NAMED INSURED's Address

**Term:** 943 Calendar Days

**Company:** ACE American Insurance Company (Admitted)

**Coverage:** Builder's Risk

**Coverage Form(s):** Construction Risk Coverage Form ACE0728 (11/21)

**Covered Perils:** Direct physical LOSS subject to the terms, conditions and exclusions in the policy forms and as specified below.

Whenever "NCP" is shown below it denotes no coverage has been purchased and no coverage is provided. Whenever "NA" is shown below it denotes "Not Applicable" to that coverage, deductible, Sub-limit of Insurance, or other policy provision.

**I. Description, Location and Estimated Completed Value of the INSURED PROJECT at Policy Inception**

A. Estimated construction contract price: \$121,829,169

B. Value of all property not declared in A. above to be insured by this Policy and intended for installation under the construction contract, whether supplied by the INSURED PROJECT owner(s) or other(s): \$0

C. Estimated COMPLETED VALUE of the INSURED PROJECT at Policy inception: \$121,829,169

D. Value of EXISTING PROPERTY at Policy Inception: \$0

E. INSURED PROJECT Name: Christian County Board of Education High School

F. INSURED PROJECT Description/Construction:

New Construction of an High School with Construction Classification of Masonry Non-Combustible. Building(s) 1, Stories Above Ground 2, Stories Below Ground 0, Total Square Feet 320,000.

G. INSURED PROJECT Site: 5185 Ft. Campbell Blvd, Hopkinsville, Kentucky 42241

**II. Limits of Insurance**

\$ 131,571,067 ( 100.00% ) part of \$ 131,571,067 Per OCCURRENCE

The Company will pay no more for direct physical LOSS in any one OCCURRENCE than the above Limit of Insurance. In addition, the Company will not pay for more than its proportionate share (100.00%) of the following Sub-limits of Insurance and Annual Aggregate Sub-limits of Insurance, which are part of, and not in addition to, the Limit of Insurance above:

**Sub-limits of Insurance**

A. Physical LOSS to the INSURED PROJECT		\$121,829,169	
B. Delay in Opening (per Form Number ACE0729)		\$9,741,898 per OCCURRENCE and in the Aggregate	
Loss of RENTAL INCOME		\$0	Monthly Limit of Indemnity NCP
Maximum PERIOD OF INDEMNITY: NA Calendar Days			
Loss of BUSINESS INCOME		\$0	Monthly Limit of Indemnity NCP
Maximum PERIOD OF INDEMNITY: NA Calendar Days			
SOFT COSTS/ADDITIONAL EXPENSES		\$9,741,898	Monthly Limit of Indemnity \$812,500
Maximum PERIOD OF INDEMNITY: 365 Calendar Days			
Interest Expense on CONSTRUCTION LOAN(s);	TBD		Monthly Limit of Indemnity Included
Advertising and promotional expense;	TBD		Monthly Limit of Indemnity Included
Legal and accounting fees;	TBD		Monthly Limit of Indemnity Included
Commissions incurred upon the renegotiation of leases;	TBD		Monthly Limit of Indemnity Included
Fees for licenses and permits;	TBD		Monthly Limit of Indemnity Included
Insurance premiums for Builders Risk, Workers' Compensation and	TBD		Monthly Limit of Indemnity Included
General Liability Insurance;			
Real estate taxes and assessments;	TBD		Monthly Limit of Indemnity Included
Project administration expense, excluding Developer fees and	TBD		Monthly Limit of Indemnity Included
project resequencing costs;			
Other: Soft Cost Contingency for those soft costs listed herein	\$9,741,898		Monthly Limit of Indemnity Included
Other: Architect & Engineering Fees & Plan Review Fees	TBD		Monthly Limit of Indemnity Included
Other: Constructor Manager Fee	TBD		Monthly Limit of Indemnity Included
Other: Fiscal Agent Fee	TBD		Monthly Limit of Indemnity Included
Other: Bond Discount	TBD		Monthly Limit of Indemnity Included
Other: Site Survey, Geotechnical Investigations, Special Inspections	TBD		Monthly Limit of Indemnity Included
Other: Commissioning	TBD		Monthly Limit of Indemnity Included
Other: Printing	TBD		Monthly Limit of Indemnity Included
C. EXISTING PROPERTY		\$0	
D. Damage to the Owner's EXISTING PROPERTY – Limited		NCP	
E. Property in Transit per Conveyance		\$1,000,000	
F. Temporary Off-site Storage and Off-site Staging Areas, any one location		\$1,000,000	
G. Expediting and Extra Expenses		20% of the insured physical LOSS, or \$1,000,000; whichever is less	
H. Debris Removal		25% of the insured physical LOSS, or \$2,500,000; whichever is less	
I. Trees, Shrubs, Plants and Lawns		\$500,000	
J. Protection Service Charges		\$50,000	
K. Fire Protective Equipment Recharge		\$50,000	
L. Valuable Papers and Records		\$1,000,000	
M. Claim Preparation Expenses		\$100,000	
N. Protection of Insured Property Pre-LOSS		\$100,000	
O. Architects and Engineers Fees		\$500,000	
P. Office and Construction Trailers/Semi-trailers and their Contents		\$150,000	
Q. Ordinance or Law		\$2,500,000	
R. TESTING		Included	
S. Business Personal Property		\$150,000	
T. Contract Penalty		NCP	
U. TOWER CRANE Re-Erection Expense		\$100,000	
V. NAMED WINDSTORM		\$131,571,067	
<b>Annual Aggregate Sub-limits of Insurance</b>			
A. FLOOD	Per OCCURRENCE	\$25,000,000	
	Annual Aggregate	\$25,000,000	
B. EARTH MOVEMENT	Per OCCURRENCE	\$25,000,000	
	Annual Aggregate	\$25,000,000	
C. Pollution or Contamination Clean-Up	Per OCCURRENCE	\$250,000	
	Annual Aggregate	\$250,000	
D. Limited Coverage for FUNGUS, Wet Rot, Dry Rot or Bacteria			

Per OCCURRENCE	\$100,000
Annual Aggregate	\$100,000

### III. Escalation Clause

The Sub-limit of Insurance for Physical LOSS to the INSURED PROJECT stated above is considered an estimate. Should any increase in the Estimated Completed Value of the INSURED PROJECT occur, the Sub-limit of Insurance for Physical LOSS to the INSURED PROJECT will automatically increase to reflect the change concurrently, subject to a maximum increase of 5.00% of the original Sub-limit of Insurance stated above. The Per OCCURRENCE Limit of Insurance stated above will increase by the same amount. This clause does not apply to other Sub-limits of Insurance, including Delay in Opening, if to this Policy, nor does it apply to the Annual Aggregate Sub-limits of Insurance.

### IV. Deductibles

\$25,000 direct physical LOSS in any one OCCURRENCE except;

A. LOSS in any one OCCURRENCE caused by or resulting from FLOOD Subject to a maximum deductible of:	\$ 250,000 NA	or	NA%
B. LOSS in any one OCCURRENCE caused by or resulting from EARTH MOVEMENT Subject to a maximum deductible of:	\$ 100,000 NA	or	NA%
C. LOSS in any one OCCURRENCE caused by or resulting from WATER DAMAGE Subject to a maximum deductible of:	\$ 100,000 NA	or	NA%
D. LOSS in any one OCCURRENCE caused by or resulting from NAMED WINDSTORM Subject to a maximum deductible of:	\$ 100,000 NA	or	NA%
E. LOSS in any one OCCURRENCE caused by or resulting from TESTING	\$ 100,000	or	NA%
F. LOSS in any one OCCURRENCE caused by or resulting from WINDSTORM (INCL HAIL)	\$ 250,000	or	NA%
G. LOSS in any one OCCURRENCE caused by or resulting from <u>NCP</u>	NA	or	NA%
H. LOSS in any one OCCURRENCE caused by or resulting from <u>NCP</u>	NA	or	NA%

Where a percentage deductible is shown above, the deductible shall be the greater of the dollar amount shown, or the stated percentage of the total insured values at the INSURED PROJECT site or sites at the time and date of the LOSS, unless a maximum deductible is listed.

Delay in Opening – WAITING PERIOD:	30	Calendar Days, Each DELAY, except;
A. Each DELAY Caused by or resulting from FLOOD:	30	Calendar Days
B. Each DELAY Caused by or resulting from EARTH MOVEMENT:	30	Calendar Days
C. Each DELAY Caused by or resulting from NAMED WINDSTORM:	30	Calendar Days
D. Each DELAY Caused by or resulting from WATER DAMAGE:	30	Calendar Days
E. Each DELAY Caused by or resulting from Windstorm including Hail	30	Calendar Days

### V. Rates and Adjustment

Coverage Type	Rate		Annual Premium	Term Deposit Premium
INSURED PROJECT Physical Loss	\$0.0900	Per \$100 Annual	\$109,647	\$283,327
Delay in Opening	\$0.1350	Per \$100 Annual	\$13,152	\$33,984
TESTING ( 90 days)	Included	Per \$100 Annual	Included	Included
TESTING ( 90 days) Delay in Opening	Included	Per \$100 Annual	Included	Included
<b>Total Deposit Premium:</b>	<b>\$317,311</b>			
<b>TRIPRA Premium:</b>	<b>\$9,519</b>			
<b>Total Deposit Premium Including TRIPRA:</b>	<b>\$326,830</b>			

Subject to a minimum earned premium of \$81,708

#### Taxes, Surcharges & Fees:

Kentucky Municipality Taxes	\$32,683.00
Combined Total Amount Due including Taxes, Surcharges & Fees:	\$359,513.00

Any applicable taxes, surcharges or fees, etc. are in addition to the above stated premium. The actual taxes, surcharges or fees, etc. will be those in effect on the date coverage is bound. The insured is responsible for paying these taxes, surcharges or fees in addition to the above stated premium.

### Terms & Conditions:



**Mandatory Endorsements/Forms:**

- BB-5W58a (09/11) Common Policy Declarations
- ALL-21101 (11/06) Trade or Economic Sanctions Endorsement
- ALL-20887 (10/06) CHUBB Producer Compensation Practices & Policies
- IL P 001 (01/04) U.S. Treasury Departments' Office of Foreign Assets Control ("OFAC") Advisory Notice to Policyholders
- CC-1K11k (04/22) Signatures
- MA-608255p (04/15) Claims Directory Property and Inland Marine
- ACE0210 (01/08) Nuclear, Biological, Chemical, Radiological Exclusion
- ACE0727 (11/21) Construction Risk Declarations
- ACE0728 (11/21) Construction Risk Coverage Form
- ACE0974 (04/20) Exclusion of Loss Due to Virus Bacteria or Microorganism That Induce Physical Distress Illness or Disease
- TRIA11e (08/20) Disclosure Pursuant to Terrorism Risk Insurance Act
- ACE1029 (06/22) Windstorm (including Hail) per Occurrence Deductible Endorsement \$250,000 per occurrence deductible
- ACE0729 (11/21) Delay in Opening Endorsement

**VI. Extension of Term:**

This Policy may be extended for a period not to exceed ( 0 ) days from the original expiration date shown above, subject to the same terms and conditions in effect at the time of the extension, and subject to a pro-rata additional premium, exclusive of TESTING.

NOTE: Premium rates applicable to coverage during the period of June 1st through November 30th (NAMED WINDSTORM Season) may differ from rates applicable during the period December 1st through May 31st, and additional premium for extensions will reflect those pricing differences.

The TESTING PERIOD may be extended for a period not to exceed ( 0 ) days from the number of days for TESTING stated in V. Rates and adjustment above, subject to the same terms and conditions in effect at the time of the extension, and subject to an additional premium based upon the number of days of the extension period.

The NAMED INSURED must request these extensions in writing and receive acceptance from the Company prior to the original expiration date shown above. If the NAMED INSURED does not provide the aforementioned written extension request(s), coverage shall terminate on the original expiration date stated in this Policy.

**VII. Additional NAMED INSURED Information:**

NA

**VIII. Mortgagee and Loss Payee Information:**

NA

**Valuation:**

- A. Property Under Construction – The cost to repair or replace the insured property lost or damaged with material of like kind and quality, less betterment, including contractor's reasonable profit and overhead not exceeding the percentages in the original contract. If the insured property is not repaired or replaced then direct physical LOSS shall be settled on the basis of ACTUAL CASH VALUE.
- B. EXISTING PROPERTY - The Company will pay the least of the following for direct physical LOSS to EXISTING PROPERTY:
  1. The ACTUAL CASH VALUE of the EXISTING PROPERTY;
  2. The cost of reasonably restoring the EXISTING PROPERTY to its condition immediately prior to the direct physical LOSS;
  3. The cost of replacing the EXISTING PROPERTY with substantially identical property unless replacement with substantially identical property is impossible or unnecessary. In such case, FUNCTIONAL REPLACEMENT COST would apply.
- C. Property of Others (Including Items Supplied by the Owner) – If Property of Others is new, the cost to repair or replace the insured property lost or damaged with material of like kind and quality, less betterment. If Property of Others is not new then, the Owner's cost or ACTUAL CASH VALUE, whichever is less.  
If the Property of Others is not repaired or replaced, then direct physical LOSS shall be settled on the basis of ACTUAL CASH VALUE.
- D. TEMPORARY STRUCTURES – The cost to repair or replace the insured property lost or damaged with material of like kind, quality, and condition but in the event the insured property is not repaired or replaced recovery will not exceed the ACTUAL CASH VALUE.
- E. Valuable Papers and Records - The cost to reproduce the insured property with other property of like kind and quality including the cost of gathering or assembling information from back up data if replaced, or if not replaced, at the value of blank material.
- F. ELECTRONIC MEDIA or ELECTRONIC DATA - The cost of the blank media, plus the costs of copying or restoring ELECTRONIC DATA from back-up or from originals of a previous generation, not including research and engineering or the costs or expense of recreating, gathering, or assembling such ELECTRONIC DATA.

This Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered, or assembled. If not repaired, replaced, or restored, ELECTRONIC MEDIA shall be valued at the cost of the blank media.

G. Trees, Shrubs, Plants and Lawns - The cost to replace with property of like kind and quality plus the proper proportion of labor expended if such damage occurs after installation.

H. Office and Construction Trailers/Semi-trailers and their Contents – If not more than 5 years old as of the expiration date of this Policy, based on the manufacturer's model year, and the NAMED INSURED repairs or replaces the insured property, the least of the following shall apply:

1. The cost to replace the lost or damaged insured property, without deduction for depreciation, with new property of comparable quality and utility;
2. The amount the NAMED INSURED spends to repair or replace the lost or damaged insured property.

If the insured property is more than 5 years old or the NAMED INSURED does not actually repair or replace the insured property within a reasonable period of time after the date of direct physical LOSS, the Company will pay the ACTUAL CASH VALUE.

The Company will pay for direct physical LOSS to insured property by determining its REPLACEMENT COST, provided that the NAMED INSURED actually repairs or replaces the lost or damaged insured property, or begins to repair the damaged insured property, within 24 months from the date of direct physical LOSS; otherwise, the Company will pay for direct physical LOSS to insured property by determining its ACTUAL CASH VALUE.

**Mandatory Exclusions & Amendments:**

All policy form exclusions including but not limited to Asbestos; Contaminants or Pollutants; Electronic Data/Cyber Risk, Fungus, Wet Rot, Dry Rot or Bacteria; Nuclear, Biological, Chemical, Radiological; and Virus/Bacteria Exclusions.

This quotation does not provide coverage for demolition and/or hazardous materials abatement or remediation. If project values include such scopes of work, then revision will be required to remove those items.

**Remarks:**

The terms, conditions, limits and exclusions of this quotation supersede the submitted information and specifications submitted to us for consideration, and all prior quotations.

Actual coverage will be determined by and in accordance with the policy as issued by the insurer.

The insurer is not bound by any statements made in the submission purporting to bind the insurer unless such statement is in the actual policy.

This quotation has been constructed in reliance on the information and specifications provided in the submission. A material change or misrepresentation of the submission information and specifications may void this quotation.

**TRIPRA:**

ATTACHED PLEASE FIND A DISCLOSURE NOTICE REQUIRED BY THE TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT ("TRIPRA").

**Certificates of Insurance:**

Please be advised that we do not review Certificates of Insurance or Evidences of Commercial Property Insurance issued by you, or by any party, relating to this policy of insurance either for content or accuracy. Accordingly, we request that you do not provide copies of certificates or evidences to us for review or for our records. Authority is granted to you for the limited purpose of issuing **unmodified ACORD Certificates (ACORD 25-S for Casualty and ACORD 24 for Property and Inland Marine) and unmodified Evidence of Commercial Property Insurance (ACORD 27 and 28) only**. It is your responsibility to see that any Certificate or Evidence provides an accurate representation of the coverage form and endorsements applicable to this policy at the time the Certificates or Evidences is issued. **Any modification of the approved ACORD forms specifically set forth above, or the issuance of a non-approved Certificates of Insurance ACORD or other is prohibited.** Certificates of Insurance or Evidence of Commercial Property Insurance may only be issued as a matter of information. You have no authority by virtue of a Certificate, Evidence, or otherwise, to amend, extend or otherwise alter coverage afforded under this policy. Certificates of Insurance or Evidences of Commercial Property Insurance are never recognized as endorsements or policy change requests. You must submit a separate written request if an endorsement or policy change (including but not limited to adding additional insureds, loss payees and mortgagees and/or alteration of notice requirements for cancellation) is requested. In the event a policy change is requested, the underwriter will advise if the request is acceptable to the Company.

Regards,

Michael Whitman  
Inland Marine Department

## CONSTRUCTION RISK COVERAGE FORM

Please read the entire policy carefully to determine rights, duties and what is and is not covered.

Words and phrases that appear in CAPITALS are defined in this Coverage Form. Refer to PART F. DEFINITIONS section in this Policy. Throughout this Coverage Form, the term "Company" means the company providing this insurance as shown on the Construction Risk Declarations.

### PART A INSURING AGREEMENT

This Policy, subject to the terms, conditions and exclusions stated herein or endorsed hereto, insures against direct physical LOSS to property of every kind and description intended to become a permanent part of, or be consumed in, the construction, fabrication, assembly, installation, erection, or alteration of the INSURED PROJECT, as described on the Construction Risk Declarations and for which values have been declared and deposit premium paid. If not covered by other insurance and if values have been declared to the Company for deposit premium calculation, this Insuring Agreement shall also apply to TEMPORARY STRUCTURES.

### PART B LIMITS OF INSURANCE

The Company will pay no more for direct physical LOSS in any one OCCURRENCE than the amount stated under section II. of the Construction Risk Declarations, subject to the following:

1. Sub-limits of Insurance

The Company will pay no more for direct physical LOSS in any one OCCURRENCE than the Sub-limit of Insurance stated under section II of the Declarations for each applicable Coverage or Extension of Coverage.

If a Sub-Limit of Insurance for NAMED WINDSTORM or TESTING is stated on the Construction Risk Declarations that does not state "Included" or is less than the Limit of Insurance Per OCCURRENCE stated on the Construction Risk Declarations, the most the Company will pay for under this Policy in any one OCCURRENCE from a NAMED WINDSTORM or TESTING for all Coverage(s) and Extensions of Coverage in or endorsed on this Policy, including the Delay in Opening Coverage, is the Sub-limit of Insurance for NAMED WINDSTORM or TESTING stated on the Construction Risk Declarations.

2. Annual Aggregate Sub-limits of Insurance

Notwithstanding the foregoing, and irrespective of the stated Limit of Insurance or Sub-limits of Insurance on the Construction Risk Declarations, the most the Company will pay for direct physical LOSS in any one OCCURRENCE, and in the aggregate for direct physical LOSS from all OCCURRENCES in any one Policy year for all Coverage(s) and Extensions of Coverage in or endorsed on this Policy, including, if purchased, coverage under the Delay in Opening Endorsement, is the Annual Aggregate Sub-limit(s) of Insurance stated on the Construction Risk Declarations.

These Sub-limits of Insurance and Annual Aggregate Sub-limits of Insurance are part of, and not in addition to, the Limit of Insurance per OCCURRENCE stated on the Construction Risk Declarations.



**PART C  
EXTENSIONS OF COVERAGE**

This Policy, subject to all the terms, conditions and exclusions stated herein or endorsed hereto, is extended to insure the following extensions of coverage if a dollar value is stated in the applicable Sub-limit(s) of Insurance or Annual Aggregate Sub-limit(s) of Insurance on the Construction Risk Declarations.

**1. EXISTING PROPERTY**

The Company will pay for direct physical LOSS by an insured peril to the EXISTING PROPERTY at the INSURED PROJECT site.

For the purposes of this Extension of Coverage, EXISTING PROPERTY does not include any personal property or underground utilities of any kind.

**2. Damage to the Owner's EXISTING PROPERTY – Limited**

If the First NAMED INSURED is a General Contractor, the Company will pay for direct physical LOSS by an insured peril to the INSURED PROJECT owner's EXISTING PROPERTY at the INSURED PROJECT Site. Coverage for such EXISTING PROPERTY of the INSURED PROJECT owner applies only: (1) when, at the time of direct physical LOSS, the insured property is contained within or is attached to the EXISTING PROPERTY; and (2) to the extent direct physical LOSS arises out of the contractor's performance of work on or within the EXISTING PROPERTY.

The Company shall have the right but not the duty to defend any claim alleging damage to such EXISTING PROPERTY.

For the purposes of this Extension of Coverage, EXISTING PROPERTY does not include personal property or underground utilities of any kind.

The Company will not pay for LOSS to EXISTING PROPERTY caused by or resulting from the following:

- A. Mechanical breakdown, including rupture or bursting caused by centrifugal force;
- B. Electrical injury or disturbance caused by artificially generated electrical currents;
- C. Interruption of incoming electricity, fuel, water, gas, steam, refrigerant, or other services except as specifically covered in this policy or unless such interruption of services directly result in physical LOSS not otherwise excluded by this policy.
- D. Explosion, rupture or bursting of steam boilers, steam pipes, steam turbines or steam engines owned, leased or operated under any NAMED INSURED's or Additional Insured's control. Direct physical LOSS caused by or resulting from explosion of gases or fuel within the furnace or any fired vessel or within the flues or passages through which the gases or combustion pass is covered.
- E. LOSS caused by or resulting from site work or demolition work.
- F. LOSS caused by or resulting from EARTH MOVEMENT, FLOOD, NAMED WINDSTORM or the peril of wind.
- G. Any Delay in Opening coverage, including, but not limited to; Loss of RENTAL INCOME, Loss of BUSINESS INCOME, SOFT COSTS/ADDITIONAL EXPENSES.
- H. Any Extension of Coverage for Expediting Expenses and Extra Expenses.

Exclusions A, B and C apply unless direct physical LOSS by an insured peril ensues and then this policy insures only such ensuing direct physical LOSS.

**3. Property in Transit**

Property in due course of transit that is intended to become a permanent part of, or be consumed in the INSURED PROJECT and subject to the following additional conditions:

- A. Coverage shall attach upon commencement of loading and cease upon completion of unloading.
- B. No coverage is provided for airborne shipments.



C. No coverage is provided for waterborne shipments except on coastal and inland waterways.

D. This Extension of Coverage shall be void if the NAMED INSURED enters into any agreement with a carrier, releasing them from their common law or statutory liability or agreeing that this Policy shall in any way inure to the benefit of such carriers. However, the NAMED INSURED may, without prejudice to this Extension of Coverage, accept such bills of lading, receipts, or contracts of transportation as are ordinarily issued by carriers containing a limitation as to the value of insured property.

#### 4. Temporary Off-Site Storage and Off-Site Staging Areas

Property to be used in, or incidental to, completion of the INSURED PROJECT while located in temporary off-site storage or off-site staging areas away from the INSURED PROJECT site anywhere within the Policy territory, excluding property:

- A. Located at the manufacturer's or supplier's site while being manufactured or processed; or
- B. While in due course of transit if such equipment is the property of, or in the care, custody and control of a manufacturer or supplier.

#### 5. Expediting Expenses and Extra Expenses

In the event of direct physical LOSS insured hereunder, and occurring during the Policy period, the Company will pay for:

##### A. Expediting Expenses

The reasonable and necessary extra costs to make temporary repairs, and to expedite the permanent repair or replacement of the insured property which is damaged by an insured peril; including:

- 1. Additional wages for overtime, night work, and work on public holidays;
- 2. The extra costs of express freight or other rapid means of transportation;
- 3. The extra costs of rental equipment;
- 4. Other reasonable expenses necessarily incurred to expedite repairs.

##### B. Extra Expenses

The reasonable and necessary extra costs incurred during the period of restoration and repair of the damaged insured property that are over and above the total costs that would normally have been incurred during the same period of time had no direct physical LOSS occurred. Extra Expenses shall mean:

- 1. Equipment rental;
- 2. Emergency expenses;
- 3. Temporary use of other property;
- 4. Demobilization and remobilization of equipment and facilities;
- 5. Other reasonable extra expenses necessarily incurred to reduce the amount payable for LOSS under this Policy;

However, for the purposes of this Extension of Coverage, any costs, expenses, or loss amounts which are otherwise covered elsewhere in this Policy are expressly excluded herein.

#### 6. Debris Removal

The Company will pay the expense incurred in the removal of debris of the damaged insured property under this Policy, as a result of direct physical LOSS to insured property by an insured peril.

The Company will not pay the expense to:

- A. Extract CONTAMINANTS OR POLLUTANTS from the debris; or

- B. Extract CONTAMINANTS OR POLLUTANTS from land or water; or
- C. Remove, restore, or replace contaminated or polluted land or water; or
- D. Remove or transport any property or debris to a site for storage or decontamination required because the property or debris is affected by CONTAMINANTS OR POLLUTANTS whether or not such removal, transport, or decontamination is required by law or regulation.

It is a condition precedent to recovery under this Extension of Coverage that the Company shall have paid or agreed to pay for direct physical LOSS to the insured property hereunder, and that the NAMED INSURED shall give written notice to the Company of intent to claim for cost of removal of debris not later than twelve months after the date of such direct physical LOSS.

Upon exhaustion of the Debris Removal Sub-limit of Insurance and the per OCCURRENCE Limit of Insurance shown on the Construction Risk Declarations, the Company will pay up to an additional \$2,500,000 per OCCURRENCE and in the aggregate for debris removal.

7. Trees, Shrubs, Plants and Lawns

The Company will pay for direct physical LOSS by an insured peril to trees, shrubs, plants, and lawns, which are part of the INSURED PROJECT, and which have been installed, are in the process of being installed or awaiting installation at the INSURED PROJECT site.

8. Protection Service Charges

When a fire department, police department or other governmental authority is called to save or protect insured property from direct physical LOSS by an insured peril, the Company will pay the charges that result from:

- A. A written contract or agreement between the NAMED INSURED and a fire department, police department or other governmental authority and signed prior to the direct physical LOSS; or
- B. Application of a local ordinance, if required.

9. Fire Protective Equipment Recharge

The Company will pay for the cost to recharge or refill any fire protective equipment owned, in the control of, or used to protect insured property of the NAMED INSURED, when discharged:

- A. To prevent or control direct physical LOSS by an insured peril;
- B. Accidentally; or
- C. As a result of malfunction of the equipment.

In respect of items B. and C. above, the Company will pay for amounts in excess of amounts recoverable under any manufacturer's or supplier's warranty.

10. Valuable Papers and Records

The Company will pay the cost incurred by the NAMED INSURED to research, replace, restore, or copy those valuable papers, records, documents, blueprints, plans or drawings that are directly related to the INSURED PROJECT, as a result of direct physical LOSS by an insured peril.

**11. Claim Preparation Expenses**

The Company will pay necessary and reasonable expenses incurred by the NAMED INSURED for preparing and certifying details of a claim resulting from a direct physical LOSS which would be payable under this Policy, provided that the total amount of the direct physical LOSS exceeds the applicable Deductible shown on the Construction Risk Declarations.

However, in the event the direct physical LOSS does not exceed the applicable Deductible shown on the Construction Risk Declarations and this Policy is endorsed to provide Delay in Opening Coverage, the Company will pay necessary and reasonable expenses incurred by the NAMED INSURED for preparing and certifying details of a claim if the claim results in a DELAY which exceeds the applicable WAITING PERIOD.

Claim Preparation Expenses do not include:

- a. Salary or wages of employees of the NAMED INSURED or any of its affiliates;
- b. Fees or expenses of public adjusters or lawyers; or
- c. Fees or expenses of representatives or employees of any broker or agent.

Paragraph c. above does not apply to employees of a forensic accounting practice affiliated with the NAMED INSURED's broker or agent.

**12. Protection of Insured Property Pre-LOSS**

If it is necessary to protect or move insured property from an INSURED PROJECT site, off-site storage location or off-site staging area to preserve and protect it from sustaining imminent direct physical LOSS by an insured peril, the Company will pay for those reasonable and necessary expenses incurred by the NAMED INSURED in an effort to protect or remove insured property, including moving and storage expenses, but only to the extent that such expenses reduced direct physical LOSS which would otherwise be recoverable under this Policy.

The foregoing shall be subject to the deductible provisions of this Policy.

**13. Architects and Engineers Fees**

In the event of direct physical LOSS by an insured peril and occurring during the Policy period, the Company will pay necessary and reasonable compensation for architect's and engineer's services and expenses incurred by the NAMED INSURED in connection with the repair or replacement of the INSURED PROJECT, but excluding any costs relating to improvements and betterments to any insured property.

This Extension of Coverage shall not apply to and shall not modify, amend, or alter the Delay in Opening Architect and Engineers Fees Coverage when a value is stated and endorsed to this Policy.

**14. Office and Construction Trailers/Semi-trailers and their Contents**

The Company will pay for direct physical LOSS to office and construction trailers/semi-trailers and their contents, owned by the NAMED INSURED or in the NAMED INSURED's care, custody, or control while in, on or within 1,000 feet of the INSURED PROJECT site.

This coverage includes furniture, fixtures, data processing equipment, fax systems and phone systems but this Extension of Coverage does not apply to direct physical LOSS to tools or other contractor's equipment, jewels, jewelry, watches, money, stamps, deeds, letters of credit, documents, tickets, plans, blueprints, specifications, or other valuable papers.

This Policy is excess over any other valid or collectible insurance available to the owner of the property.



## 15. Ordinance or Law

If the repair of direct physical LOSS to insured property caused by an insured peril becomes subject to the enforcement of any ordinance or law that is in force at the time of direct physical LOSS and that:

- A. Requires the demolition of parts of the undamaged insured property; or
- B. Regulates the construction or repair of damaged insured property;

then the Company will pay for:

- 1. The cost of demolishing the undamaged insured property and clearing the site of debris from such demolition; and
- 2. The value of such undamaged part of the insured property that must be demolished; and
- 3. The increased cost of repair and/or reconstruction of the damaged and undamaged insured property on the same site, but such payment will be limited to the minimum requirements of such ordinance or law regulating the repair or reconstruction of the damaged insured property on the same site. However, the Company will not pay for any increased cost of repair or reconstruction unless the damaged insured property is actually rebuilt or replaced.

The Company will not pay the following costs:

- i. Cost of demolition or increased cost of repair or reconstruction, debris removal, or other consequential loss caused by the enforcement of any ordinance or law regulating asbestos or other hazardous material;
- ii. Cost of any governmental direction or request declaring that asbestos or other hazardous material present in, part of or utilized on any damaged or undamaged portion of insured property that can no longer be used for the purpose for which it was intended or installed and must be removed, modified, or abated;
- iii. Cost of demolition or increased cost of repair or reconstruction, debris removal, or other consequential loss caused by the enforcement of any ordinance or law regulating CONTAMINANTS OR POLLUTANTS; or
- iv. Cost of compliance with the enforcement of any ordinance or law which the NAMED INSURED or owner would have otherwise been required to comply by nature of such ordinance or law in the absence of any direct physical LOSS covered by this Policy.

## 16. TESTING

The Company will pay for direct physical LOSS to insured property by an insured peril while such property is undergoing TESTING during the TESTING PERIOD. Coverage shall continue on such insured property following the completion of TESTING subject to PART E POLICY CONDITIONS, Item 4. Term of Insurance.

Each of the following is a condition precedent to coverage for TESTING:

- A. All specified protective materials, systems and instrumentation are installed, activated and operational.
- B. No supervisory or safety system has been deliberately circumvented, unless such circumvention is necessary for the conduct of testing activities as recommended by written testing procedures and/or manufacturer's specifications and provided that such circumvention does not extend beyond that necessary for conduct of said individual activities.

17. Business Personal Property

The Company will pay for direct physical LOSS by an insured peril to business personal property intended to be placed in the INSURED PROJECT. This property is insured while in transit and while located at the INSURED PROJECT site. For the purposes of this Extension of Coverage, business personal property includes furniture and fixtures to be placed in but not permanently installed as part of the INSURED PROJECT, including but not limited to business personal property such as beds, desks, chairs, dressers, nightstands, televisions, and phones.

18. Contract Penalty

If the First NAMED INSURED is a General Contractor, the Company will pay the applicable contract penalties the first NAMED INSURED is required to pay for late completion or non-completion of the INSURED PROJECT as a result of direct physical LOSS to insured property by an insured peril. The penalties must be specified in the construction contract, signed prior to the start of construction.

It is a condition precedent to recovery under this Extension of Coverage that the NAMED INSURED use due diligence and dispatch in restoring the damaged property to the condition existing prior to the direct physical LOSS.

This Extension of Coverage shall not apply to and shall not modify, amend or alter, if purchased, coverage under the Delay in Opening Endorsement.

19. Reward

At the Company's option, the NAMED INSURED may be reimbursed for rewards paid, other than to the NAMED INSURED, or any of the NAMED INSURED's partners, members, managers or officers, for information leading to the conviction of any one or more persons responsible for direct physical LOSS insured under this Policy. The Company will be the sole judge as to the payment and amount of the reimbursement.

The most the Company will pay in any one OCCURRENCE under this Extension of Coverage is \$15,000.

20. TOWER CRANE Re-Erection Expense

If a TOWER CRANE not covered under this Policy is damaged as a result of direct physical LOSS by an insured peril while at the INSURED PROJECT Site, the Company will pay the reasonable and necessary costs incurred by the NAMED INSURED to re-erect a TOWER CRANE if necessary, to complete the INSURED PROJECT.

This Extension of Coverage shall not apply to and shall not modify, amend, or alter any other coverage insured by this Policy, Extension of Coverage or, if purchased, coverage under the Delay in Opening Endorsement.

21. Pollution or Contamination Clean-Up

The Company will pay necessary and reasonable expenses incurred by the NAMED INSURED to clean-up and remove CONTAMINANTS OR POLLUTANTS from land or water confined to the INSURED PROJECT site(s) if the release, discharge, or dispersal is caused by or results in direct physical LOSS that occurs during the Policy period, and which is not excluded by this Policy.

The Company will not pay for the costs to test for, monitor or assess the existence, concentration or effects of CONTAMINANTS OR POLLUTANTS except for testing which is performed in the course of clean-up and removal of the CONTAMINANTS OR POLLUTANTS from the land or water.

No liability shall exist under this provision unless such expenses are reported to the Company within 180 days of the date of direct physical LOSS.

22. Limited Coverage for FUNGUS, Wet Rot, Dry Rot or Bacteria

- A. The coverage described below in B. only applies when FUNGUS, wet rot, dry rot or bacteria results directly from an OCCURRENCE that is insured by this Policy, which takes place during the policy period and only if all reasonable means were used to save and preserve the property from further direct physical LOSS at the time of and after that OCCURRENCE.
- B. Under this Extension of Coverage, the Company will pay for:
  1. Direct physical LOSS to insured property at the INSURED PROJECT caused by FUNGUS, wet rot, dry rot or bacteria, including the cost of removal of the FUNGUS, wet rot, dry rot or bacteria;
  2. The cost to tear out and replace any part of a building or other insured property as needed to gain access to FUNGUS, wet rot, dry rot or bacteria; and
  3. The cost of testing performed after removal, repair, replacement, or restoration of the damaged insured property is completed, provided there is a reason to believe that FUNGUS, wet rot, dry rot or bacteria are present.

If there is insured direct physical LOSS to the INSURED PROJECT, that is not caused by FUNGUS, wet rot, dry rot or bacteria, payment will not be limited by the terms of this Extension of Coverage, except to the extent that FUNGUS, wet rot, dry rot or bacteria causes an increase in the direct physical LOSS. Any such increase in the direct physical LOSS will be subject to the terms of this Extension of Coverage.

## **PART D EXCLUSIONS**

### **Property Excluded**

This Policy does not insure:

1. Land and land values and the value of cut, fill and backfill materials existing at the INSURED PROJECT site prior to project commencement; however, to the extent included in the contract bid documents and declared for premium purposes, the value of fill and backfill materials purchased for use in the completion of the INSURED PROJECT is not excluded.  
  
Notwithstanding the foregoing, labor and material charges incurred to move, remove, place, or otherwise handle cut, fill and backfill materials, whether insured or uninsured in the foregoing, are covered to the extent such charges are included in the contract bid documents and declared for premium purposes;
2. Construction tools and construction equipment;
3. Vehicles or equipment licensed for highway use, watercraft, or aircraft;
4. Railroad rolling stock;
5. Water, animals of any kind, standing timber, and growing crops;
6. Trees, shrubs, plants, and lawn except as provided under the Extension of Coverage for Trees, Shrubs, Plants and Lawns;
7. Accounts, bills, currency, stamps, deeds, evidence of debt, checks, money, securities, or other property of a similar nature;
8. EXISTING PROPERTY at the INSURED PROJECT site, unless the value of same is declared to the Company and if a Sub-limit of Insurance is shown on the Construction Risk Declarations;



9. Property at locations other than at the INSURED PROJECT site, except Property that is in Transit or at Temporary Off-site Storage and Off-site Staging Areas if a Sub-limit of Insurance is shown on the Construction Risk Declarations;
10. Prototype, developmental, used machinery and equipment or any catalysts while undergoing any form of TESTING;
11. Refractory linings and brickwork during TESTING from the time of the first application of heat, unless LOSS directly results from physical LOSS to other insured property by an insured peril;
12. TRANSMISSION AND DISTRIBUTION LINES outside of the INSURED PROJECT site.
13. Any property while located at any site which stores, processes, or otherwise handles or makes use of radioactive materials unless reported to and accepted by the Company. The foregoing shall not apply to locations or property making use of radioactive isotopes contained within equipment used for diagnostic or testing purposes.

## **Excluded Causes of LOSS**

- I. **This Policy does not insure LOSS caused directly or indirectly by any of the following, and such LOSS is excluded regardless of any other cause or event that contributes concurrently, or in any sequence to the LOSS:**
  1. A. Hostile or warlike action in time of peace or war, including action in hindering, combating, or defending against an actual, impending, or expected attack:
    1. By any government or sovereign power (de jure or de facto) or by any authority maintaining or using military, naval, or air forces; or
    2. By military, naval, or air forces; or
    3. By an agent of any such government, power, authority, or forces; it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion will be conclusively presumed to be such a hostile or warlike action by such government, power, authority, or forces;
  - B. Insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating, or defending against such occurrence.
  2. LOSS, damage, costs, expenses, fines, or penalties incurred or sustained by or imposed on any NAMED INSURED at the order of any government agency, court or authority arising from any cause whatsoever, except physical destruction of insured property by order of public authority to prevent spread of fire or explosion.
  3. Nuclear reaction or radiation or radioactive contamination however caused. If fire ensues, liability is specifically assumed for direct physical LOSS by such ensuing fire, but not including any direct physical LOSS due to nuclear reaction, nuclear radiation, or radioactive contamination.
  4. Dishonest or criminal act committed by:
    - A. the NAMED INSURED or by any of the NAMED INSURED's partners, employees, directors, trustees, or authorized representatives;
    - B. a manager or a member, or their partners, employees, directors, or authorized representatives, if the NAMED INSURED is a limited liability company;
    - C. anyone else with an interest in the insured property, or their employees or representatives; or
    - D. anyone else to whom the insured property is entrusted for any purpose.

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

This Excluded Cause of LOSS does not apply to insured property that is entrusted to others who are carriers for hire or to acts of destruction by employees of the NAMED INSURED. But theft by employees of the NAMED INSURED is excluded.

5. Shortage found upon taking inventory.
6. Mysterious Disappearance.
7. Infestation, disease, freeze, drought and hail, weight of ice or snow, or any damage caused by insects, vermin, rodents, or animals, but only as respects Trees, Shrubs, Plants and Lawns.
8. Consequential loss, damage or expense of any kind or description, whether caused by an insured peril or otherwise, including but not limited to:
  - A. Loss of market or delay, loss of use, loss of warranty, liquidated damages, performance penalties, penalties for non-completion, delay in completion, or non-compliance with contract conditions;
  - B. General conditions, extended general conditions, or contractor's or subcontractor's overhead or profit pertaining to work at the INSURED PROJECT Site other than such costs or expenses which are reasonable and necessary to repair or replace such part of the INSURED PROJECT which has been damaged;
  - C. Resequencing of construction activities at the INSURED PROJECT Site;
  - D. Inefficiencies of construction activities at the INSURED PROJECT Site.
9. LOSS covered under any written or implied guarantee or warranty by any manufacturer or supplier.
10. Asbestos Hazard:
  - A. Asbestos, asbestos-containing product, or asbestos-containing material.
  - B. LOSS, cost, expense, fine or penalty resulting from or arising out of:
    1. Asbestos remediation, including removal or modification, of any asbestos, asbestos-containing product, or asbestos-containing material, from a building or structure of any kind, whether damaged or undamaged, and regardless of the reason such removal is undertaken, whether voluntary or compelled by government directive.
    2. Demolition or increased cost of reconstruction, repair, debris removal or loss of use when caused by, arising out of, or undertaken due to the enforcement of any law, regulation, rule, or ordinance that in any manner regulates asbestos, asbestos-containing product, or asbestos-containing material, except to the extent that coverage is provided under the Ordinance or Law Extension of Coverage.
    3. Any fault in the design, manufacture, or installation of asbestos, asbestos-containing product, or asbestos-containing material.
    4. Any governmental direction or request declaring that asbestos, asbestos-containing product, or asbestos-containing material present in or part or utilized on any undamaged portion of the insured property can no longer be used for the purpose for which it was intended or installed and must be removed or modified.
  - C. Notwithstanding the exclusions set forth above, this Policy insures direct physical LOSS to asbestos, asbestos-containing product and asbestos-containing material which is physically incorporated into

an insured building or structure, including the necessary costs to remove or remediate such damaged asbestos, but only when such damage occurring during the policy period is directly and solely caused by the following perils, and then only that part of such asbestos which incurs direct physical LOSS: fire, lightning, aircraft impact, explosion, riot, civil commotion, smoke, vehicle impact, windstorm or hail, vandalism, malicious mischief, leakage or accidental discharge from automatic fire protective systems.

11. LOSS caused by, resulting from, contributed to, or made worse by actual, alleged or threatened release, discharge, escape or dispersal of CONTAMINANTS OR POLLUTANTS, all whether direct or indirect, proximate, or remote or in whole or in part caused by, contributed to, or aggravated by any physical damage insured by this Policy.

Nevertheless, if fire is not excluded from this Policy and a fire arises directly or indirectly from the release, discharge, escape or dispersal of CONTAMINANTS OR POLLUTANTS, any covered LOSS which arises directly from that fire shall (subject to the terms, conditions, and limitations of this Policy) be insured.

This Excluded Cause of LOSS shall not apply when direct physical LOSS is directly caused by fire, lightning, aircraft impact, explosion, riot, civil commotion, vandalism, malicious mischief, smoke, vehicle impact, windstorm, or hail. This Excluded Cause of LOSS shall also not apply when direct physical LOSS is directly caused by leakage or accidental discharge from automatic fire protective systems.

12. The increased cost to comply with the enforcement of any ordinance or law that:

- A. Requires the demolition of parts of undamaged insured property;
- B. Regulates the construction or repair of damaged insured property;

This Excluded Cause of LOSS does not apply to the extent coverage is provided in the EXTENSIONS OF COVERAGE – Ordinance or Law.

13. LOSS, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of:

- A. ELECTRONIC DATA by any cause whatsoever (including but not limited to COMPUTER VIRUS or MALICIOUS PROGRAMMING); and/or
- B. ELECTRONIC MEDIA caused by or resulting from the LOSS, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of ELECTRONIC DATA;

regardless of any other cause or event that contributes concurrently or in any sequence to the LOSS, damage, destruction, distortion, erasure, corruption, alteration, diminishment in value, or loss of use or usefulness of ELECTRONIC DATA or ELECTRONIC MEDIA.

This Excluded Cause of LOSS does not apply to direct physical LOSS of ELECTRONIC DATA or ELECTRONIC MEDIA caused by or resulting from the perils of Fire, Lightning, Explosion, Aircraft or Vehicle Impact, Falling Objects, Windstorm, Hail, Tornado, NAMED WINDSTORM, EARTH MOVEMENT or Volcanic Action, FLOOD, Freeze or Weight of Snow, Theft, or Riot, if, and to the extent, such peril causing the direct physical LOSS is otherwise covered by this Policy.

14. Any LOSS or expense consisting of, caused by, contributed to, or aggravated by FUNGUS, wet rot, dry rot, or bacteria, whether directly or indirectly the result of an insured peril. This includes, but is not limited to, the cost for investigation, testing, remediation services, extra expense, or business interruption. Such LOSS is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the LOSS.

If direct physical LOSS otherwise covered by this Policy occurs, and the cost of removal of debris is increased due to the presence of FUNGUS, wet rot, dry rot or bacteria, this Policy will only be liable for the costs of debris removal which would have been incurred had no such factors been present in, on, or about the insured property to be removed.



This Excluded Cause of LOSS does not apply to the extent coverage is provided in the EXTENSIONS OF COVERAGE – Limited Coverage for FUNGUS, Wet Rot, Dry Rot or Bacteria.

15. FLOOD, unless a dollar value or “Included” is stated in the applicable FLOOD Annual Aggregate Sub-limits of Insurance on the Construction Risk Declarations. This exclusion does not apply to direct physical LOSS by fire or explosion resulting from FLOOD nor does it apply to Property in Transit.
16. EARTH MOVEMENT, unless a dollar value or “Included” is stated in the applicable EARTH MOVEMENT Annual Aggregate Sub-limits of Insurance on the Construction Risk Declarations. This exclusion does not apply to direct physical LOSS by fire or explosion resulting from EARTH MOVEMENT nor does it apply to Property in Transit.
17. Any LOSS to insured property caused by, resulting from or while undergoing TESTING, unless a dollar value or “Included” is stated in the applicable TESTING Sub-limit of Insurance on the Construction Risk Declarations.

**II. This Policy does not insure LOSS caused by or resulting from any of the following, unless direct physical LOSS by an insured peril ensues and then this Policy insures only such ensuing direct physical LOSS:**

1. Corrosion, decay, deterioration, erosion, evaporation, inherent vice, latent defect, leakage, loss of weight, rust, shrinkage, wear and tear or any quality in property which causes it to damage or destroy itself.
2. Normal settling, shrinking, cracking, expansion, or contraction.
3. Dryness or dampness of atmosphere.
4. Extremes or changes in temperature.
5. Heat, humidity, or condensation.

**III. Cost of Making Good**

This Policy does not insure the costs that would have been incurred to rectify any of the following had such rectification been effected immediately prior to the LOSS:

- A. Fault, defect, error, deficiency or omission in design, plans, specifications, engineering, or surveying;
- B. Faulty or defective workmanship, supplies, or material;

However, if direct physical LOSS by an insured peril ensues, then this Policy will provide cover for such ensuing LOSS only.

For the purpose of this Policy and not merely this Excluded Cause of LOSS, insured property, or any portion thereof, shall not be regarded as damaged solely by virtue of the existence of any condition stated under A. or B. above.

## PART E POLICY CONDITIONS

These Policy Conditions apply to the entire Policy, including any endorsements attached to or made part of this Policy. However, to the extent that these Policy Conditions are in conflict with any State Changes or State Amendatory endorsements attached to or made part of this Policy, the conditions of the State Changes or State Amendatory endorsements shall take precedence.

1. **First NAMED INSURED**

The first NAMED INSURED shown on the Construction Risk Declarations will be the sole agent for all other NAMED INSUREDs, Additional Insureds and any other person or entity insured under this Policy for the following: giving and receiving of notices under this Policy, including notice of cancellation or nonrenewal; receiving any return premium that becomes payable under the Policy; requesting or agreeing to amend terms and conditions of this Policy; and adjusting LOSS under this Policy.

2. **Additional Insureds**

To the extent required by any written contract or subcontract for the INSURED PROJECT, and then only as their respective interests may appear, all owners, all contractors, and subcontractors of every tier of the INSURED PROJECT, and any other individual or entity specified in such written contract or subcontract, are recognized as Additional Insureds hereunder. As respects architects, engineers, manufacturers and suppliers, their interest is limited to their site activities only.

3. **LOSS Payable**

LOSS, if any, shall be adjusted with and made payable to the NAMED INSURED, or as per order of the NAMED INSURED, whose receipt shall constitute a release in full of all liability under this Policy with respect to such LOSS.

4. **Term of Insurance**

Coverage provided hereunder shall attach as of the date shown on the Construction Risk Declarations and shall continue in full force and effect until:

- A. the expiration date shown on the Construction Risk Declarations,
- B. final acceptance of the INSURED PROJECT by the owner,
- C. abandonment of the INSURED PROJECT by the NAMED INSURED, or
- D. the expiration of the NAMED INSURED's interest in the INSURED PROJECT;

whichever first occurs.

**Permission to Occupy**

The owner may occupy the INSURED PROJECT for the purpose originally intended without the Company's written consent. The NAMED INSURED agrees that all planned fire protection and security systems will be installed, activated and operational on each floor of the building(s) or structure(s) to be occupied prior to and during such occupancy.

5. **Premium**

- A. **Deposit Premium:** The premium stated on the Construction Risk Declarations is a deposit premium and shall be adjusted in accordance with Paragraph 5.C. Premium Adjustment. The deposit premium shall be due and payable within thirty (30) days of the effective date shown or per the date noted on the invoice, whichever is earlier.

- B. Reporting Provisions: Not later than thirty (30) days after the expiration, cancellation, or any requested extension of this Policy, the NAMED INSURED shall report to the Company the total COMPLETED VALUE of all property including, but not limited to, all wages, expenses, materials, supplies, equipment, and such other charges, all whether provided by the owner, contractor, or others, which became a part of or was expended in the INSURED PROJECT.
- C. Premium Adjustment:
1. The final earned premium for this Policy shall be computed by applying the rates used for the purpose of computing the deposit premium to the actual term of coverage provided and the total COMPLETED VALUE declared in accordance with Paragraph E.5.B. Reporting Provisions.
  2. If the premium so calculated shall differ from the deposit premium, such difference shall be due and payable to the NAMED INSURED or the Company, as the case may be.
  3. If the final COMPLETED VALUE reported to the Company for the INSURED PROJECT varies by no more than 5% from the estimated COMPLETED VALUE at inception, then the Company and the NAMED INSURED agree that no Premium Adjustment will occur. Any variation in COMPLETED VALUE greater than 5% will require a Premium Adjustment per 1. and 2. above using the estimated COMPLETED VALUE of the INSURED PROJECT at inception as the base.
- D. Minimum Earned Premium:
1. If the NAMED INSURED cancels this Policy before the expiration date of the Policy, the Company will charge a minimum earned premium as stated on the Construction Risk Declarations. If the Company cancels the Policy, no minimum earned premium applies.
  2. If the NAMED INSURED cancels the Policy, the Company will calculate the return premium as determined by this Clause E.5. Premium, the Policy Reporting Endorsement, if any, and amendatory endorsements, if any, attached to this Policy. After the Company determines the return premium, the Company will subtract it from the Policy term premium to determine the earned premium.
  3. The Company will then compare the earned premium to the minimum earned premium stated on the Construction Risk Declarations. If the earned premium is less than the minimum earned premium, the Company will return to the NAMED INSURED the difference between the Policy term premium and the minimum earned premium. If the earned premium is more than the minimum earned premium, the Company will return to the NAMED INSURED the difference between the Policy term premium and the earned premium as determined by this Clause 5. Premium, the Policy Reporting Endorsement, if any, and amendatory endorsements, if any, attached to this Policy.

6. Deductibles

The Company will adjust all direct physical LOSS arising out of any one OCCURRENCE as one LOSS. The Company will not pay for direct physical LOSS in any one OCCURRENCE until the amount of the adjusted direct physical LOSS exceeds the applicable deductible stated on the Construction Risk Declarations. The Company will then pay the amount of the direct physical LOSS in excess of the applicable deductible.

Where a percentage deductible is shown on the Construction Risk Declarations, the deductible shall be the greater of the dollar amount shown, or the stated percentage of the total insured values in place at the INSURED PROJECT site or sites sustaining direct physical LOSS in any one OCCURRENCE, unless a maximum deductible is listed.

In the event that more than one deductible shown on the Construction Risk Declarations, or provided in any endorsement, shall apply to covered direct physical LOSS in any one OCCURRENCE, only the largest deductible shall be applied.

However, if this Policy is extended to provide coverage for Delay in Opening, the deductible stated on the applicable endorsement will be applied separately and in addition to the deductible(s) for the other coverages provided in this Policy.

## 7. Valuation

At the time and place of direct physical LOSS, the basis of adjustment of a claim, unless otherwise endorsed herein, shall be as follows:

- A. **Property Under Construction** – The cost to repair or replace the insured property lost or damaged with material of like kind and quality, less betterment, including contractor's reasonable profit and overhead not exceeding the percentages in the original contract. If the insured property is not repaired or replaced, then direct physical LOSS shall be settled on the basis of ACTUAL CASH VALUE.
- B. **EXISTING PROPERTY** - The Company will pay the least of the following for direct physical LOSS to EXISTING PROPERTY:
  1. The ACTUAL CASH VALUE of the EXISTING PROPERTY;
  2. The cost of reasonably restoring the EXISTING PROPERTY to its condition immediately prior to the direct physical LOSS;
  3. The cost of replacing the EXISTING PROPERTY with substantially identical property unless replacement with substantially identical property is impossible or unnecessary. In such case, FUNCTIONAL REPLACEMENT COST would apply.
- C. **Property of Others (Including Items Supplied by the Owner)** – If Property of Others is new, the cost to repair or replace the insured property lost or damaged with material of like kind and quality, less betterment. If Property of Others is not new then, the Owner's cost or ACTUAL CASH VALUE, whichever is less.

If the Property of Others is not repaired or replaced, then direct physical LOSS shall be settled on the basis of ACTUAL CASH VALUE.
- D. **TEMPORARY STRUCTURES** – The cost to repair or replace the insured property lost or damaged with material of like kind, quality, and condition but in the event the insured property is not repaired or replaced recovery will not exceed the ACTUAL CASH VALUE.
- E. **Valuable Papers and Records** - The cost to reproduce the insured property with other property of like kind and quality including the cost of gathering or assembling information from back up data if replaced, or if not replaced, at the value of blank material.
- F. **ELECTRONIC MEDIA or ELECTRONIC DATA** - The cost of the blank media, plus the costs of copying or restoring ELECTRONIC DATA from back-up or from originals of a previous generation, not including research and engineering or the costs or expense of recreating, gathering, or assembling such ELECTRONIC DATA.

This Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Named Insured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered, or assembled. If not repaired, replaced, or restored, ELECTRONIC MEDIA shall be valued at the cost of the blank media.
- G. **Trees, Shrubs, Plants and Lawns** - The cost to replace with property of like kind and quality plus the proper proportion of labor expended if such damage occurs after installation.
- H. **Office and Construction Trailers/Semi-trailers and their Contents** – If not more than 5 years old as of the expiration date of this Policy, based on the manufacturer's model year, and the NAMED INSURED repairs or replaces the insured property, the least of the following shall apply:
  1. The cost to replace the lost or damaged insured property, without deduction for depreciation, with new property of comparable quality and utility;



2. The amount the NAMED INSURED spends to repair or replace the lost or damaged insured property.

If the insured property is more than 5 years old or the NAMED INSURED does not actually repair or replace the insured property within a reasonable period of time after the date of direct physical LOSS, the Company will pay the ACTUAL CASH VALUE.

The Company will pay for direct physical LOSS to insured property by determining its REPLACEMENT COST, provided that the NAMED INSURED actually repairs or replaces the lost or damaged insured property, or begins to repair the damaged insured property, within 24 months from the date of direct physical LOSS; otherwise, the Company will pay for direct physical LOSS to insured property by determining its ACTUAL CASH VALUE.

## 8. Cancellation

- A. This Policy may be cancelled by the NAMED INSURED by mailing to the Company written notice stating when, thereafter, such cancellation shall be effective. The Company may cancel this Policy by mailing to the NAMED INSURED at the address shown in the Policy written notice stating when, not less than sixty (60) days thereafter, such cancellation will be effective. In the event of non-payment, the Company shall give fifteen (15) days notice. The mailing of notice as shall be sufficient proof of notice and the effective date of cancellation stated in the notice shall become the end of the Policy period. Delivery of such written notice either by the NAMED INSURED or by the Company shall be equivalent to mailing.
- B. If the NAMED INSURED or the Company cancels, earned premiums shall be computed in accordance with Part E.5.C. Premium Adjustment and Part E.5.D. Minimum Earned Premium.
- C. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The Company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the NAMED INSURED.

## 9. Inspection and Audit

While this Policy is in effect, the Company may, at any reasonable time, inspect the NAMED INSURED's property and operations. However, any recommendations or information provided as a result of such inspection(s) is not intended as a substitute for advice from a safety expert or legal counsel the NAMED INSURED may retain for their intended purpose(s). It is not intended to satisfy any legal duty the NAMED INSURED may have to provide a safe premises, workplace, product, or operation.

The Company may also examine and audit the NAMED INSURED's books and records at any reasonable time during the Policy period, and within one year after the final termination of the Policy, as long as they relate to the subject matter of this Policy.

## 10. Assignment

The NAMED INSURED agrees not to assign and/or transfer any legal rights or interests in the Policy without the Company's written consent.

## 11. Abandonment

There will be no abandonment of any insured property to the Company.

## 12. Appraisal

If the NAMED INSURED and the Company fail to agree on the amount of the LOSS, each, upon written demand of either the NAMED INSURED or the Company, shall select a competent and disinterested appraiser. The appraisers shall then select a competent and disinterested umpire. If they should fail for fifteen (15) days to agree upon such umpire, then upon the request of the NAMED INSURED or the

Company, such umpire shall be selected by a judge of a court of record in the jurisdiction in which such appraisal is pending. Then, at a reasonable time and place, the appraisers shall appraise the LOSS based on the Valuation conditions within the Policy. If the appraisers agree, their written agreement shall determine the amount of LOSS and shall be paid by the Company within thirty (30) days thereafter. If the appraisers fail to agree, they shall submit their differences to the umpire. The umpire shall then submit a written award resolving such differences. Such award shall determine the amount of the LOSS and shall be paid by the Company within thirty (30) days thereafter.

The NAMED INSURED and the Company shall each pay its chosen appraiser and shall bear equally the other expenses of the appraisal and umpire. The Company shall not be held to have waived any of its rights by any act relating to appraisal.

## 13. In Case of LOSS

### A. Notice of OCCURRENCE:

The NAMED INSURED will, as soon as practicable, report in writing to the Company every OCCURRENCE that may give rise to a claim under this Policy.

### B. Proof of LOSS:

The NAMED INSURED will as soon as practicable, file with the Company a signed and sworn detailed proof of LOSS.

### C. Duty to Cooperate:

The NAMED INSURED shall cooperate with the Company in the investigation of the LOSS and settlement of the claim.

### D. Payment of LOSS:

All adjusted claims, including partial payments thereon will be due and payable no later than thirty (30) days after presentation and acceptance of proof of LOSS or partial proof of LOSS, as the case may be, by this Company or its appointed representative.

## 14. Other Insurance

Except as stated in the Contributing Insurance and Excess Insurance articles, if there is other insurance which is issued by another valid policy or policies of insurance, whether primary or excess, whether collectible or not, this Policy will apply as excess insurance and will not contribute with such other insurance, nor shall the Company be liable to make any payment in connection with any such portion of a claim or suit.

## 15. Contributing Insurance

Permission is granted for other policies written upon the same plan, conditions, and provisions as those contained herein.

This Policy will contribute to the total of each LOSS otherwise payable herein to the extent of the participation of this Policy in the total Limit of Insurance, as provided by all policies written upon the same plan, conditions, and provisions as those contained in this Policy.

The adjustment of losses by any contributing insurance company is not binding on any other contributing insurance company.

## 16. Excess Insurance

Permission is granted the NAMED INSURED to have excess insurance over the Limit of Insurance set forth in this Policy without prejudice to this Policy, nor will the existence of such insurance, if any, reduce any liability under this Policy.

17. Pair and Set

- A. In the event of direct physical LOSS to any insured article or articles which are part of a pair or set, the measure of direct physical LOSS to such article or articles will be a reasonable and fair proportion of the total value of the pair or set, giving consideration to the importance of said article or articles, but in no event will such direct physical LOSS be construed to mean total direct physical LOSS of the pair or set, or
- B. In the event of direct physical LOSS to any part of insured property consisting, when complete for use, of several parts, the Company will only be liable for the value of the part lost or damaged.

18. Recovery or Salvage

Any recovery or salvage will apply as if recovered or received prior to the LOSS settlement and the LOSS will be readjusted accordingly, except for:

- A. proceeds from subrogation and other insurance recovered or received after a LOSS settlement under this Policy;
- B. any recovery from suretyship, insurance, reinsurance, security, or indemnity taken by or for the benefit of the Company.

19. Reinstatement

With the exception of direct physical LOSS caused by insured perils which are subject to Annual Aggregate Sub-limits of Insurance, any LOSS hereunder will not reduce the limits available under this Policy.

20. Subrogation

If the Company pays a claim under this Policy, it will be subrogated, to the extent of such payment, to all the NAMED INSURED's rights of recovery from other persons, organizations, and entities. The NAMED INSURED will execute and deliver instruments and papers and do whatever else is necessary to secure such rights.

The Company will have no rights of subrogation against:

- A. any person or entity, which is an Additional Insured, but only to the extent of their interest in the damaged insured property;
- B. any other person or entity, against which the NAMED INSURED has waived its rights of subrogation in writing before the time of direct physical LOSS.

Notwithstanding the foregoing, it is a condition of this Policy that the Company shall be subrogated to all the NAMED INSURED's unwaived rights of recovery against:

- A. Any Architect or Engineer, whether or not a NAMED INSURED or Additional Insured, for any LOSS arising out of the performance of professional services in their capacity as such and caused by any error, omission, deficiency or act of the Architect or Engineer, by any person employed by them or by any others for whose acts they are legally liable, and;
- B. Any manufacturer or supplier of machinery, equipment, or other property, whether or not a NAMED INSURED or Additional Insured, for the cost of making good any LOSS which said party has agreed to make good under a guarantee or warranty, whether expressed or implied.

The NAMED INSURED will act in concert with the Company and all other interests concerned in the exercise of such rights of recovery.

If any amount is recovered as a result of such proceedings, the net amount recovered after deducting the costs of recovery, will accrue first to the Company in proportion to their respective interests. Any excess of this amount will be remitted to the NAMED INSURED. If there is no recovery, the interests instituting the proceedings will bear the expense of the proceedings proportionately.

The NAMED INSURED will do nothing after LOSS to prejudice such rights of subrogation.

**21. Misrepresentation and Fraud**

This Policy shall be void if the NAMED INSURED has intentionally concealed or misrepresented any material fact(s) or circumstance(s) concerning this insurance or the subject thereof, or in case of any fraud, attempted fraud or false swearing by the NAMED INSURED concerning any matter relating to this insurance or the subject thereof, whether before or after a LOSS.

**22. Legal Action Against the Company**

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

- A. There has been full compliance with all the conditions of this Policy; and
- B. The action is brought within 2 years after the NAMED INSURED first has knowledge of the direct physical LOSS.

**23. Benefit to Bailee**

The Policy will not inure, directly or indirectly, to the benefit or any carrier or bailee.

**24. Coverage Territory**

This Policy covers insured property within the United States of America, including the District of Columbia and property in inland transit from Canada; except that this Policy will not cover Property in Transit by water or air to and from Alaska or to and from Hawaii.

**25. Certificates of Insurance**

Any Certificate of Insurance issued in connection with this Policy shall be issued solely as a matter of convenience or information for the addressee(s) or holder(s) of said Certificate of Insurance. This Policy may only be modified by endorsement issued by the Company.

**26. Statutes**

If any of the Articles herein stated conflict with the laws or statutes of any jurisdictions in which this Policy applies, the same is amended to conform to such laws or statutes.

**27. Observance of Conditions**

Full compliance with all terms and conditions of this Policy by the NAMED INSURED shall be a condition precedent to any liability of the Company to make payment for LOSS under this Policy.

**28. Increased Hazard**

If there is a material increased hazard in the risk, change in project scope or change in project principals, the NAMED INSURED shall give notice in writing to the Company within 30 days of the NAMED INSURED's knowledge of the same. The Company shall have the right, but not the obligation, to modify the terms of insurance in accordance with the terms and conditions that would apply to the material increased hazard.

29. Examination Under Oath

The NAMED INSURED shall submit and, so far as is within their power, shall cause all other persons to submit, to examination or examinations under oath by any persons named by the Company relative to any and all matters in connection with a claim, and shall produce for examination all books of accounts, bills, invoices, and other vouchers or certified copies thereof if originals are lost, at such reasonable time and place as may be designated by the Company or its representatives as often as the Company deems necessary, and shall permit extracts and copies thereof to be made.

30. Brands and Trademarks

In any case of direct physical LOSS by an insured peril to insured property bearing a brand, trademark or label, the Company may take all or any part of the insured property at any agreed or appraised value. If so, the NAMED INSURED may, at its own expense:

- A. Stamp salvage on the insured property or its container, if the stamp will not physically damage the insured property; or
- B. Remove the brand, trademark or label if doing so will not physically damage the insured property. The NAMED INSURED must re-label the insured property or its container to comply with the law.

31. Protection of Insured Property

The NAMED INSURED will take reasonable steps to protect, recover or save the insured property and minimize any further or potential LOSS when the insured property has sustained direct physical LOSS by an insured peril. The acts of the NAMED INSURED or the Company in protecting, recovering, or saving the insured property will not be considered a waiver or an acceptance of abandonment. The NAMED INSURED and the Company will bear the reasonable expense incurred proportionate to their respective interests under this Policy.

32. Mortgage Holders

The entities listed on the Construction Risk Declarations and designated as a Mortgage Holder are added to this Policy for the INSURED PROJECT covered by this Policy, subject to the following terms and conditions:

The term "mortgage holder" includes a trustee.

- A. The Company will pay for LOSS, if any, to each mortgage holder shown in the mortgage holder schedule in their order of precedence, as interests may appear.
- B. The mortgage holder has the right to receive LOSS payment even if the mortgage holder has started foreclosure or similar action on the INSURED PROJECT.
- C. If the Company denies a claim due to the acts of the NAMED INSURED or because the NAMED INSURED has failed to comply with the terms of this Policy, the mortgage holder will still have the right to receive LOSS payment if the mortgage holder:
  - 1. Pays any premium due under this Policy at the request of the Company if the NAMED INSURED has failed to do so.
  - 2. Submits a signed, sworn proof of LOSS within 60 days after receiving notice from the Company of the NAMED INSURED'S failure to do so; and
  - 3. Has notified the Company of any change in ownership, occupancy, or substantial change in risk known to the mortgage holder.

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

- D. If the COMPANY pays the mortgage holder for any LOSS and denies payment to the NAMED INSURED because of their acts or because they have failed to comply with the terms of this Policy:
  - 1. The mortgage holder's rights under the mortgage will be transferred to the Company to the extent of the amount paid; and

2. The mortgage holder's right to recover the full amount of the mortgage holder's claim will not be impaired.

At the option of the Company, the Company may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, the mortgage and note will be transferred to the Company and the NAMED INSURED will pay the remaining mortgage debt to the Company.

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

1. Fifteen (15) days before the effective date of cancellation, if cancelled for non-payment of premium; or
2. Forty-Five (45) days before the effective date of cancellation, if cancelled for any other reason.

The Company's failure to provide notice of cancellation to the mortgage holder will not invalidate the cancellation.

- F. If the Company does not renew the Policy, the Company will give written notice to the mortgage holder at least forty-five (45) days before the expiration date of this Policy. The Company's failure to provide notice to the mortgage holder will not invalidate the non-renewal.

### 33. Blanket Loss Payees

Any individual or organization having a valid financial interest in insured property where such financial interest is secured through a debt instrument, including a loan or trust certificate, will be considered a Loss Payee for the purposes of this Policy; providing, however, and as a condition precedent to qualification hereunder as Loss Payee, that such debt instrument be executed prior to any LOSS to such insured property. Additionally, any such Loss Payee interest in insured property must be reported to the Company. The NAMED INSURED must do this not later than the time the Proof of LOSS is submitted to the Company.

The Company will adjust a LOSS with the NAMED INSURED shown on the Construction Risk Declarations and the Company will pay the NAMED INSURED, and the Loss Payee(s), up to their interest in insured property, the amount the Company owes, if anything.

## PART F DEFINITIONS

The following definitions will be applied in the interpretation of certain wording used herein:

### 1. ACTUAL CASH VALUE

The replacement cost at the time of direct physical LOSS, of the insured property damaged or destroyed, less depreciation.

### 2. COMPLETED VALUE

The projected full value of the INSURED PROJECT at the date of completion.

### 3. COMPUTER VIRUS

Instructions, code, applications, or any software program that has the ability or is suspected to have the ability to damage, destroy, erase, corrupt, alter, or prevent access to ELECTRONIC DATA, ELECTRONIC MEDIA, or COMPUTERS or to disrupt or interfere with the operations of COMPUTERS.

### 4. COMPUTERS

Includes but is not limited to mainframes, servers, workstations and portable computers, personal information managers, wide and local area network hardware, electronic and electromechanical



equipment, data processing equipment, electronic controls for machinery, electronically programmed memory chips, and electronically controlled communication equipment.

## 5. CONTAMINANTS OR POLLUTANTS

Any material which, after its release, can cause or threaten damage to human health or human welfare or which can cause or threaten damage, deterioration, loss of value, marketability or loss of use to property insured hereunder, including, but not limited to, any solid, liquid, gaseous or thermal irritant or contaminant including vapor, fumes, acids, soot, alkalis, virus, chemicals and waste, or any hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and Toxic Substances Control Act, or as designated by the US Environmental Protection Agency.

## 6. EARTH MOVEMENT

All earthquake, landslide, mudslide, mudflow, rock fall, volcanic eruption, earth sinking (other than sinkhole collapse), rising, shifting, subsidence or other earth movement, whether observable or not observable, and whether man-made or caused by natural phenomena. EARTH MOVEMENT includes sea waves, tide or tidal waters, storm surge and spray caused by or resulting from tsunami or other tectonic or seismic activity.

## 7. ELECTRONIC DATA

Facts, concepts, information, or data, including compilations thereof, in a form useable or intended for use or processing by COMPUTERS or for storage on ELECTRONIC MEDIA. ELECTRONIC DATA includes but is not limited to files, programs, applications, operating systems, and other coded instructions for the processing, calculation and storage of facts, concepts, and information by COMPUTERS.

## 8. ELECTRONIC MEDIA

Any physical device that holds, stores, contains or transfers ELECTRONIC DATA, and includes but is not limited to disks, drives, films, tapes, records, drums, or cells.

## 9. EXISTING PROPERTY

Buildings or permanent structures, including equipment used to maintain or service the buildings or structures that existed prior to the beginning of construction at the INSURED PROJECT Site.

## 10. FLOOD

A general and temporary condition during which the surface of normally dry land is partially or completely inundated due to:

- A. Rain and resultant runoff; or
- B. The rising, overflow or breach of any boundary of a natural or man-made body of water; or
- C. Sea waves, tide or tidal waters, storm surge, or spray from any of these, whether driven by wind or not; however, FLOOD does not include tsunami, sea waves, tide or tidal waters, storm surge or spray caused by or resulting from tectonic or seismic activity; or
- D. The failure of a cofferdam or similar structure intended to hold water back from an area of construction; or
- E. Unexpected accumulation of water caused by subsurface seepage or subsurface leakage; or

As respects piles and other insured property designed to be used in or above water and purposely placed or stationed in or above lakes, rivers, streams, harbors or other bodies of water, any direct physical LOSS

that could be deemed direct physical LOSS caused by WATER DAMAGE or direct physical LOSS caused by FLOOD under this policy, shall be deemed direct physical LOSS caused by FLOOD, and all terms and conditions herein shall apply as if the direct physical LOSS were caused by FLOOD.

FLOOD also means accumulation of water, including water that is mixed with soil, sand, rock, or other matter, in an excavation, pit or underground tunnel, shaft or pipe, or otherwise impacting construction work below grade.

11. FUNCTIONAL REPLACEMENT COST

The cost to replace insured property with similar property intended to perform the same function when replacement with substantially identical property is impossible or unnecessary.

12. FUNGUS

Any type or form of FUNGUS, including mold or mildew, and any mycotoxins, spores, scents, or by-products produced or released by fungi.

13. INSURED PROJECT

The work which the NAMED INSURED is contractually obligated to perform in accordance with the contract documents, being more fully described and located as set forth on the Construction Risk Declarations.

14. LOSS

Accidental loss or damage.

15. MALICIOUS PROGRAMMING

An illegal or malicious entry into COMPUTERS or ELECTRONIC DATA that results in functions that distort, corrupt, manipulate, copy, delete, destroy, slow down or prevent the use of such COMPUTERS or ELECTRONIC DATA.

16. NAMED INSURED

The persons or companies identified on the Construction Risk Declarations.

17. NAMED WINDSTORM

An intense tropical weather system with a well-defined circulation and maximum sustained winds of at least 39 mph or 63 km/hr that is named by the National Oceanic and Atmospheric Administration (NOAA), including any of NOAA's organizations, such as the National Weather Service or the National Hurricane Center. NAMED WINDSTORM includes any tornadoes, microbursts or any other wind event that is caused by or results from the NAMED WINDSTORM.

18. OCCURRENCE

All LOSS attributable directly or indirectly to one originating cause, event, incident or repeated exposure to the same originating cause, event, or incident, or to one series of similar originating causes, events, incidents or repeated exposures to the same originating cause, event or incident first occurring in the Policy period. All such LOSS will be treated as one OCCURRENCE, unless a specific period of time is included in this Policy. The most the Company will pay for LOSS in any one OCCURRENCE is the applicable Limit of Insurance shown on the Construction Risk Declarations.

As respects the perils of strike, riot, civil commotion, vandalism and malicious mischief, OCCURRENCE shall mean all LOSS arising during a continuous period of seventy-two (72) hours during the term of this

Policy. The NAMED INSURED may elect the moment when the seventy-two (72) hour period begins, but no two such periods shall overlap. Such strike, riot, civil commotion, vandalism, or malicious mischief shall be deemed to be a single OCCURRENCE within the meaning of this Policy.

As respects the peril of EARTH MOVEMENT, OCCURRENCE shall mean all LOSS arising during a continuous period of seventy-two (72) hours during the term of this Policy. The NAMED INSURED may elect the moment when the seventy-two (72) hour period begins, but no two such periods shall overlap. Such EARTH MOVEMENT shall be deemed to be a single OCCURRENCE within the meaning of this Policy.

As respects the peril of FLOOD, OCCURRENCE shall mean all LOSS arising during a continuous period of seventy-two (72) hours during the term of this Policy. The NAMED INSURED may elect the moment when the seventy-two (72) hour period begins, but no two such periods shall overlap. Such FLOOD shall be deemed to be a single OCCURRENCE within the meaning of this Policy.

As respects the peril of NAMED WINDSTORM, OCCURRENCE shall mean all LOSS arising out of the same NAMED WINDSTORM, including any tornadoes, microbursts or any other wind event associated with that NAMED WINDSTORM. Such NAMED WINDSTORM shall be deemed to be a single OCCURRENCE within the meaning of this Policy.

The Company shall not be liable for any such LOSS first occurring before the effective date and time or first occurring after the expiration date and time of this Policy.

## 19. REPLACEMENT COST

The cost to repair or replace the insured property lost or damaged at the time and place of direct physical LOSS with material of like kind and quality.

## 20. TEMPORARY STRUCTURES

Cribbing, scaffolding, shoring, fences, construction forms and other similar structures on the INSURED PROJECT site, but TEMPORARY STRUCTURES does not include construction tools, equipment, or storage structures.

## 21. TESTING

Any testing utilizing production equipment with the use of feedstock or other materials for processing, or other media to simulate working conditions.

Testing does not include any start-up, commissioning, or other forms of testing of building or civil construction systems, such as electric, heating, ventilation, air conditioning, sprinklers, water piping, plumbing, gas lines, air conditioning lines, elevators, escalators, electronic tolling, life safety or lighting, or property of similar kind.

## 22. TESTING PERIOD

That period beginning with the introduction into the production equipment of feedstock or other materials for processing, or similar media, or the first firing of fuel(s), whichever occurs first. The testing period shall continue thereafter whether or not such testing, commissioning or startup is continuous or intermittent and terminate on the expiration of this Policy.

## 23. TOWER CRANE

A crane with a fixed vertical mast that is topped by a rotating boom and equipped with a winch for hoisting and lowering loads.

24. TRANSMISSION AND DISTRIBUTION LINES

Transmission and distribution lines, poles, towers, and all equipment attached or affixed thereto, including supporting structures.

25. WATER DAMAGE

All direct physical LOSS caused by water, whatever the source, except direct physical LOSS caused by or resulting from the peril of FLOOD or NAMED WINDSTORM.

