CONSTRUCTION PAK - BUILDERS’ RISK
CM T2 21 Construction Pak – Builders’ Risk Coverage Form

COVERAGE, LIMITS OF INSURANCE AND RATES

Coverage applies to the projects and job sites you report to us that are within the following Coverage Groups and is subject to the total project value you report for each such project.

1 Frame and Joisted masonry construction projects
2 Non Combustible, Masonry Non Combustible, Modified Fire Resistive and Fire Resistive construction projects

Project Limits Of Insurance And Rates

Limits of Insurance: The applicable Limit of Insurance shown is the most we will pay for each project reported to us that is within the indicated Coverage Group unless a more specific Limit of Insurance is shown elsewhere.

Rates: The applicable rate shown applies at each adjustment period to the total project value reported to us for each project that is within the indicated Coverage Group.

Rates displayed below are Monthly.

<table>
<thead>
<tr>
<th>Coverage Group</th>
<th>Covered Property Limit</th>
<th>Covered Property Rate (per $100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$2,000,000</td>
<td>$0.0340</td>
</tr>
<tr>
<td>2</td>
<td>$2,000,000</td>
<td>$0.0075</td>
</tr>
</tbody>
</table>

The following coverage options apply only when indicated by an 'X' and are subject to the terms and conditions of the applicable endorsement:

[ ] Earth Movement [X] Earthquake
[X] Limits by Hazard Zone
[ ] Limits by Coverage Group

The applicable Limit of Insurance shown below is the most we will pay for each project you report to us that is located within the applicable Hazard Zone:

<table>
<thead>
<tr>
<th>Hazard Zone</th>
<th>Occurrence Limit Of Insurance</th>
<th>Annual Aggregate Limit Of Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>In whole or in part within a High Hazard County:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>In whole or in part within a Moderate Hazard County or Independent City and has no part within a High Hazard County:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
Entirely outside a High Hazard County, Moderate Hazard County or Moderate Hazard Independent City: $1,000,000

The most we will pay in any one policy year is:

Annual Aggregate Limit of Insurance For All Projects and Hazard Zones Combined: $1,000,000

[X] Flood

[X] Limits by Flood Zone
[ ] Limits by Coverage Group

The applicable Flood Limit of Insurance shown below is the most we will pay for each project you report to us that is located within the applicable Flood Zone or Community:

<table>
<thead>
<tr>
<th>Flood Zone or Community</th>
<th>Occurrence Limit Of Insurance</th>
<th>Annual Aggregate Limit Of Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood Zone V and Flood Zones prefixed V:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Flood Zone A and Flood Zones prefixed A:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Flood Zone D:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Non-Participating or Suspended Communities:</td>
<td>No Coverage</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500:</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Flood Zone C and Flood Zone X (unshaded):</td>
<td>$1,000,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

The most we will pay in any one policy year is:

Annual Aggregate Limit of Insurance For All Projects, Flood Zones and Communities Combined: $1,000,000

DEDUCTIBLE

The following apply to each project:

Deductible

Deductible applying to Covered Property unless a more specific Deductible is shown below: $5,000

The following apply to each project that is located within the applicable Zone:

**Earthquake**

**Hazard Zone**

In whole or in part within a High Hazard County:

Deductible

[ ] $ [ ] % subject to $ minimum and $ maximum

In whole or in part within a Moderate Hazard County or Independent City and has no part within a High Hazard County:

Deductible

[ ] $ [ ] % subject to $ minimum and $ maximum

Entirely outside a High Hazard County, Moderate Hazard County or Moderate Hazard Independent City:

Deductible

[X] $50,000 [ ] % subject to $ minimum and $ maximum

**Flood**
<table>
<thead>
<tr>
<th>Flood Zone/Community</th>
<th>Deductible</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flood Zone V or Flood Zones prefixed V:</td>
<td>[ ] $</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
<tr>
<td>Flood Zone A or Flood Zones prefixed A:</td>
<td>[ ] $</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
<tr>
<td>Flood Zone D:</td>
<td>[ ] $</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
<tr>
<td>Non-Participating or Suspended Communities:</td>
<td>[ ] $</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
<tr>
<td>Flood Zone B, Flood Zone X (shaded) or Flood Zone X-500:</td>
<td>[X] $100,000</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
<tr>
<td>Flood Zone C or Flood Zone X (unshaded):</td>
<td>[X] $50,000</td>
</tr>
<tr>
<td></td>
<td>[ ] % subject to $ minimum and $ maximum</td>
</tr>
</tbody>
</table>

**COINSURANCE**

No Coinsurance Applies

**VALUATION**

Replacement Cost

**REPORTS AND PREMIUM**

<table>
<thead>
<tr>
<th>Reporting Period:</th>
<th>Quarterly</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium Adjustment Period:</td>
<td>Annual</td>
</tr>
<tr>
<td>Annual Deposit Premium:</td>
<td>$11,586</td>
</tr>
<tr>
<td>Term Deposit Premium:</td>
<td>$11,586</td>
</tr>
<tr>
<td>Minimum Earned Premium:</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

**Limit of Insurance Applying to Covered Property In:**

| Transit:                    | $500,000  |
| Temporary Storage:          | $500,000  |

**Coverage Extensions**

| Expediting Expense and Extra Expense: | $100,000  |
| Extended Time to Report New Starts:  | $250,000  |
| Fire Protective Systems:             | $100,000  |
| Landscaping:                          | $50,000   |
| Soft Costs:                           | $100,000  |
| Temporary Works Other Than Covered Property: | $50,000  |
| Valuable Papers and Records:         | $100,000  |

**Additional Coverages**

| Additional Cost of Construction Materials and Labor: | $100,000  |
| Claim Data Expenses:                                  | $50,000   |
| Construction Contract Penalty:                        | $50,000   |
| Debris Removal Increase:                               | $250,000  |
| Fire or Police Department Service Charges:            | $50,000   |
| Fungus, Wet Rot And Dry Rot – Annual Aggregate:       | $50,000   |
| Green Building Additional Expense:                    | $100,000  |
| Ordinance or Law:                                     |           |
**Additional Coverages**

- Loss To The Undamaged Portion Of The Building or Structure: Included In Applicable Limit At The Job Site
- Demolition Cost and Increased Cost Of Construction - Combined: $250,000
- Pollutant Clean Up and Removal – Annual Aggregate: $100,000
- Preservation of Property: Included In Applicable Limit At The Job Site
- Protection of Property: $100,000
- Reward Coverage: 25% of covered loss up to a maximum of: $50,000

**Other Terms and Conditions**

- CM T2 31 – Earthquake Cause of Loss by Hazard Zone
- CM T2 33 – Flood Cause of Loss by Flood Zone
- CM T6 32 – Rain, Snow, Sleet or Ice Changes
- Deductible: $5,000
- CM T6 62 – Reporting and Adjustment of Premium - Covered Property
- CM T6 97 – Transfer Of Rights Of Recovery Against Others To Us Changes
Account Name: UNIVERSITY OF IOWA

Proposal Date: 10/26/2017  Quote Number: 001 - 002
Proposed Effective Date: 11/01/2017  Proposed Expiration Date: 11/01/2018

PROPOSAL SUMMARY

PREMIUM SUMMARY

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Premium</th>
<th>Minimum Earned Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Builders’ Risk Reporting - Construction Pak</td>
<td>$11,586</td>
<td>$2,500</td>
</tr>
</tbody>
</table>

Account Total $11,586

* The estimated premium(s) shown above may differ from actual premium(s) shown on the policies and installment bills due to installment charges, estimated taxes and surcharges, as well as rounding.

PAYMENT PLAN
The following payment plans are available:

Direct Bill: Prepaid, Semi-Annual, Quarterly, 25% down & 9 equal payments, 10 equal payments

Agency Bill: Prepaid, Semi-Annual, Quarterly, 25% down & 9 equal payments, 10 equal payments

QUOTE SUBJECT TO
Company Loss Runs

OTHER FORMS
IL T3 82  Exclusion of Loss Due to Virus or Bacteria
IL T4 12  Amendment Of Common Policy Conditions – Prohibited Coverage – Unlicensed Insurance And Trade Or Economic Sanctions
IL T4 14  Cap On Losses From Certified Acts Of Terrorism

Applicable endorsement and/or modifier relating to exclusion of certain computer related losses due to dates or times will also apply.
Important Notice Regarding Compensation Disclosure

For information about how Travelers compensates independent agents, brokers, or other insurance producers, please visit this website:


If you prefer, you can call the following toll-free number: 1-866-904-8348. Or you can write to us at Travelers, Enterprise Development, One Tower Square, Hartford, CT 06183.
Terrorism Risk Insurance Act Disclosure

The federal Terrorism Risk Insurance Act of 2002 as amended ("TRIA") establishes a program under which the Federal Government may partially reimburse "Insured Losses" (as defined in TRIA) caused by "Acts Of Terrorism" (as defined in TRIA). "Act Of Terrorism" is defined in Section 102(1) of TRIA to mean any act that is certified by the Secretary of the Treasury — in consultation with the Secretary of Homeland Security and the Attorney General of the United States — to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States Mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Federal Government’s share of compensation for such Insured Losses is established by TRIA and is a percentage of the amount of such Insured Losses in excess of each Insurer’s “Insurer Deductible” (as defined in TRIA), subject to the “Program Trigger” (as defined in TRIA). Through 2020, that percentage is established by TRIA as follows:
85% with respect to such Insured Losses occurring in calendar year 2015.
84% with respect to such Insured Losses occurring in calendar year 2016.
83% with respect to such Insured Losses occurring in calendar year 2017.
82% with respect to such Insured Losses occurring in calendar year 2018.
81% with respect to such Insured Losses occurring in calendar year 2019.
80% with respect to such Insured Losses occurring in calendar year 2020.

In no event, however, will the Federal Government be required to pay any portion of the amount of such Insured Losses occurring in a calendar year that in the aggregate exceeds $100 billion, nor will any Insurer be required to pay any portion of such amount provided that such Insurer has met its Insurer Deductible. Therefore, if such Insured Losses occurring in a calendar year exceed $100 billion in the aggregate, the amount of any payments by the Federal Government and any coverage provided by this policy for losses caused by Acts Of Terrorism may be reduced.

For each coverage provided by this policy that applies to such Insured Losses, the charge for such Insured Losses is included in the premium for such coverage and is listed below. Such charges do not include any charge for the portion of such Insured Losses covered by the Federal Government under TRIA.

<table>
<thead>
<tr>
<th>Coverage</th>
<th>Included Charge For Insured Losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Inland Marine</td>
<td>1% of the Commercial Inland Marine Coverage premium.</td>
</tr>
</tbody>
</table>
CONSTRUCTION PAK – BUILDERS' RISK COVER AGE FORM

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

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

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

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Form, means the following types of property you own or for which you are legally liable, the value of which is included in the estimated "total project value" shown in the Declarations:

a. Permanent Works

Materials, equipment, machinery, supplies and property of a similar nature that will become a permanent part of the project described in the Declarations during completion of such project or that will be used or expended in the completion of such project.

Completion of the project includes site preparation (including demolition of existing buildings or structures), fabrication, assembly, installation, erection, alteration, renovation and similar construction activities.

b. Temporary Works

Cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations.

We will cover such property:

(1) At the job site described in the Declarations; and

(2) While:

(a) In transit to the job site or to a temporary storage location, including loading and unloading from a transporting conveyance, but only if a Transit Limit of Insurance is shown in the Declarations; or

(b) In temporary storage awaiting delivery to the job site but only if a Temporary Storage Limit of Insurance is shown in the Declarations.

2. Property and Costs Not Covered

Covered Property does not include:

a. Contraband, or property in the course of illegal transit or trade.

b. Buildings or structures that existed prior to the inception of this policy.

c. Land and land values and the value of cut, fill and backfill materials that existed at the job site prior to the date construction commenced.

But this restriction does not apply to:

(1) The value of cut, fill and backfill materials purchased for use in the completion of the project to the extent the value of such property is included in the estimated "total project value" shown in the Declarations.

(2) Labor, material and equipment charges incurred to move, remove, place or otherwise handle cut, fill and backfill materials to the extent such costs are included in the estimated "total project value" shown in the Declarations.

d. Water, whether in its natural state or otherwise, and whether above or below ground or the cost of reclaiming or restoring water.

e. Trees, plants, shrubs and lawns, except to the extent coverage is provided under the Landscaping Coverage Extension.
f. Construction equipment not destined to become a permanent part of the project described in the Declarations, including tools, machinery, plant and any related accessories and spare parts for such property. But this restriction does not apply to Temporary Works.

3. Covered Causes of Loss

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL LOSS unless the loss is excluded in Section B – EXCLUSIONS.

4. Coverage Extensions

Each of the following Coverage Extensions applies unless Not Covered is indicated in the Declarations.

a. Expediting Expense and Extra Expense

(1) In the event of direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss, we will pay for the reasonable and necessary:

(a) Expediting charges, including overtime, night work, work on public holidays, express and air freight, and the extra cost of rental construction equipment, you incur solely to expedite repair or replacement of the Covered Property sustaining such loss or damage.

(b) Extra Expenses you incur during the period of restoration or repair of the Covered Property sustaining such loss or damage that are over and above the total costs that would normally have been incurred during the same period of time had no loss or damage occurred. We will only pay for such extra expenses you incur for the purpose of continuing as nearly as practicable the scheduled progress of undamaged work.

Extra expense includes equipment rental, emergency expenses, additional security, demobilization and remobilization of equipment and facilities, and temporary use of property, all when necessarily incurred to reduce time delays in the contract schedule.

(2) We will not pay under this Coverage Extension:

(a) For any expense until the amount of the adjusted direct physical loss or damage exceeds the deductible applicable to such loss or damage.

(b) For any expense incurred to overcome delays in the scheduled progress of the work:

(i) Which existed at the time of loss; or

(ii) Resulting from causes which are independent of or which would have occurred in the absence of a covered loss to Covered Property.

(c) Except as provided in the Green Building Additional Expense Additional Coverage, for any expense required to attain any level of "green" certification even if such certification existed prior to loss.

(d) For any loss of income or "soft costs".

The expiration date of this policy will not cut short the period of restoration or repair.

The Expediting Expense and Extra Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

b. Fire Protective Systems

If your fire protective equipment discharges accidentally or to control a Covered Cause of Loss, we will pay for your expense to:

(1) Recharge or refill your fire protective systems; and

(2) Replace or repair faulty valves or controls that caused the discharge.

The Fire Protective Systems Limit of Insurance shown in the Declarations is the
most we will pay in any one occurrence under this Coverage Extension.

c. **Landscaping**

(1) We will pay for direct physical loss or damage by a Covered Cause of Loss, other than a cause of loss listed in Paragraph (2) below, to trees, plants, shrubs, and lawns. The value of which is included in the estimated "total project value" shown in the Declarations.

(2) We will not pay for loss of or damage to trees, plants, shrubs, and lawns caused by or resulting from lack of moisture, infestation, disease, insects, rodents, animals, freezing, weight of ice or snow, or windstorm or hail.

The Landscaping Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

d. **Soft Costs**

We will pay your "soft costs" during the "period of delay in completion." Such "soft costs" must result from direct physical loss of or damage to Covered Property caused by or resulting from a Covered Cause of Loss which delays the completion of the applicable project described in the Declarations beyond the "planned completion date".

The Soft Costs Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

e. **Temporary Works Other Than Covered Property**

If cofferdams, construction forms, cribbing, falsework, hoarding, scaffolds, fencing, signs, office trailers (and their "contents") and similar temporary buildings or structures incidental to completion of the project described in the Declarations are not otherwise Covered Property under this policy, we will pay for direct physical loss or damage by a Covered Cause of Loss to such property when:

(1) You own or are legally liable for such property; and

(2) Such property is at the job site described in the Declarations at the time of such loss or damage.

The Temporary Works Other Than Covered Property Limit of Insurance shown in the Declarations is the most we will pay in total for all such property in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

f. **Valuable Papers and Records**

We will pay your costs to research, replace or restore lost or damaged valuable papers and records, including those which exist on electronic or magnetic media, for which there are no duplicates. Such costs must result from direct physical loss or damage by a Covered Cause of Loss to your valuable papers and records directly related to the applicable project described in the Declarations.

The Valuable Papers and Records Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Coverage Extension.

But we will not pay for loss of or damage to accounts, bills, deeds, evidences of debt, currency, money, notes, or securities.

5. **Additional Coverages**

Each of the following Additional Coverages applies unless *Not Covered* is indicated in the Declarations.

a. **Additional Cost of Construction Materials and Labor**

We will pay for the following costs made necessary by a Covered Cause of Loss to Covered Property at the job site described in the Declarations:

(1) Your increased cost of construction materials and labor; and

(2) Your costs to make changes in construction specifications;

when such loss or damage results in a total loss to Covered Property.
The Additional Cost of Construction Materials and Labor Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

b. Claim Data Expense

(1) We will pay the reasonable expenses you incur in preparing claim data when we require it to adjust a covered loss. This includes the cost of taking inventories, making appraisals and preparing other documentation to show the extent of loss.

(2) We will not pay for:
   (a) Any expenses incurred, directed, or billed by or payable to attorneys, insurance adjusters or their associates or subsidiaries;
   (b) Any costs as provided in the Appraisal LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS; or
   (c) Any expenses incurred, directed, or billed by or payable to insurance brokers or agents, or their associates or subsidiaries, without our written consent prior to such expenses being incurred.

The Claim Data Expense Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

c. Construction Contract Penalty

If you agreed in writing prior to loss to pay penalties as a result of your failure to meet completion times within the terms of a written contract, we will pay such penalties you incur when the failure to meet the completion times is solely due to direct physical loss or damage to Covered Property caused by or resulting from a Covered Cause of Loss.

The Construction Contract Penalty Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

d. Debris Removal

(1) We will pay for your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

The amount we will pay includes the increased costs you incur to divert debris of Covered Property to recycling facilities rather than landfills. Any income or remuneration derived from this recycling will reduce the amount of debris removal expense we would have otherwise paid.

The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.

(2) The most we will pay under this Additional Coverage is 25% of:
   (a) The amount we pay for direct physical loss of or damage to Covered Property; plus
   (b) The deductible in this Coverage Form applicable to that loss or damage.

Except as provided in Paragraph (3) below, payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance shown in the Declarations.

(3) When the debris removal expense exceeds the 25% limitation in Paragraph (2) above or when the sum of the debris removal expense and the amount we pay for the direct physical loss of or damage to Covered Property exceeds the applicable Limit of Insurance, we will pay up to the Debris Removal Increase Limit of Insurance shown in the Declarations.

(4) We will not pay under this Additional Coverage for your expense to extract "pollutants" from land or water, or to remove, restore, or replace polluted land or water.

e. Fire Or Police Department Service Charge

We will pay your liability for fire, police or other public emergency service department charges when such public emergency services are called to save or protect Covered Property from a Covered Cause of Loss. Such emergency service department charges must be:

(1) Assumed by contract or agreement prior to loss or damage; or
COMMERCIAL INLAND MARINE

(2) Required by local ordinance.
The Fire Or Police Department Service Charges Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

No deductible applies to this Additional Coverage.

f. "Fungus", Wet Rot And Dry Rot

(1) We will pay for direct physical loss of or damage to Covered Property caused by "fungus", wet rot or dry rot, but only when the "fungus", wet rot or dry rot is the result of any of the "specified causes of loss", other than fire or lightning, that occurs during the policy period and only if all reasonable means were used to save and preserve the Covered Property from further damage at the time of and after the occurrence of any such cause of loss.

(2) We will also pay for the following in connection with loss or damage covered in Paragraph (1) above:

(a) The cost of removal of the "fungus", wet rot or dry rot;

(b) The cost to tear out and replace any part of the building or structure or other property as needed to gain access to the "fungus", wet rot or dry rot; and

(c) The cost of testing performed after removal, repair, replacement or restoration of the damaged Covered Property is completed, provided there is a reason to believe that "fungus", wet rot or dry rot is present.

(3) The Fungus, Wet Rot And Dry Rot Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage in each separate 12 month period of this policy beginning with the effective date shown in the Declarations. This is the most we will pay for the total of all loss or damage covered in Paragraphs (1) and (2) above regardless of the:

(a) Number of insureds, claims, job sites or locations;

(b) Occurrences during each separate 12-month period of this policy; or

(c) Types of coverages provided under this policy.

This limit applies even if the "fungus", wet rot or dry rot connected to any particular occurrence continues to be present or active, or recurs, in a later 12 month period of this policy.

(4) Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

g. Green Building Additional Expense

(1) If, as a result of direct physical loss or damage by a Covered Cause of Loss to a building or structure that is Covered Property, the budgeted level of "green" certification by a "Green Authority" on the building or structure is lost, we will pay for the following reasonable additional expenses you incur to attain the budgeted level of "green" certification from that "Green Authority":

(a) The reasonable additional expense you incur to hire a qualified engineer or other professional required by the "Green Authority" to be involved in:

(i) Designing, overseeing or documenting the repair or replacement of the lost or damaged building or structure; or

(ii) Testing and recalibrating the systems and mechanicals of the lost or damaged building or structure to verify that the systems and mechanicals are performing in accordance with the design of such systems and mechanicals or the specifications of the manufacturer; and

(b) The reasonable registration and recertification fees charged by the "Green Authority".

(2) This Additional Coverage applies to the additional expenses described above that you incur to achieve the budgeted level of "green" certification...
in accordance with the standards of the "Green Authority" that exist at the
time of repair or replacement, even if the standards have changed since
the original certification was achieved.

The Green Building Additional Exp-

nance Limit of Insurance shown in
the Declarations is the most we will
pay in any one occurrence under this
Additional Coverage.

h. Ordinance or Law

(1) In the event of covered direct phys-
cial loss of or damage to a building or
structure that is Covered Property,
the following coverages apply, but
only with respect to that lost or dam-
aged building or structure:

(a) Coverage A – Coverage For
Loss To The Undamaged Por-
tion Of The Building or Struc-
ture

We will pay under Coverage A for
the loss in value of the undam-
aged portion of the building or
structure as a consequence of
enforcement of an ordinance or
law that requires demolition of
undamaged parts of the same
building or structure.

Any payment under Coverage A is
included within and will not in-
crease the Limit of Insurance ap-
licable to the covered loss to the
building or structure.

(b) Coverage B – Demolition Cost
Coverage

We will pay under Coverage B
the cost to demolish the building
or structure and clear the site of
undamaged parts of the same
building or structure, as a conse-
quence of enforcement of an or-
dinance or law that requires
demolition of such undamaged
property.

(c) Coverage C – Increased Cost
Of Construction Coverage

We will pay under Coverage C
the increased cost to:

(i) Repair or reconstruct dam-
aged portions of that building
or structure; or

(ii) Reconstruct or remodel un-
damaged portions of that
building or structure, whether
or not demolition is required;

when the increased cost is a
consequence of enforcement of
the minimum requirements of the
ordinance or law.

This Coverage C applies only if
the restored or remodeled prop-
erty is intended for similar occu-
pancy or use as the current prop-
erty, unless such occupancy or
use is not permitted by zoning or
land use ordinance. This Cover-
age C does not apply if the build-
ing or structure is not repaired,
reconstructed or remodeled.

(2) The coverages described in Para-
graph (1) above apply only if the pro-
visions in Paragraphs (a) and (b) be-
low are satisfied and are then subject
to the qualifications set forth in Par-
agraph (c) below:

(a) The ordinance or law:

(i) Regulates the demolition,
construction or repair of
buildings or structures, or es-

tablishes zoning or land use
requirements at the applica-
tble job site described in the
Declarations; and

(ii) Is in force at the time of the
loss.

But the coverage under this Addi-
tional Coverage applies only in
response to the minimum re-
quirements of the ordinance or
law. Losses and costs incurred in
complying with recommended ac-
tions or standards that exceed
actual requirements are not cov-
ered under this policy.

(b) The building or structure either:

(i) Sustains direct physical loss
or damage that is covered
under this policy and such
damage results in enforce-
(ii) Sustains both direct physical loss or damage that is covered under this policy and direct physical loss or damage that is not covered under this policy, and the building or structure damage in its entirety results in enforcement of the ordinance or law.

If the building or structure sustains direct physical loss or damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building or structure has also sustained covered direct physical loss or damage.

(c) In the situation described in Paragraph (2)(b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage. Instead, we will pay a proportion of such loss. The proportion of such loss that we will pay is the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage.

However, if covered direct physical loss or damage, alone, would have resulted in enforcement of the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverage A, B or C of this Additional Coverage.

We will not pay under this Additional Coverage for:

(a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot;

(b) The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot; or

(c) Loss due to any ordinance or law that:

(i) You were required to comply with before the loss, even if Covered Property was undamaged; and

(ii) You failed to comply with.

(4) Exclusion B.1.e. Ordinance or Law does not apply to the insurance specifically provided under this Additional Coverage.

(5) The applicable Limit of Insurance shown in the Declarations under the Ordinance or Law Additional Coverage is the most we will pay in any one occurrence under this Additional Coverage.

If a combined limit of insurance is shown in the Declarations for Coverage B and Coverage C of this Additional Coverage, such limit is the most we will pay for the sum of both coverages in any one occurrence.

i. Pollutant Clean Up and Removal

(1) We will pay your expense to extract "pollutants" from land or water at the job site described in the Declarations if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from any of the "specified causes of loss", to Covered Property that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of the loss or damage.

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

(3) The Pollutant Clean Up and Removal Limit of Insurance shown in the Declarations is the most we will pay under this Additional Coverage for each job site described in the Declarations for the sum of all such expenses arising out of all "specified causes of loss" occurring during each separate 12 month period of this policy beginning with the effective date shown in the Declarations.

j. Preservation of Property

If it is necessary to temporarily move Covered Property from the job site described in the Declarations or a temporary storage location to preserve it from the threat of imminent loss or damage by a Covered Cause of Loss, we will pay for:

(1) The cost to remove the Covered Property from the job site or location, temporarily store the Covered Property at another location and move the Covered Property back to the original job site or location within a reasonable time after the threat of imminent loss or damage to the property by the Covered Cause of Loss passes; and

(2) Any direct physical loss or damage to this property while it is being moved or while temporarily stored at another location if such loss or damage occurs within 180 days after the property is first moved.

Coverage will end when any of the following first occurs:

(a) When the policy is endorsed to provide insurance at the new location;

(b) The property is returned to the original location; or

(c) This policy expires.

The Preservation of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

k. Protection of Property

If Covered Property is in imminent danger of sustaining direct physical loss or damage from:

(1) Fire;

(2) Any storm system that has been declared and named a tropical storm or hurricane by the National Hurricane Center or the Central Pacific Hurricane Center or the National Weather Service, including any tornado or any other wind event that is caused by or results from the named storm; or

(3) A flood that has been forecasted by the National Weather Service or the U.S. Army Corps of Engineers;

we will pay the necessary and reasonable expenses actually incurred by you to protect that property at the job site described in the Declarations from such loss or damage, but only if the applicable cause of loss is a Covered Cause of Loss.

You must keep a record of the expenses you incur.

The Protection of Property Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence under this Additional Coverage.

Any payment under this Additional Coverage is included within and will not increase the applicable Limit of Insurance.

l. Reward Coverage

We will reimburse you for reward expenses you have incurred leading to:

(1) The successful return of undamaged stolen Covered Property to a law enforcement agency; or

(2) The arrest and conviction of any person who have damaged or stolen any Covered Property.

We will pay 25% of the covered loss, prior to the application of any Deductible and recovery, up to the Reward Coverage Limit of Insurance shown in the Declarations in any one occurrence for the reward payments you make. These reward payments must be documented.
No Deductible applies to this Additional Coverage.

This Additional Coverage does not apply in the state of New York.

B. EXCLUSIONS

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage. These exclusions apply whether or not the loss event results in widespread damage or affects a substantial area.

a. Earth Movement

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:

   (a) Earthquake, including tremors and aftershocks, and earth sinking, rising or shifting related to such event;

   (b) Landslide, including earth sinking, rising or shifting related to such event;

   (c) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

   (d) Earth sinking (other than "sinkhole collapse"), rising or shifting; or

   (e) Volcanic eruption, explosion or effusion.

(2) If Earth Movement as described in:

   (a) Paragraphs (1)(a) through (1)(d) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion; or

   (b) Paragraph (1)(e) above, results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

   Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

   (i) Airborne volcanic blast or airborne shock waves;

   (ii) Ash, dust or particulate matter; or

   (iii) Lava flow.

   With respect to coverage for Volcanic Action as set forth in Paragraphs (i), (ii) and (iii) above, volcanic eruptions that occur within any 168-hour period will constitute a single occurrence. Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

(3) This exclusion does not apply to property in transit.

b. "Fungus", Wet Rot And Dry Rot

Presence, growth, proliferation, spread or any activity of "fungus", wet rot or dry rot. But if "fungus", wet rot or dry rot results in a "specified cause of loss", we will pay for loss or damage caused by that Covered Cause of Loss.

This exclusion does not apply:

(1) When "fungus", wet rot or dry rot results from fire or lightning; or

(2) To the extent that coverage is provided in the "Fungus", Wet Rot And Dry Rot Additional Coverage.

c. Governmental Action

Seizure or destruction of property by order of governmental authority, except as provided in the Ordinance or Law Additional Coverage.

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

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the loss or damage caused by that fire if the fire would be covered under this Coverage Form.
e. Ordinance or Law

(1) The enforcement of any ordinance or law:
   (a) Regulating the construction, use or repair of any property; or
   (b) Requiring the tearing down of any property, including the cost of removing its debris.

(2) This exclusion applies whether the loss results from:
   (a) An ordinance or law that is enforced even if the property has not been damaged; or
   (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

f. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

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

g. Water

(1) Any of the following, all whether naturally occurring or due to man-made or other artificial causes:
   (a) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;
   (b) Mudslide or mudflow;
   (c) Water or sewage that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment. However, this exclusion does not apply to the backup or overflow of water or sewage from drains within a building or structure if the backup or overflow is not otherwise directly or indirectly caused by the Water Exclusions in Paragraphs (a) or (b) above or in Paragraphs (d) or (e) below.

   (d) Water under the ground surface pressing on, overflowing or seeping through:
      (i) Foundations, walls, floors or paved surfaces;
      (ii) Basements, whether paved or not; or
      (iii) Doors, windows or other openings;

   (e) Waterborne material carried or otherwise moved by any of the water referred to in Paragraphs (a), (c) and (d) above or material carried or otherwise moved by mudslide or mudflow.

   (2) If Water, as described in Paragraphs (a) through (e) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

   (3) This exclusion does not apply to property in transit.

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

a. Consequential Loss

   (1) Delay, loss of use or loss of market; or
   (2) Loss of income, soft costs or extra expenses except as specifically provided in this Coverage Part.

b. Dishonesty

Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

   (1) Acting alone or in collusion with others; or
   (2) Whether or not occurring during the hours of employment.
This exclusion does not apply to acts of destruction by your employees (including leased employees), but theft by employees is not covered.

This exclusion does not apply to carriers for hire.

c. Missing Property

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

d. Pollution

Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the specified causes of loss.

But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in any of the specified causes of loss, we will pay for the loss or damage caused by such specified causes of loss.

e. Rain, Snow, Sleet or Ice

Rain, snow, sleet or ice, whether driven by wind or not. This exclusion applies only to the following property:

(1) Personal property left in the open;

(2) The "interior of a building or structure", or to personal property in the building or structure unless:

(a) The building or structure first sustains damage by a Covered Cause of Loss to:

(i) Its completed exterior facing roof or walls; or

(ii) Any reasonable temporary materials or objects intended to protect such property from such loss;

through which the rain, snow, sleet or ice enters; or

(b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

3. We will not pay for loss or damage caused by or resulting from any of the following. But if

loss or damage by a Covered Cause of Loss results, we will pay for that resulting loss or damage.

a. Weather conditions. But this exclusion applies only if weather conditions contribute in any way with a cause or event excluded in Section B.1. above to produce the loss.

b. Other Types of Losses

(1) Rust or other corrosion.

(2) Wear and tear, gradual deterioration.

(3) Settling, cracking, shrinking or expanding of walls, floors, ceilings, foundations, pilings, patios, driveways or pavements.

(4) Hidden or latent defect or any quality in property that causes it to damage or destroy itself.

4. We will not pay for loss or damage caused by or resulting from faulty, inadequate or defective:

a. Planning, zoning, development, surveying, siting;

b. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading or compaction;

c. Materials used in repair, construction, renovation, remodeling, grading or compaction; or

d. Maintenance;

of part or all of any property on or off the job site described in the Declarations.

If an excluded cause of loss listed in Paragraph 4.a. through 4.d. above, results in a Covered Cause of Loss, we will pay for the resulting loss or damage caused by that Covered Cause of Loss. But we will not pay for:

(1) Any cost of correcting or making good the fault, inadequacy or defect itself, including any cost incurred to tear down, tear out, repair or replace any part of any property to correct the fault, inadequacy or defect;

or

(2) Any resulting loss or damage to the property that has the fault, inadequacy or defect until the fault, inadequacy or defect is corrected.
C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). But in the event coverage for loss or damage is provided under the Coverage Extensions or Additional Coverages, the Limits of Insurance for such Coverage Extension or Additional Coverage will apply as additional amounts of insurance, unless otherwise stated within the Coverage Extension or Additional Coverage.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage exceeds the applicable Deductible shown in the Declarations, Schedule(s), Coverage Form(s) or Endorsement(s). We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

The applicable Deductible shown in the Declarations applies to the Coverage Extensions and Additional Coverages unless otherwise stated in the Coverage Extension or Additional Coverage.

Unless otherwise stated, if more than one Deductible amount applies to loss or damage in any one occurrence, the total of the deductible amounts applied in that occurrence will not exceed the amount of the largest applicable Deductible.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the COMMERCIAL INLAND MARINE CONDITIONS and the COMMON POLICY CONDITIONS.

1. Additional Named Insured

The following persons or organizations are included as Additional Named Insureds when you have agreed in a written contract or written agreement, executed prior to loss, to name such persons or organizations as an Additional Named Insured, but only to the extent of their financial interest in the Covered Property:

a. Owners of Covered Property;

b. Mortgagees or loss payees;

c. Contractors, sub contractors and sub-sub contractors; and

d. Lessors or lessees.

2. Coinsurance

If a Coinsurance Percentage is shown in the Declarations for the applicable project, the following condition applies:

a. We will not pay the full amount of any loss if the applicable “total project value” at the time of loss multiplied by the stated Coinsurance Percentage is greater than the applicable Covered Property Limit of Insurance.

Instead, we will determine the most we will pay using the following steps:

Step (1) Multiply the “total project value” at the time of loss by the Coinsurance Percentage.

Step (2) Divide the Covered Property Limit of Insurance by the figure determined in Step (1).

Step (3) Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in Step (2).

Step (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less.

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

b. Coinsurance does not apply to:

   (1) Additional Coverages; or
   (2) Coverage Extensions.

3. Duties in the Event of Loss

The following duties are added to the Duties in The Event of Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS:

You must see that the following are done in the event of loss:

a. You must make every effort to meet the applicable "planned completion date".

This includes:

(1) Resuming, as soon as possible, all or any part of the construction or repair; or

(2) Using temporary or substitute:

(a) Facilities, services, suppliers or customers; or
(b) Machinery, equipment, supplies or materials.

b. If any portion of Covered Property was in operation or use for its intended purpose at the time of loss, you must resume all or part of the operation or use as quickly as possible if you intend to continue your business.

This includes using:

(1) Damaged or undamaged property at the job site described in the Declarations or elsewhere; or

(2) Temporary or substitute:

(a) Facilities, services, suppliers or customers; or

(b) Machinery, equipment, supplies or materials.

c. Notify us of any payment you receive from others due to a delay in the completion of construction beyond the “planned completion date”.

If you do not resume the operation or use of Covered Property as quickly as possible or make every effort to meet the applicable “planned completion date”, we will only pay the amount of loss we would have otherwise paid if you had complied with the above conditions.

4. Jurisdictional Inspections

At your option, we will provide certificate-of-operation inspection services for boilers and other pressure vessels where:

a. You have notified us of equipment that is insured under this Coverage Form and that requires a certificate-of-operation;

b. The certificate-of-operation is required by state, city or provincial law; and

c. The state, city or provincial law permits inspections by insurance company employees.

Certificate-of-operation inspection services shall be provided only in the United States of America, Puerto Rico and Canada as allowed by state, city or provincial law.

5. Knowledge of Occurrence

a. You must give written notice of any occurrence of loss to us or any of our authorized agents as soon as practicable after knowledge of the loss or damage is received by you, one of your executive officers who handles insurance matters or a risk manager of any named insured.

b. Knowledge of an incident by your agent, servant or employee, which could give rise to a claim, will not in itself constitute knowledge by you unless you, one of your executive officers who handles insurance matters or a risk manager of any named insured have received such notice from your agent, servant or employee.

c. Your rights under this insurance will not be prejudiced if there is a failure to give notice of an occurrence of loss or damage due solely to your reasonable belief that the loss or damage is not covered under this insurance.

6. Liberalization

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

7. Loss Payment

The Loss Payment LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Loss Payment

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

(1) Pay the value of lost or damaged property;

(2) Pay the cost of repairing or replacing the lost or damaged property, subject to Paragraphs b. and c. below;

(3) Take all or any part of the property at an agreed or appraised value; or

(4) Repair, rebuild or replace the property with other property of like kind and quality, subject to Paragraphs b., c. and d. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation ADDITIONAL CONDITION in this Coverage Form or any applicable provision which amends or supersedes such Condition.

b. Except as provided in the Ordinance or Law Additional Coverage, the cost to re-
pair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

c. Ordinance Or Law

The following loss payment provisions apply to coverage under the Ordinance Or Law Additional Coverage and are subject to the apportionment procedures set forth in such Additional Coverage:

(1) For a loss in value of an undamaged portion of Covered Property to which Coverage A – Coverage For Loss To The Undamaged Portion Of The Building or Structure applies, the loss payment for that building or structure, including damaged and undamaged portions, will be determined as follows:

(a) If Replacement Cost Coverage applies and the property is being repaired or replaced, on the same or another job site, we will not pay more than the lesser of:

(i) The cost to repair, rebuild or reconstruct the building or structure, but not for more than the amount it would cost to restore that building or structure on the same location and to the same height, floor area, style, capacity and comparable quality of the original property insured; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the covered building or structure.

(b) If Replacement Cost Coverage applies and the property is not repaired or replaced, or if Replacement Cost Coverage does not apply, we will not pay more than the lesser of:

(i) The Actual Cash Value of the building or structure at the time of loss; or

(ii) The Limit of Insurance shown in the Declarations as applicable to the covered building or structure.

(2) Loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

(a) The amount you actually spend to demolish and clear the site; or

(b) The applicable Demolition Cost Coverage Limit of Insurance shown in the Declarations.

(3) Loss payment under Coverage C – Increased Cost Of Construction Coverage will be determined as follows:

(a) We will not pay under Coverage C – Increased Cost Of Construction Coverage:

(i) Until the property is actually repaired or replaced, at the same or another job site; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the Covered Building or Structure is repaired or replaced at the same job site, or if you elect to rebuild at another location, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:

(i) The increased cost of construction at the same job site; or

(ii) The applicable Increased Cost Of Construction Coverage Limit of Insurance shown in the Declarations.

(c) If the ordinance or law requires relocation to another location, the most we will pay under Coverage C – Increased Cost Of Construction Coverage is the lesser of:

(i) The increased cost of construction at the new location; or
The applicable Increased Cost of Construction Coverage Limit of Insurance shown in the Declarations.

d. Except as specifically provided in the Green Building Additional Expense, the cost to repair, rebuild or replace does not include any expenses you incur to attain any level of "green" certification.

e. Soft Costs Loss Determination

The following loss payment provisions apply to "soft costs" coverage:

The actual amount of "soft costs" will be determined based on your budgeted costs for the applicable project described in the Declarations had loss of or damage to Covered Property from any of the Covered Causes of Loss not occurred.

The amount of the "soft costs" loss will also be determined based on other relevant sources of information, including:

(1) Your financial records and accounting procedures;

(2) Bills, invoices and other vouchers;

(3) Deeds, liens or contracts; and

(4) Any amounts by which the amount of loss is reduced due to your failure to perform the duties in the event of loss outlined in this policy.

f. With respect to our options under Paragraphs a.(1) through a.(4) above, we will give notice of our intentions within 30 days after we receive the sworn proof of loss.

g. We will not pay you more than your financial interest in the Covered Property.

h. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

i. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

j. We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

(1) We have reached agreement with you on the amount of loss; or

(2) An appraisal award has been made.

k. We will not be liable for any part of the loss or damage that has been paid or made good by others.

l. At our option, we may make a partial payment toward any claim, subject to the policy provisions and our normal adjustment process. To be considered for a partial claim payment, you must submit a partial sworn proof of loss with supporting documentation. Any applicable policy deductibles must be satisfied before any partial payments are made.

8. Minimum Earned Premium

If a Minimum Earned Premium is shown in the Declarations, such premium is the least amount of premium you must pay when the actual earned premium for this coverage is less than the Minimum Earned Premium.

The Minimum Earned Premium does not apply if we cancel coverage other than at your request.

9. Other Insurance

The Other Insurance LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

a. Other Insurance

Except as stated in the Contributing Insurance and Excess Insurance in Paragraphs b. and c. below, if there is other insurance covering the same loss or damage as this Coverage Part we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

b. Contributing Insurance

You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
c. Excess Insurance

You may have excess insurance over the Limit(s) of Insurance set forth in this Coverage Part without prejudice to this Coverage Part. The existence of such insurance will not reduce our liability under this Coverage Part.

10. Policy Period

We cover loss or damage commencing with the inception date of the policy period shown in the Declarations and ending when any one of the following first occurs:

a. This policy expires or is cancelled;

b. Final acceptance of the applicable project described in the Declarations by the owner;

c. Your interest in the applicable project described in the Declarations ceases;

d. Insurance other than Builders' Risk is obtained on the building or structure; or

e. You abandon the property with no intention to complete it.

11. Premium Adjustment

a. Estimated Premium

If an Estimated Project Term Premium is shown in the Declarations for the applicable project, that premium was developed using the applicable estimated "total project value" shown in the Declarations and is subject to adjustment as outlined in this Additional Coverage Condition.

b. Reporting

(1) Within 30 days after final completion of the applicable project described in the Declarations, you must report, to us in writing, the Final Premium Base and other information outlined below.

The Final Premium Base is the "total project value" at the date of final completion.

You must also report the date construction was completed and coverage under this policy ended.

(2) Cancellation or Nonrenewal

If coverage under this policy was cancelled or nonrenewed, you must report, to us in writing, the Final Premium Base of each project described in the Declarations.

The Final Premium Base is the "total project value" as of the date of cancellation or nonrenewal.

c. Final Premium

Your Final Premium for the applicable project described in the Declarations is computed using the following steps:

Step 1: Multiply the applicable Annual Rate shown in the Declarations by the Final Premium Base = Actual Annual Premium.

Step 2: Adjust the Actual Annual Premium for the actual length of time coverage was provided under this policy for that project = Actual Term Premium.

Step 3: If the Actual Term Premium is greater than the applicable Estimated Premium, subtract the applicable Estimated Premium from the Actual Term Premium. This is the additional premium due. All additional premium is due and payable as of the date of the Premium Adjustment.

Step 4: If the Actual Term Premium is greater than the Minimum Earned Premium shown in the Declarations, but less than the applicable Estimated Premium, subtract the Actual Term Premium from the applicable Estimated Premium. We will refund this amount to you.

Step 5: If the Actual Term Premium is less than the Minimum Earned Premium shown in the Declarations and less than the applicable Estimated Premium, subtract the Minimum Earned Premium from the applicable Estimated Premium. We will refund this amount to you.

d. Records

You must keep accurate records of transactions used to develop the Premium Base required for Premium Adjustment.

12. Reinstatement of Limit After Loss

The Reinstatement of Limit After Loss LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Reinstatement of Limit After Loss

With the exception of any applicable annual aggregate Limit of Insurance, the Limit of Insurance will not be reduced by the payment of any claim.
13. Transfer Of Rights Of Recovery Against Others To Us

The Transfer Of Rights Of Recovery Against Others To Us LOSS CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss or damage to impair them.

a. In accordance with any provision set forth in the applicable signed construction contract, prior to loss or damage any Named Insured may waive their rights to recover damages against any individual, corporation, or entity:

(1) With a financial interest in Covered Property; or

(2) That is a contractor or subcontractor performing work at the job site described in the Declarations.

But this waiver to recover damages does not apply to:

(a) Any architect, engineer or other party or entity responsible for any design, specifications or plans for the fabrication, erection or completion of Covered Property with respect to loss or damage that may be caused by fault, defect, error or omission in such design, specifications or plans; or

(b) Any contractor, manufacturer or supplier of machinery, equipment or other insured property that has agreed to make good loss or damage under a guaranty or warranty.

b. You may also waive your rights against another party in writing after a loss under this Coverage Part only if, at time of loss, that party is one of the following:

(1) A business firm:

(a) Owned or controlled by you; or

(b) That owns or controls you; or

(2) Your tenant.

This will not restrict your insurance.

14. Unintentional Errors In Description

Your error in how you describe the address of the job site shown in the Declarations shall not prejudice coverage afforded by this policy, provided such error is not intentional. Any such error shall be reported and corrected when discovered and appropriate premium charged.

15. Valuation

The Valuation GENERAL CONDITION in the COMMERCIAL INLAND MARINE CONDITIONS is replaced by the following:

Valuation

In the event of loss or damage, the value of Covered Property at the time of loss or damage will be determined as follows:

a. At replacement cost as of the time of loss or damage, except as otherwise provided in this Valuation GENERAL CONDITION. Replacement cost is the cost to replace Covered Property at the time of loss or damage without deduction for depreciation.

(1) You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim on a replacement cost basis if you notify us of your intent to do so within 180 days after the loss or damage.

(2) We will not pay on a replacement cost basis for any loss or damage:

(a) Until the lost or damaged property is actually repaired or replaced; and

(b) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

Instead, we will pay on an actual cash value basis. This restriction does not apply to losses less than $50,000.

b. Property of others at the amount for which you are liable, not to exceed the replacement cost.
c. We will not pay more for loss or damage on a replacement cost basis than the least of the following subject to Paragraph d. below
   (1) The Limit of Insurance applicable to the lost or damaged property;
   (2) The cost to replace, at the same job site, the lost or damaged property with other property;
      (a) Of comparable material and quality; and
      (b) Used for the same purpose; or
   (3) The amount you actually spend that is necessary to repair or replace the lost or damaged property.
   (4) The cost to replace Covered Property includes:
      (a) Labor and delivery charges; and
      (b) General and specific overhead and profit:
         (i) Only as related directly to the repair or replacement of the Covered Property sustaining covered loss or damage; and
         (ii) At the same percentages as included, immediately prior to the covered loss or damage, in the "total project value" for the applicable project shown in the Declarations.

If a building or structure is rebuilt at a different location, the cost described in Paragraph (2) above is limited to the cost which would have been incurred had the building or structure been built at the original job site described in the Declarations.

d. The cost to repair, rebuild, or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property, except as provided in the Additional Coverage – Ordinance or Law.

16. Where Coverage Applies
   We cover property that is in:
   a. The United States of America (including its territories and possessions);
   b. Puerto Rico; or
   c. Canada.

But we do not cover property in transit to or from Hawaii, Puerto Rico or any United States of America territory or possession.

F. DEFINITIONS
   1. "Contents" means business personal property and home furnishings.
   2. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
   3. "Green" means products, materials, methods and processes that conserve natural resources, reduce energy or water consumption, avoid toxic or other polluting emissions or otherwise minimize the environmental impact.
   4. "Green Authority" means a recognized authority on "green" buildings or structures or "green" products, materials or processes.
   5. "Interior of a building or structure" means any portion of a building or structure that, at completion of construction, will be within the exterior facing building material of that building or structure.
   6. "Period of delay in completion" means the period of time that:
      a. Begins with the "planned completion date" or after any applicable Soft Costs Waiting Period shown in the Declarations from the "planned completion date", whichever is later; and
      b. Ends on the date when Covered Property should be completed using reasonable speed and similar quality.

"Period of delay in completion" does not include any increased period required to attain any level of "green" certification.

The expiration date of this policy will not cut short the "period of delay in completion".

7. "Planned completion date" means the date the applicable project described in the Declarations would be put into operation or use for its intended purpose in the normal course of construction if loss of or damage to Covered Property from any of the Covered Causes of Loss had not occurred.
8. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, chemicals, waste and any unhealthful or hazardous building materials (including asbestos and lead products or materials containing lead). Waste includes materials to be recycled, reconditioned or reclaimed.

9. "Sinkhole collapse" means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. "Sinkhole collapse" does not mean the cost of filling sinkholes or the sinking or collapse of land into man-made underground cavities.

10. "Soft costs" means your actual and necessary business costs in excess of your budgeted amount for the project consisting only of:
   a. Advertising and promotional expenses.
   b. Architect, engineer, designer and consultant fees.
   c. Costs resulting from the renegotiation of your sales contract, leases or construction loans.
   d. General overhead and administrative expenses, other than legal, accounting and professional fees.
   e. Insurance premiums.
   f. Interest on money borrowed to finance construction.
   g. Legal and accounting fees and other costs to renegotiate and prepare revised contracts and other documents.
   h. Permit and Inspection Fees.
   i. Realty taxes and realty assessments.

11. "Specified causes of loss" means fire; lightning; explosion; windstorm or hail; smoke (including the emission or puff back of smoke, soot, fumes or vapors from a boiler, furnace or related equipment); aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire extinguishing equipment; "sinkhole collapse"; volcanic action; falling objects as limited below; weight of snow, ice or sleet; "water damage", all only as otherwise insured against in this Coverage Part.

Falling objects does not include loss or damage to:
   a. Personal property in the open; or
   b. The "interior of a building or structure" or personal property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

12. "Total project value" means the sum of all costs to complete the applicable project described in the Declarations including labor, construction management fees, delivery charges, administrative expenses, overhead, and reasonable profit.

13. "Volcanic action" means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:
   a. Airborne volcanic blast or airborne shock waves;
   b. Ash, dust or particulate matter; or
   c. Lava flow.

"Volcanic action" does not mean the cost to remove ash, dust or particles that do not cause direct physical loss or damage.

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

14. "Water damage" means:
   a. Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts) that is located on the applicable job site described in the Declarations and contains water or steam; and
   b. Accidental discharge or leakage of water as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the applicable job site described in the Declarations, if the breakage or cracking is caused by wear and tear. This provision serves as an exception to the wear and tear exclusion under the Other Types of Losses Exclusion in Section B.3.b. But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion B.1.g.
COMMERCIAL INLAND MARINE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONSTRUCTION PAK – BUILDERS’ RISK AMENDATORY ENDORSEMENT

REPORTING AND ADJUSTMENT OF PREMIUM – COVERED PROPERTY

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM

A. The Premium Adjustment Additional Condition in Section E – ADDITIONAL CONDITIONS is replaced by the following:

Premium Adjustment

a. Reports

Within 30 days after the end of each Reporting Period shown in the Declarations, you must send the following to us, in writing, for each project under construction at any time during the Reporting Period:

1. The project number or unique identifier you assign for identification purposes;
2. The applicable Coverage Group as described in the Declarations;
3. The "total project value";
4. The project description, including the following as needed to categorize the project within the applicable Coverage Group described in the Declarations:
   a. Type of construction;
   b. Number of stories;
   c. Total square feet;
   d. Public protection class; and
   e. Intended occupancy;
5. The job site location, including street address, city, state and zip code;
6. The date construction started and coverage under this policy began; and
7. If applicable during the reporting period, the date construction was completed and coverage under this policy ended.

b. Premium

Your Deposit Premium shown in the Declarations is subject to adjustment at the end of each Adjustment Period shown in the Declarations using the reports you sent to us and the following procedures:

1. Project Premium Calculation
   a. We will develop the applicable monthly Covered Property Rate by dividing the applicable Covered Property Rate shown in the Declarations by the number of months in the Adjustment Period.
   b. For each month during the Adjustment Period, we will multiply the applicable monthly Covered Property Rate by the "total project value" reported for each project under construction during that month = Project Monthly Earned Premium.

2. Total Premium For The Adjustment Period and Premium Adjustment
   To calculate the amount of premium you owe us for all projects under construction during the Adjustment Period, we will:
   Step 1: Calculate the Total Earned Premium for the Adjustment Period by adding the Project Monthly Earned Premiums from Paragraph b. (1) (b) above together = Total Earned Premium.
   Step 2: Subtract the Total Earned Premium from the Deposit Premium until it is used up. You will then pay us the additional premium that exceeds the Deposit Premium.

   All additional premium is due and payable as of the date of each Premium Adjustment.

   We will pay you any unused amount of your Deposit Premium in excess of the Minimum Earned Premium shown in the Declarations at the end of the policy period.

3. If a project's "total project value" used in Paragraph b. (1) (b) above for the most recent Reporting Period is different from
the value used at any other adjustment, all previous premium calculations for that project will be recalculated using the updated "total project value". The total premium difference will be added to the Total Earned Premium in Step 1 of Paragraph b. (2) above.

c. Cancellation
If this policy is cancelled, you will report the information in Paragraph a. above from the last Premium Adjustment Period up to and as of the date of cancellation.

d. Records
You must keep accurate records of transactions used to develop the information required for Premium Adjustment.

e. Penalty For Late Reporting
(1) Penalty For A Late Report
If at the time of loss or damage you had failed to send us the required report as stated in Paragraph a. above, we will be liable only for the projects on the last report we received. But if the report we did not receive is the initial report due for this policy, we will be liable for no more than 75% of the amount for which we would otherwise be liable.

(2) Penalty For Failing To Report A Project On A Report We Received
If at the time of loss or damage you had failed to include the applicable project on the most recent report you sent us immediately prior to the loss or damage, we will not pay for the loss or damage to such project.

But if construction on that project first began during the period of time within such report, the Extended Time To Report New Starts Coverage Extension applies.

B. The following Coverage Extension is added to Section A – COVERAGE:

Extended Time To Report New Starts
If construction on a project first began during the period of time within the most recent report you sent us immediately prior to loss or damage and you had failed to include such project on that report, coverage under this Coverage Form is extended to apply to the project for up to 30 days from the date the report was due.

The Extended Time To Report New Starts Limit of Insurance shown in the Declarations is the most we will pay for loss, for each project, in any one occurrence under this Coverage Extension.

Any payment under this Coverage Extension is included within and will not increase the applicable Limit of Insurance.

C. The following is added to Section C – LIMITS OF INSURANCE:

Although the amount you report to us as the "total project value" for the project is used to calculate premium, the Covered Property Limit of Insurance shown in the Declarations for the applicable Coverage Group is the most we will pay for each project in any one occurrence.

D. The Coinsurance Additional Condition in Section E – ADDITIONAL CONDITIONS is replaced by the following:

If a Coinsurance Percentage is shown in the Declarations, the following condition applies separately to each project:

1. We will not pay the full amount of any loss if the actual "total project value" at the time of the report you most recently sent us prior to loss or damage multiplied by the stated Coinsurance Percentage is greater than the amount you reported as the "total project value" on such report.

Instead, we will determine the most we will pay using the following steps:

Step 1: Multiply the actual "total project value" at the time of the report by the Coinsurance Percentage.

Step 2: Divide the "total project value" you reported by the figure determined in Step 1.

Step 3: Multiply the total amount of the covered loss, before the application of any deductible, by the figure determined in Step 2.

Step 4: Subtract the deductible from the figure determined in Step 3.

We will pay the amount determined in Step 4 or the applicable Limit of Insurance, whichever is less.

For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

2. Coinsurance does not apply to:
   a. Additional Coverages; or
   b. Coverage Extensions.
This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM

This endorsement modifies insurance provided under the COMMERCIAL INLAND MARINE COVERAGE PART.

The Transfer Of Rights Of Recovery Against Others To Us Additional Condition in Section E – ADDITIONAL CONDITIONS of the CONSTRUCTION PAK – BUILDERS' RISK COVERAGE FORM and the Transfer Of Rights Of Recovery Against Others To Us Loss Condition in the LOSS CONDITIONS Section of the COMMERCIAL INLAND MARINE CONDITIONS are replaced by the following:

Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this insurance has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss or damage to impair them.

But you may waive your rights against another party in writing:

a. Prior to loss to your Covered Property.

But this waiver does not apply to any contractor, manufacturer or supplier of machinery, equipment or other insured property that has agreed to make good loss or damage under a guaranty or warranty.

b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:

   (1) Someone insured by this insurance

   (2) A business firm:

   (a) Owned or controlled by you; or

   (b) That owns or controls you.

This will not restrict your insurance.
This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

A. The following is added to Section II – DEDUCTIBLE, Part B, of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE Section of the COMMERCIAL INLAND MARINE COVERAGE PART DECLARATIONS:

Rain, Snow, Sleet or Ice Deductible:
$

B. The following changes are made to the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM:

1. The Rain, Snow, Sleet or Ice exclusion in Section B – EXCLUSIONS, Part 2 is replaced by the following:

Rain, Snow, Sleet or Ice:
Rain, snow, sleet or ice, whether driven by wind or not. This exclusion applies only to personal property left in the open.

This exclusion does not apply if:
(1) Reasonable measures had been taken to protect such property from weather conditions using permanent or temporary materials or objects; or
(2) Such property was temporarily exposed to weather conditions during business hours in order to perform construction activities.

Personal property within an "exposed building or structure" is not considered personal property left in the open.

2. The following is added to Section D – DEDUCTIBLE:

The Rain, Snow, Sleet or Ice Deductible is the deductible applicable in any one occurrence of loss of or damage to the following property from rain, snow, sleet, or ice, whether driven by wind or not:

(1) The "interior" of an "exposed building or structure"; or
(2) Personal property within an "exposed building or structure".

This Deductible does not apply to loss or damage to such property:
(a) From thawing of snow, sleet or ice on the building or structure;
(b) When the property was temporarily exposed to weather conditions during business hours in order to perform construction activities; or
(c) If the building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet or ice enters.

3. The following Definitions are added Section F – DEFINITIONS:

1. "Exposed building or structure" means a building or structure where at the time of loss or damage any of the "interior" is exposed to weather conditions.

2. "Interior" means the portion of a building or structure that, at completion of construction, will be within that building or structure's:
   a. Permanent exterior-facing roofing and siding material;
   b. Permanent exterior-facing doors, skylights and windows; and
   c. Other materials or objects necessary to make the completed building or structure permanently protected from weather conditions.
FLOOD CAUSE OF LOSS BY FLOOD ZONE

This endorsement modifies insurance provided under the following:
CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM
CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM

A. APPLICATION OF THIS ENDORSEMENT

1. This endorsement applies to projects you report to us that are located within the Flood Zone or non-participating or suspended community (as classified under the National Flood Insurance Program) for which a Flood Limit of Insurance is shown in the Flood Zone Supplemental Declarations.

   This endorsement also applies to:
   a. Temporary storage locations if property at such a location is destined to become a part of the project at the job site to which this endorsement applies;
   b. The Civil Authority Additional Coverage in the CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies; and
   c. Any Ingress or Egress Additional Coverage as otherwise provided by the CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies.

2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:
   a. The insurance otherwise provided under the Coverage Forms shown above for loss or damage by:
      (1) Fire, explosion or sprinkler leakage that results from "flood"; or
      (2) Water or sewage from drains within a building if the backup or overflow is not otherwise directly or indirectly caused by Water that is excluded in provisions (a), (b), (d) or (e) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM;
   b. Any other insurance provided under the Coverage Forms shown above for loss or damage to which the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM does not apply.

B. COVERED CAUSES OF LOSS

"Flood" is added to the Covered Causes of Loss and to the "specified causes of loss":

All "flood" loss that occurs:

1. During a continuous or protracted event, such as a period of continued rising or overflow of any river(s), stream(s) or any body(ies) of water and the subsidence of same within the banks of such river(s), stream(s) or body(ies) of water; or
2. Due to any tidal wave or series of tidal waves that occur within any 168 hour period;

   will constitute a single "flood" occurrence. If "flood" loss commences prior to the expiration date of this policy and the "flood" occurrence extends beyond the expiration date of this policy, the expiration date of this policy will not reduce the "flood" occurrence period.

C. FLOOD DEFINED

The following is added to Section F – DEFINITIONS of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM:

"Flood" means the following, all whether naturally occurring or due to man-made or other artificial causes, and includes waterborne material carried or otherwise moved by any of the water referred to in Paragraphs 1., 3. and 4. below and material carried or otherwise moved by mudslide or mudflow:
1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether driven by wind (including storm surge) or not;

2. Mudslide or mudflow;

3. Water or sewage that backs up, overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment (other than the backup or overflow of water or sewage from drains within a building to which the exception in provision (c) of the Water exclusion in Section B – EXCLUSIONS, Part 1, Paragraph g. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM applies); and

4. Water under the ground surface pressing on, or flowing or seeping through:
   a. Foundations, walls, floors or paved surfaces;
   b. Basements, whether paved or not; or
   c. Doors, windows or other openings.

D. EXCLUSIONS AND RELATED PROVISIONS

1. Under the EXCLUSIONS contained in Section B – EXCLUSIONS, Part 1. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM:
   a. Exclusion a., Earth Movement, does not apply to the coverage otherwise provided under this endorsement for loss or damage caused by or resulting from:
      (1) Mudslide or mudflow that is caused by or precipitated by the accumulation or runoff of water on or below the surface of the ground; or
      (2) “Flood” that is attributable to an Earth Movement, such as tsunami, but this exception does not apply to loss or damage caused by or resulting from any excluded Earth Movement that results from such “flood”.
   b. Exclusion g., Water, does not apply to the coverage provided under this endorsement.

The remaining Exclusions and the Limitations that apply to the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM apply to the coverage provided under this endorsement.

2. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any "flood" occurrence that begins before the inception of this insurance.

3. If, at the time of loss, Covered Property at any job site is located within more than one Flood Zone or community, coverage under this endorsement will be subject to the applicable Limit of Insurance and deductible, if any, that would apply under the Coverage Forms shown above if that Covered Property was wholly located within the most hazardous of the Flood Zones or communities, as stated below.

The following listing of Flood Zones and communities, as classified under the National Flood Insurance Program, is in order of the most hazardous to least hazardous:

   a. Flood Zone V and Flood Zones prefixed V;
   b. Flood Zone A and Flood Zones prefixed A;
   c. Flood Zone D;
   d. Non-Participating or Suspended Communities;
   e. Flood Zone B, Flood Zone X (shaded) and Flood Zone X-500;
   f. Flood Zone C and Flood Zone X (unshaded).

E. LIMITS OF INSURANCE

1. The following Limits of Insurance apply to each project you report to us that is located within the Flood Zone or community for which a Flood Limit of Insurance is shown in the Flood Zone Supplemental Declarations:
   a. Flood Occurrence Limit
   
   The applicable Flood Occurrence Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence for each project, regardless of the number or types of coverages (including "business income", "rental value", "soft costs" or any other time element coverage). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Flood Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that
b. **Flood Annual Aggregate Limit**
   The applicable Flood Annual Aggregate Limit shown in the Declarations is the most we will pay for each project for all covered "flood" occurrences in any one policy year.

   Each policy year:
   
   (1) Begins with the inception date or anniversary date of this policy; and
   
   (2) Ends at the next anniversary date or the expiration date of this policy.

2. **Flood Zone Annual Aggregate Limit Of Insurance**
   If shown in the Declarations, the applicable Flood Zone Annual Aggregate Limit of Insurance is the most we will pay in total for all "flood" occurrences in any one policy year regardless of the number of projects that are located within the applicable Flood Zone or Community.

   Each policy year:
   
   a. Begins with the inception date or anniversary date of this policy; and
   
   b. Ends at the next anniversary date or the expiration date of this policy.

3. **Flood Annual Aggregate Limit of Insurance For All Projects, Flood Zones and Communities Combined**
   The Flood Annual Aggregate Limit of Insurance For All Projects, Flood Zones and Communities Combined shown in the Declarations is the most we will pay in total for all "flood" occurrences in any one policy year regardless of the number of projects, Flood Zones or Communities involved.

   Each policy year:
   
   a. Begins with the inception date or anniversary date of this policy; and
   
   b. Ends at the next anniversary date or the expiration date of this policy.

4. The most we will pay for loss or damage caused by "flood" is the least of:
   
   a. The Flood Occurrence Limit of Insurance for the applicable project;
   
   b. The remaining portion of any Flood Annual Aggregate Limit of Insurance for the applicable project;
   
   c. The remaining portion of any Flood Zone Annual Aggregate Limit of Insurance for the applicable Flood Zone or Community;
   
   d. The remaining portion of any Flood Annual Aggregate Limit of Insurance For All Projects, Flood Zones and Communities Combined.

F. **DEDUCTIBLE**
   The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each project in any one occurrence and apply in addition to any other Special Time Element Deductibles or Waiting Periods in this Coverage Part that apply in the same occurrence.

2. **Percentage Deductible**
   When a percentage (%) is shown in the Declarations as the applicable Flood Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Declarations by the total value of Covered Property at the applicable job site at the time of loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

   In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Declarations.

3. **Dollar Deductible**
   When a dollar amount is shown in the Declarations, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Flood Deductible shown in the Declarations. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

   The Flood Deductible does not apply to property in temporary storage awaiting delivery to the job site.
CONSTRUCTION PAK – BUILDERS’ RISK AMENDATORY ENDORSEMENT

EARTHQUAKE CAUSE OF LOSS BY HAZARD ZONE

This endorsement modifies insurance provided under the following:

CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM
CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM

A. APPLICATION OF THIS ENDORSEMENT

1. This endorsement applies to projects you report to us that are located within the Hazard Zone for which an Earthquake Limit of Insurance is shown in the Earthquake Hazard Zone Supplemental Declarations.

This endorsement also applies to:

a. Temporary storage locations if property at such a location is destined to become a part of the project at the job site to which this endorsement applies;

b. The Civil Authority Additional Coverage in the CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies; and

c. Any Ingress or Egress Additional Coverage as otherwise provided by the CONSTRUCTION PAK – BUILDERS’ RISK SPECIAL TIME ELEMENT COVERAGE FORM, but only with respect to the job site to which this endorsement applies.

2. This endorsement does not apply to, or modify, any limits or deductibles that apply to:

a. The insurance otherwise provided under the Coverage Forms shown above for loss or damage by:

(1) Fire or explosion that results from earth movement other than volcanic eruption, explosion or effusion; or

(2) Fire, building glass breakage or volcanic action that results from volcanic eruption, explosion or effusion; or

b. Any other insurance provided under the Coverage Forms shown above for loss or damage to which the Earth Movement exclusion in Section B – EXCLUSIONS, Part 1. Paragraph a. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM does not apply.

B. COVERED CAUSES OF LOSS

The following are added to the Covered Causes of Loss and to the "specified causes of loss":

1. Earthquake meaning a shaking or trembling of the earth's crust, caused by underground volcanic or tectonic forces or by breaking or shifting of rock beneath the surface of the ground from natural causes.

2. Volcanic Eruption, meaning the eruption, explosion or effusion of a volcano.

All earthquake shocks or volcanic eruptions that occur within any 168-hour period will constitute a single Earthquake or Volcanic Eruption. The expiration of this policy will not reduce the 168-hour period.

C. EXCLUSIONS AND RELATED PROVISIONS

1. The Earth Movement exclusion contained in Section B – EXCLUSIONS, Part 1. Paragraph a. of the CONSTRUCTION PAK – BUILDERS’ RISK COVERAGE FORM does not apply to the coverage provided under this endorsement. The remaining Exclusions that apply to this Coverage Part apply to the coverage provided under this endorsement. For example, loss caused directly or indirectly by a cause of loss excluded under the Water Exclusion, such as flood or tidal wave, is excluded even if the flood or tidal wave is attributable to an Earthquake or Volcanic Eruption.

2. The following additional exclusion applies to the coverage provided under this endorsement:

We will not pay for loss or damage caused by or resulting from any earthquake or volcanic eruption that begins before the inception of this insurance.
D. LIMITS OF INSURANCE

1. The following Limits of Insurance apply to each project you report to us that is located within the Hazard Zone for which an Earthquake Limit of Insurance is shown in the Earthquake Hazard Zone Supplemental Declarations:

   a. Earthquake Occurrence Limit
      The applicable Earthquake Occurrence Limit of Insurance shown in the Declarations is the most we will pay in any one occurrence for each project, regardless of the number or types of coverages (including "business income", "rental value", "soft costs" or any other time element coverage). Amounts payable under any Additional Coverage or Coverage Extension do not increase the applicable Earthquake Occurrence Limit of Insurance. The applicable Occurrence Limit is part of, and does not increase, the Limit of Insurance that otherwise applies under this Coverage Part.

   b. Earthquake Annual Aggregate Limit
      The applicable Earthquake Annual Aggregate Limit of Insurance shown in the Declarations is the most we will pay for each project for all covered earthquake occurrences in any one policy year.
      Each policy year:
      (1) Begins with the inception date or anniversary date of this policy; and
      (2) Ends at the next anniversary date or the expiration date of this policy.

2. Earthquake Annual Aggregate Limit of Insurance For All Projects and Hazard Zones Combined
   The Earthquake Annual Aggregate Limit of Insurance For All Projects and Hazard Zones Combined shown in the Declarations is the most we will pay in total for all covered earthquake occurrences in any one policy year regardless of the number of projects or Hazard Zones involved.
   Each policy year:
   a. Begins with the inception date or anniversary date of this policy; and
   b. Ends at the next anniversary date or the expiration date of this policy.

3. The most we will pay for loss or damage caused by any earthquake is the least of:
   a. The Earthquake Occurrence Limit of Insurance for the applicable project;
   b. The remaining portion of any Earthquake Annual Aggregate Limit of Insurance for the applicable project; or
   c. The remaining portion of any Earthquake Annual Aggregate Limit of Insurance For All Projects and Hazard Zones Combined.

E. DEDUCTIBLE

The following Deductible provisions apply to the insurance provided by this endorsement.

1. The Deductible(s) applicable to loss or damage under this endorsement apply separately to each project in any one occurrence and apply in addition to any Special Time Element Deductibles or Waiting Periods in this Coverage Part that apply in the same occurrence.

2. Percentage Deductible
   When a percentage (%) is shown in the Schedule as the applicable Earthquake Deductible, we will calculate the dollar amount of the Deductible by multiplying the applicable percentage shown in the Schedule by the total value of Covered Property at the applicable job site at the time of loss or damage. We will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds such calculated dollar amount. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.
   In no event will the applicable Deductible be less than any applicable minimum, or more than any applicable maximum, amount shown in the Schedule.

3. Dollar Deductible
   When a dollar amount is shown in the Schedule, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds the applicable Earthquake Deductible shown in the Schedule. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

4. The Earthquake Deductible does not apply to property in temporary storage awaiting delivery to the job site.
F. HAZARD ZONES

The following list of High Hazard Counties and Moderate Hazard Counties or Independent Cities apply to this endorsement. Independent Cities designated by an asterisk *. 

<table>
<thead>
<tr>
<th>State</th>
<th>High Hazard Counties</th>
<th>Moderate Hazard Counties And Independent Cities</th>
</tr>
</thead>
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<td>Entire State</td>
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<tr>
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<td>Clay, Mississippi</td>
<td>Arkansas, Izard, Prairie, Craighead, Jackson, Randolph, Cross, Lee, St. Francis, Cleburne, Lonoke, Stone, Fulton, Monroe, White, Greene, Phillips, Woodruff, Independence, Poinsett</td>
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<tr>
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<tr>
<td>Hawaii</td>
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<tr>
<td>Idaho</td>
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<td>Bear Lake, Fremont, Teton</td>
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<tr>
<td>Indiana</td>
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<td>Adams, Pike, Sullivan, Gibson, Posey, Vanderburgh, Jay, Randolp, Warrick, Knox, Spencer</td>
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<tr>
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<tr>
<td>State</td>
<td>High Hazard Counties</td>
<td>Moderate Hazard Counties And Independent Cities</td>
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