

## BUILDERS' RISK COVERAGE SCHEDULED JOBSITE FORM BROAD FORM

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### AGREEMENT

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In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Builders' Risk Coverage. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

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### DEFINITIONS

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1. The words "you" and "your" mean the persons or organizations named as the insured on the declarations.
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Earth movement" means any movement or vibration of the earth's surface (other than "sinkhole collapse") including but not limited to earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.
4. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from these whether driven by wind or not.
5. "Fungus" means:
  - a. a fungus, including but not limited to mildew and mold;
  - b. a protist, including but not limited to algae and slime mold;
  - c. wet rot and dry rot;
  - d. a bacterium; or
  - e. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.
6. "Jobsite" means any location, project, or work site where "you" are in the process of constructing, erecting, or fabricating a building or structure.
7. "Limit" means the amount of coverage that applies.
8. "Pollutant" means:
  - a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
  - b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

9. "Schedule of coverages" means:
- all pages labeled schedule of coverages or schedules that pertain to this coverage; and
  - declarations or supplemental declarations that pertain to this coverage.

10. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

11. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.

Falling objects does not include loss to:

- personal property in the open; or
- the interior of buildings or structures or to personal property inside buildings or structures unless the exterior of the roofs or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

12. "Terms" means all provisions, limitations, exclusions, conditions, and definitions that apply.
13. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

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

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## PROPERTY COVERED

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"We" cover the following property unless the property is excluded or subject to limitations.

### Course Of Construction --

- Coverage** -- "We" cover direct physical loss caused by a covered peril to buildings and structures while in the course of construction, erection, or fabrication.

Buildings and structures in the course of construction is limited to:

- materials and supplies that will become a permanent part of the buildings or structures;
- foundations, excavations, grading, filling, attachments, permanent fencing, and other permanent fixtures;
- scaffolding, construction forms or temporary fencing at the described "jobsite"; and
- temporary structures at the described "jobsite".

- Coverage Limitation** -- "We" only cover buildings and structures in the course of construction at the "jobsite" described on the "schedule of coverages".

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## PROPERTY NOT COVERED

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- Aircraft Or Watercraft** -- "We" do not cover aircraft or watercraft.
- Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.

3. **Land** -- "We" do not cover land including land on which covered property is located.
4. **Money And Securities** -- "We" do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, or securities.
5. **Standing Building Or Structure** -- "We" do not cover any:
  - a. standing building or structure;
  - b. part of a standing building or structure; or
  - c. standing building or structure to which additions, alterations, improvements, or repairs are being made.

A standing building or structure means any building or structure that has been wholly or partially constructed, erected, or fabricated. A standing building or structure also means any building or structure that is in the process of construction, erection, or fabrication at the inception of this policy.

6. **Vehicles** -- "We" do not cover automobiles or any self-propelled vehicles that are designed for highway use.

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## COVERAGE EXTENSIONS

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### Provisions That Apply To Coverage

**Extensions** -- The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following coverage extensions are not subject to and not considered in applying coinsurance conditions.

### 1. Debris Removal --

- a. **Coverage** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril.
- b. **We Do Not Cover** -- This coverage does not include costs to:
  - 1) extract "pollutants" from land or water; or
  - 2) remove, restore, or replace polluted land or water.
- c. **Limit** -- "We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.
- d. **Additional Limit** -- "We" pay up to an additional \$5,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.
- e. **You Must Report Your Expenses** -- "We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

2. **Emergency Removal --**

- a. **Coverage** -- "We" cover any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.

3. **Emergency Removal Expenses --**

- a. **Coverage** -- "We" pay for "your" expenses to move or store covered property to prevent a loss caused by a covered peril.
- b. **Time Limitation** -- This coverage applies for up to ten days after the property is first moved. Also, this coverage does not extend past the date on which this policy expires.
- c. **Limit** -- The most "we" pay in any one occurrence for expenses to move or store covered property to prevent a loss is \$10,000.
- d. **This Is A Separate Limit** -- The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

4. **Fraud And Deceit --**

- a. **Coverage** -- "We" cover theft of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
  - 1) to persons who falsely represent themselves as the proper persons to receive the property;
  - 2) by the acceptance of fraudulent bills of lading or shipping receipts; or
  - 3) as a result of or directly related to the use of any electronic data processing hardware or software.

- b. **Limit** -- The most "we" pay in any one occurrence for theft of covered property under this Coverage Extension is \$50,000.

5. **Limited Fungus Coverage --**

- a. **Coverage** -- "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus".
- b. **Coverage Limitation** -- "We" only cover loss caused by "fungus":
  - 1) when the "fungus" is the result of:
    - a) a "specified peril" other than fire or lightning; or
    - b) "flood" (if the Flood Coverage is provided under this policy);that occurs during the policy period; and
  - 2) if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
- c. **Limit** -- The most "we" pay for all losses at all buildings or structures is \$15,000, unless another "limit" is indicated on the "schedule of coverages". The Limited Fungus Limit applies regardless of the number of claims made.

The Limited Fungus Limit applies regardless of the number of locations or buildings or structures insured under this policy.

The Limited Fungus Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

- d. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Limited Fungus Limit.
- e. **Recurrence And Continuation Of Fungus** -- Limited Fungus Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus" even if such "fungus" recurs or continues to exist during this or any future policy period.
- f. **Limit Applies To Other Costs Or Expenses** -- Limited Fungus Limit also applies to any cost or expense to:
- 1) clean up, contain, treat, detoxify, or neutralize "fungus" on covered property or remove "fungus" from covered property;
  - 2) remove and replace those parts of covered property necessary to gain access to "fungus"; and
  - 3) test for the existence or level of "fungus" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus" is present.
- g. **Loss Not Caused By Fungus** -- If there is a covered loss or damage to covered property not caused by "fungus", loss payment will not be limited by the "terms" of this coverage extension. However, to the extent that "fungus" causes an increase in the loss, that increase is subject to the "terms" of this coverage extension.

6. **Waterborne Property** --

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to covered property while waterborne.
- b. **Limit** -- The most "we" pay in any one occurrence for loss to waterborne property is \$10,000.

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## SUPPLEMENTAL COVERAGES

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**Provisions That Apply To Supplemental Coverages** -- The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages".

If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

If coinsurance provisions are part of this policy, the following supplemental coverages are not subject to and not considered in applying coinsurance conditions.

**1. Contract Penalty --**

- a. **Coverage** -- "We" pay for the cost of contractual penalties for non-completion that "you" are assessed or are required to pay because "you" are unable to complete construction of a covered building or structure in accordance with the terms or conditions of the building contract.
- b. **Coverage Limitation** -- "Your" inability to complete construction on time must be as a direct result of a loss by a covered peril to a covered building or structure.
- c. **Limit** -- The most "we" pay in any one occurrence for all contractual penalties is \$10,000.

**2. Earthquake Coverage** -- If coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by earthquake and volcanic eruption to covered property.

**3. Expediting Expenses --**

- a. **Coverage** -- When a covered peril occurs to a covered building or structure, "we" pay for reasonable expediting expenses necessary to complete construction within the time frame specified in the construction contract.

Expediting expenses include, but are not limited to, additional:

- 1) labor or overtime;
- 2) transportation costs and storage expense;

- 3) expense to rent additional equipment; and
- 4) similar construction expenses.

- b. **Limit** -- The most "we" pay in any one occurrence for all expediting expenses is \$10,000.

**4. Fire Department Service Charges --**

- a. **Coverage** -- "We" cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges. No deductible applies to this Supplemental Coverage.

- b. **Coverage Limitations** -- "We" only pay for:

- 1) fire department service charges that relate to covered property; and
- 2) charges incurred when the fire department is called to save or protect covered property from a covered peril.

- c. **Limit** -- The most "we" pay in any one occurrence for "your" liability for fire department service charges is \$1,000.

**5. Flood Coverage** -- If coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by "flood" to covered property.

**6. Ordinance Or Law (Undamaged Parts Of A Building) --**

- a. **Coverage** -- When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- 1) requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;

- 2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a covered location; and
  - 3) is in force at the time of loss.
- b. **We Do Not Cover** -- "We" do not cover:
- 1) the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";
  - 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of "fungus"; or
  - 3) costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus".
- c. **Coverage Limitation** -- This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.
7. **Ordinance Or Law (Increased Cost To Repair And Cost To Demolish/Clear Site)** --
- a. **Increased Cost To Repair** --
- 1) **Coverage** -- When a covered peril occurs to a covered building or structure, "we" cover the increased cost to repair, rebuild, or reconstruct:
    - a) damaged portions of a covered building or structure; and
    - b) undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished; as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.
  - 2) **If The Building Is Repaired Or Rebuilt** -- If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.
  - 3) **Coverage Limitation** -- "We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.
- b. **Cost to Demolish And Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.
- c. **We Do Not Cover** -- "We" do not cover:
- 1) the costs associated with the enforcement of any ordinance, law, or decree:
    - a) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants";

- b) that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus"; or
  - c) "you" were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree; or
- 2) loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation or razing of property due to the existence of or any activity of "fungus".
- d. **What We Pay If The Building Is Repaired Or Replaced** -- If the covered building or structure is repaired or replaced, "we" pay the lesser of:
- 1) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
  - 2) \$50,000.
- e. **What We Pay If The Building Is Not Repaired Or Replaced** -- If the covered building or structure is not repaired or replaced, "we" pay the lesser of:
- 1) the amount "you" actually spend to demolish and clear the site; plus the cost "you" would have incurred to replace the damaged or destroyed property with other property:
    - a) of like kind, and quality;
    - b) of the same height, floor area, and style; and
    - c) used for the same purpose; or
  - 2) \$50,000.
8. **Personal Property** --
- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to business personal property that will not become a permanent part of a covered building or structure.
  - b. **Coverage Limitation** -- "We" only cover business personal property while being installed or stored in a covered building or structure.
  - c. **Limit** -- The most "we" pay in any one occurrence for loss to personal property is \$10,000.
9. **Pollutant Cleanup And Removal** --
- a. **Coverage** -- "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period.
  - b. **Time Limitation** -- The expenses to extract "pollutants" are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.
  - c. **We Do Not Cover** -- "We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants".  
  
However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.
  - d. **Limit** -- The most "we" pay for each location is \$25,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12-month period of this policy.



10. **Rewards --**

- a. **Coverage** -- "We" pay a reward for information that leads to a conviction for:

- 1) arson;
- 2) theft; or
- 3) vandalism.

The conviction must involve a covered loss caused by arson, theft, or vandalism.

- b. **Limit** -- The most "we" pay in any one occurrence for a reward for information is \$1,000.

- c. **Limit Is Not Increased By The Number Of Persons Providing Information --**  
The amount "we" pay is not increased by the number of persons involved in providing the information.

11. **Sewer Backup Coverage --**

- a. **Coverage** -- "We" cover direct physical loss to a covered building or structure caused by:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground including water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

- b. **Limit** -- The most "we" pay in any one occurrence for loss caused by sewer backup and water below the surface is \$10,000.

12. **Storage Locations --**

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:

- 1) materials and supplies that will become a permanent part of a covered building or structure;

- 2) business personal property as described under Personal Property, Supplemental Coverages; and
- 3) trees, shrubs, plants, and lawns as described under Trees, Shrubs, and Plants, Supplemental Coverages and only for the perils described under Trees, Shrubs, and Plants

while they are in storage at a location that is not described on the "schedule of coverages".

- b. **Limit** -- The most "we" pay in any one occurrence for loss to property at a storage location is \$10,000.

13. **Testing --**

- a. **Coverage** -- "We" cover direct physical loss to a covered building or structure caused by a covered peril that results from testing.

Testing means start-up, performance, stress, pressure, or overload testing of materials, supplies, machinery, fixtures, and equipment that will become a permanent part of a covered building or structure.

- b. **Limit** -- The most "we" pay in any one occurrence for loss resulting from testing is \$10,000.

14. **Transit --**

- a. **Coverage** -- "We" cover direct physical loss caused by a covered peril to:

- 1) materials and supplies that will become a permanent part of a covered building or structure;
- 2) business personal property as described under Personal Property, Supplemental Coverages; and

- 3) trees, shrubs, plants, and lawns as described under Trees, Shrubs, and Plants, Supplemental Coverages and only for the perils described under Trees, Shrubs, and Plants

while they are in transit.

- b. **Limit** -- The most "we" pay in any one occurrence for loss to property in transit is \$10,000.

#### 15. Trees, Shrubs, And Plants --

- a. **Coverage** -- "We" cover direct physical loss including debris removal expenses, to outdoor trees, shrubs, plants, and lawns.
- b. **Coverage Limitation** -- "We" only cover trees, shrubs, plants, and lawns that are:
  - 1) at a covered "jobsite"; and
  - 2) a part of "your" construction project.
- c. **Covered Perils** -- "We" only cover loss to trees, shrubs, plants, and lawns caused by the following perils:
  - 1) fire;
  - 2) lightning;
  - 3) explosion;
  - 4) riot or civil commotion;
  - 5) falling objects; or
  - 6) vandalism.
- d. **Limit** -- The most "we" pay in any one occurrence for loss to trees, shrubs, and plants is \$10,000.

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### PERILS COVERED

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"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

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### PERILS EXCLUDED

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1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- b. **Earth Movement Or Volcanic Eruption** -- Except as provided under Supplemental Coverages - Earthquake Coverage, "we" do not pay for loss caused by any "earth movement" (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano.

"We" do cover direct loss by fire, explosion, or "volcanic action" resulting from either "earth movement" or eruption, explosion, or effusion of a volcano.

This exclusion does not apply to covered property while in transit.

- c. **Flood** -- Except as provided under Supplemental Coverages - Flood Coverage, "we" do not pay for loss caused by "flood".

"We" do cover direct loss by fire, explosion, or sprinkler leakage resulting from "flood".

This exclusion does not apply to covered property while in transit.

- d. **Fungus** -- Except as provided under Coverage Extensions - Limited Fungus Coverage, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus".

But if "fungus" results in a "specified peril", we cover loss or damage caused by that "specified peril".

This exclusion does not apply to:

- 1) loss that results from fire or lightning;  
or
- 2) collapse caused by hidden decay.

- e. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

- f. **Ordinance Or Law** -- Except as provided under Supplemental Coverages - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss regardless if the loss is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or

- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

- g. **Penalties** -- Except as provided under Supplemental Coverages - Contract Penalty, "we" do not pay for loss caused by penalties for non-completion or non-compliance with any contract terms or conditions.

- h. **Sewer Backup And Water Below The Surface** -- Except as provided under Supplemental Coverages - Sewer Backup Coverage, "we" do not pay for loss caused by:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

"We" do cover direct loss by fire, explosion, or theft resulting from either water that backs up through a sewer or drain or water below the surface of the ground.

This exclusion does not apply to covered property while in transit.

- i. **War And Military Action** -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following:
  - a. **Contamination Or Deterioration --** "We" do not pay for loss caused by contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.  
  
But if contamination or deterioration results in a covered peril, "we" do cover the loss or damage caused by that covered peril.
  - b. **Criminal, Fraudulent, Dishonest, Or Illegal Acts --** "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
    - 1) "you";
    - 2) others who have an interest in the property;
    - 3) others to whom "you" entrust the property;
    - 4) "your" partners, officers, directors, trustees, joint venturers, or "your" members or managers if "you" are a limited liability company; or
    - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for theft by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- c. **Defects, Errors, And Omissions --** "We" do not pay for loss caused by an act, defect, error, or omission (negligent or not) relating to:
  - 1) design, specifications, construction, materials, or workmanship;
  - 2) planning, zoning, development, siting, surveying, grading, or compaction; or
  - 3) maintenance, installation, renovation, remodeling, or repair.

But if an act, error, or omission as described above results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

- d. **Electrical Currents --** "We" do not pay for loss caused by arcing or by electrical currents other than lightning.

But if arcing or electrical currents other than lightning result in a covered peril, "we" do cover the loss or damage caused by that covered peril.

However, this exclusion does not apply to loss resulting from testing as specifically provided under Supplemental Coverages - Testing.

- e. **Explosion, Rupture, Or Bursting --** "We" do not pay for loss caused by explosion, rupture, or bursting of steam boilers, steam or gas turbines, steam pipes, or steam engines. This exclusion applies only to loss or damage to the steam boilers, steam or gas turbines, steam pipes, or steam engines in which the loss occurred.

f. **Loss Of Use** -- "We" do not pay for loss caused by or resulting from loss of use, delay, or loss of market.

g. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

However, this exclusion does not apply to loss resulting from testing as specifically provided under Supplemental Coverages - Testing.

h. **Missing Property** -- "We" do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of covered property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what happened to the covered property.

This exclusion does not apply to covered property in the custody of a carrier for hire.

i. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":

- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril"; or
- 2) except as specifically provided under the Supplemental Coverages - Pollutant Cleanup and Removal.

"We" do cover any resulting loss caused by a "specified peril".

j. **Temperature/Humidity** -- "We" do not pay for loss caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

k. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

l. **Wear And Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a covered peril, "we" do cover the loss or damage caused by that covered peril.

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## WHAT MUST BE DONE IN CASE OF LOSS

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

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

2. **You Must Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss.

- a. **Payment Of Reasonable Costs** -- "We" do pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. "Our" payment of reasonable costs does not increase the "limit".
  - b. **We Do Not Pay** -- "We" do not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against.
3. **Proof Of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- a. the time, place, and circumstances of the loss;
  - b. other policies of insurance that may cover the loss;
  - c. "your" interest and the interests of all others in the property involved, including all mortgages and liens;
  - d. changes in title of the covered property during the policy period; and
  - e. estimates, specifications, inventories, and other reasonable information that "we" may require to settle the loss.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.
7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by this policy.
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## VALUATION

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1. **Replacement Cost** -- The value of covered property will be based on the replacement cost without any deduction for depreciation. Replacement cost includes labor, reasonable overhead and profit, and delivery charges.
  - a. **Replacement Cost Limitations** -- Replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose.
  - b. **Payment Limitation** -- The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

2. **Pair Or Set** -- The value of a lost or damaged article that is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
3. **Loss To Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.

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## HOW MUCH WE PAY

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1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount indicated on the "schedule of coverages" in any one occurrence.
3. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single loss. This 168-hour period is not limited by the policy expiration.
4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay, "we" pay the lesser of:
  - a. the amount determined under Valuation;
  - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
  - c. the "limit" that applies to the covered property.
5. **Coinsurance** --
  - a. **When Coinsurance Applies** -- "We" only pay a part of the loss if the "limit" is less than 100% of the estimated completed value of the covered building or structure.

- b. **How We Determine Our Part Of The Loss** -- "Our" part of the loss is determined using the following steps:

- 1) determine the 100% expected completed value of the building or structure; this figure is based on the estimated value of the property at completion of construction had no loss occurred;
- 2) divide the "limit" for covered property by the result determined in b.1) above; and
- 3) multiply the total amount of loss, after the application of any deductible, by the result determined in b.2) above.

The most "we" pay is the amount determined in b.3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

- c. **If There Is More Than One Limit** -- If there is more than one "limit" indicated on the "schedule of coverages" for this coverage part, this procedure applies separately to each "limit".
  - d. **If There Is Only One Limit** -- If there is only one "limit" indicated on the "schedule of coverages" for this coverage, this procedure applies to the total of all covered property to which the "limit" applies.
6. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
  7. **Insurance Under More Than One Policy** --
    - a. **Proportional Share** -- "You" may have another policy subject to the same "terms" as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

- b. **Excess Amount** -- If there is another policy covering the same loss, other than that described above, "we" pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" do not pay more than the applicable "limit".

- b. **Conditions For Payment of Loss** -- An insured loss will be payable 30 days after:

- 1) a satisfactory proof of loss is received; and
- 2) the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".

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## LOSS PAYMENT

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### 1. Loss Payment Options --

- a. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
- 1) pay the value of the lost or damaged property;
  - 2) pay the cost of repairing or replacing the lost or damaged property;
  - 3) rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
  - 4) take all or any part of the property at the agreed or appraised value.
- b. **Notice Of Our Intent To Rebuild, Repair, Or Replace** -- "We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

### 2. Your Losses --

- a. **Adjustment And Payment Of Loss** -- "We" adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy.

### 3. Property Of Others --

- a. **Adjustment And Payment Of Loss To Property Of Others** -- Losses to property of others may be adjusted with and paid to:

- 1) "you" on behalf of the owner; or
- 2) the owner.

- b. **We Do Not Have To Pay You If We Pay The Owner** -- If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits brought by the owners at "our" expense.

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## OTHER CONDITIONS

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

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



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

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

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three, sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit To Others** -- Insurance under this coverage will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Estates** -- This provision applies only if the insured is an individual.
  - a. **Your Death** -- On "your" death, "we" cover the following as an insured:
    - 1) the person who has custody of "your" property until a legal representative is qualified and appointed; or
    - 2) "your" legal representative.

This person or organization is an insured only with respect to property covered by this coverage.
  - b. **Policy Period Is Not Extended** -- This coverage does not extend past the policy period indicated on the declarations.

5. **Misrepresentation, Concealment, Or Fraud** -- This coverage is void as to "you" and any other insured if, before or after a loss:
  - a. "You" or any other insured have willfully concealed or misrepresented:
    - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
    - 2) "your" interest herein.
  - b. There has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
6. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
7. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
  - a. "you" must notify "us" promptly if "you" recover property or receive payment;
  - b. "we" must notify "you" promptly if "we" recover property or receive payment;
  - c. any recovery expenses incurred by either are reimbursed first;
  - d. "you" may keep the recovered property but "you" must refund to "us" the amount of the claim paid or any lesser amount to which "we" agree; and
  - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
8. **Restoration Of Limits** -- Except as indicated under Limited Fungus Coverage, a loss "we" pay under this coverage does not reduce the applicable "limits".

9. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" do not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.

10. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of this coverage have been complied with; and
- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by law.

11. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

12. **Carriers For Hire** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the covered property.

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## ADDITIONAL COVERAGE LIMITATIONS

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1. **Coverage Not Provided During Occupancy And Use** -- "We" do not provide coverage under this policy if, without "our" prior written consent, a covered building or structure as described under Property Covered is:

- a. occupied in whole or in part; or
- b. put to its intended use.

However, this provision does not apply if permission to occupy is indicated on the "schedule of coverages".

2. **When Coverage Ceases** -- Coverage will end when one of the following first occurs:

- a. this policy expires or is canceled;
- b. a covered building or structure is accepted by the purchaser;
- c. "your" insurable interest in the covered property ceases;
- d. "you" abandon construction with no intent to complete it; or
- e. a covered building or structure has been completed for more than 90 days.