

CONTRACTOR'S PROPERTY POLICY

REPRESENTATIONS

By accepting this policy **you** agree that:

1. the statements on the Declarations Page are accurate and complete;
 2. those statements are based upon representations **you** made to **us**;
 3. **we** have issued this policy in reliance upon **your** representations.
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AGREEMENT

We will provide the insurance described in this policy in return for the premium and **your** compliance with all provisions of this policy including endorsements. It is furthermore agreed that coverage is provided only for those coverages

(Structures, Business Personal Property, Installation Coverage, and Contractor's Equipment) for which an amount of insurance is shown on the Declarations Page.

DEFINITIONS

Words in bold print are defined herein.

1. In this policy **you** and **your** refer to the named insured shown on the Declarations Page. **We**, **us** and **our** refer to the Company providing this insurance.
 2. **Tenant's improvements and betterments** means additions and alterations to buildings installed at **your** expense during **your** tenancy and, if **you** own and occupy an industrial condominium unit, additions and alterations to that unit installed at **your** expense during the period of time that **you** own the condominium unit.
 3. **Accident** means an undesigned, unexpected and rapidly occurring event.
 4. **Volcanic action** means lava flow, airborne shock waves, ash, dust or other particulate matter caused by or resulting from the volcanic eruption.
 5. **Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
 6. **Covered installation project** means a specific task **you** have agreed to perform for compensation pursuant to the terms of a contract.
 7. **Business records** means ledgers, accounting records, blue prints and other records that have been created by **you** and that are used in the conduct of **your** business.
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LIMIT OF INSURANCE

Regardless of the number of persons insured under this policy, the most **we** will pay for any one

loss is the applicable limit of insurance shown herein or on the Declarations Page.

STRUCTURES COVERAGE SECTION

This coverage section applies only when a limit of insurance for Structures is shown on the Declarations Page.

PROPERTY COVERED

We cover **your** structures situated at a location described on the Declarations Page.

LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss resulting from direct physical loss of or damage to covered property caused by an **accident**.

ADDITIONAL COVERAGES

1. At a Named Location

When an **accident** causes direct physical loss of or damage to property at a location described on the Declarations Page, **we** provide the following additional amounts of coverage. The limit for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

- a. Building Ordinance
\$25,000 for increases in otherwise covered loss made necessary by reason of any ordinance or law regulating the use, construction, repair or demolition of covered structures; except any ordinance or law in effect prior to the covered loss that required **your** compliance even if the structures were undamaged is limited to \$2,500.
- b. Debris Removal
20% of the structures limit of insurance shown on the Declarations Page subject to a minimum of \$25,000 and a maximum of \$250,000 for increases in otherwise covered loss made necessary by reason of the removal of debris of covered property.
- c. **Pollutants** Extraction
\$10,000 for expenses necessarily incurred to extract **pollutants** from land or water at a location described on the

Declarations Page. **We** will pay these expenses only if reported to **us** in writing within one hundred eighty (180) days of the date of the **accident**. This limit of insurance is the most **we** will pay for all loss occurring in any one twelve (12) month policy period.

- d. Trees, Shrubs or other Plants
\$5,000 in the aggregate for **your** trees, shrubs and other plants not to exceed \$1,000 for any one tree, shrub or other plant.
- e. Fire Department Service Charges
\$2,500 for fire department service charges under contract which are incurred when the fire department is called to save or protect covered structures from covered loss.

2. Not at a Named Location

When an **accident** causes direct physical loss of or damage to property at a location in the continental United States of America or Canada not described on the Declarations Page, **we** provide the following coverages. The limit for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

- a. Newly Acquired Structures
\$500,000 for structures **you** acquire ownership of during the policy period, other than structures in the course of construction, not covered by other insurance. **You** shall

STRUCTURES COVERAGE SECTION

ADDITIONAL COVERAGES (CONTINUED)

promptly report all acquisitions of structures covered under this additional coverage to **us**. This coverage shall cease ninety (90) days after the date **you** acquire ownership of the structures or the expiration or cancellation date of this policy whichever is first. An additional premium, computed by using the rates and rules in effect for such structures at the date of acquisition, will be charged for the period of time **we** provide coverage.

\$250,000 for new buildings in the course of construction, including materials intended to become integral parts of such buildings, which are not covered by other insurance. This coverage shall cease thirty (30) days after the first day on which any work is performed at the job site. An additional premium, computed by using the rates and rules in effect at that time for this coverage, will be charged for the period of time **we** provide coverage.

b. Course of Construction

DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible amount shown on the Declarations Page. This provision applies

separately to each separately occurring loss. When any one **accident** causes loss of or damage to more than one category of covered property only the highest applicable deductible amount applies.

BASIS OF LOSS PAYMENT

Subject to the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

1. **Structures**

- a. If a damaged or totally destroyed structure is not repaired or replaced, payment shall be limited to the loss of actual cash value at the time and place of loss with due consideration for depreciation from all sources however caused, but not exceeding the amount which it would cost to repair or replace the damaged or totally destroyed structure with material of like kind, quality and use at the place of and within a reasonable time after the loss.
- b. If a damaged structure is repaired, or if a totally destroyed structure is replaced at the same location, payment shall be limited to the amount actually and necessarily expended to repair the damaged structure or to replace the totally destroyed structure with a new

structure of like kind, quality, use and income producing potential as the structure totally destroyed. Regardless of when **you** do complete repair or replacement the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.

- c. **You** may replace a totally destroyed structure by building a new structure elsewhere. If **you** do so, payment shall be limited to the lesser of the following:
 - (1) the amount actually and necessarily expended to replace elsewhere within a reasonable time after the loss with a new structure of like kind, quality, use and income producing potential; or
 - (2) the amount that would be required to be expended to replace within a reasonable time after the loss with a new structure of like kind, quality, use and income producing potential at the place of the loss.

STRUCTURES COVERED SECTION

BASIS OF LOSS PAYMENT (CONTINUED)

d. **You** may replace a totally destroyed structure by purchasing an existing structure elsewhere. If **you** do so, payment shall be limited to the lesser of the following:

- (1) the amount reasonably required and actually expended to purchase within a reasonable time after the loss a structure of like kind, quality, use and income producing potential as the structure totally destroyed; or
- (2) the amount that would be required to be expended to replace within a reasonable time after the loss with a new structure of like kind, quality, use and income producing potential at the place of the loss.

In no event will **we** pay for the value of the land.

You may first make claim for the loss of actual cash value and, within one (1) year from the payment of that loss, make claim for any additional amount payable by reason of b., c., or d. above.

2. Trees, Shrubs and Other Plants

We will pay the amount actually and necessarily spent to replace lost or damaged trees, shrubs or other plants or, if not replaced, the amount actually and necessarily spent for removal of debris of such property.

PROPERTY NOT COVERED

We do not cover land and land values.

LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:

- a. earthquake and other earth movement including volcanic eruption, landslide, mudflow and earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**;
- b. flood, surface water, water below the surface of the ground or water which backs up through sewers or drains unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
- c. freezing of trees, shrubs and other plants;

d. wind to trees, shrubs and other plants;

e. insects, vermin or rodents unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;

f. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, **volcanic action** or weight of snow, sleet or ice;

g. error in design, plans or specifications; faulty or defective workmanship or materials; latent

STRUCTURES COVERAGE SECTION

LOSSES NOT COVERED (CONTINUED)

or patent defect; or mechanical breakdown. If loss from fire, explosion, sprinkler leakage, falling objects, weight of snow, sleet or ice ensues, **we** will pay for the ensuing loss. **We** will not, however, pay for the cost to correct the condition which causes such ensuing loss;

- h. hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, or action taken in hindering, combating, or defending against such an occurrence or against actual, impending, or expected attack (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military or naval or air forces; or (2) by military, naval or air forces; or (3) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces;
- i. nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing. Direct loss by fire resulting from nuclear

reaction or radiation or radioactive contamination is covered.

- 2. In addition, **we** do not insure **you** against any of the following losses, however caused:
 - a. delay, loss of use, loss of market, loss of rents or business income or other consequential loss;
 - b. wear and tear, deterioration, rust, mold, wet or dry rot unless fire, explosion or damage from water not otherwise excluded ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or water not otherwise excluded;
 - c. settling, cracking, shrinking, bulging or expanding of covered structures unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - d. increases in covered loss made necessary by reason of any ordinance or law regulating the use, construction, repair or demolition of covered structures. This exclusion does not apply to coverage provided for in item 1.a. of the ADDITIONAL COVERAGES section.

ADDITIONAL CONDITIONS

For additional conditions refer to pages 19 through

22, CONDITIONS APPLYING TO THE ENTIRE POLICY.

BUSINESS PERSONAL PROPERTY COVERAGE SECTION

This coverage section applies only when a limit of insurance for Business Personal Property is shown on the Declarations Page.

PROPERTY COVERED

We cover:

1. **your** business personal property; and
 2. business personal property of others in **your** care, custody or control and for which **you** are legally liable; and
 3. **tenant's improvements and betterments;** while situated at a location described on the Declarations Page or within five hundred (500) feet of that location.
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LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss

resulting from direct physical loss of or damage to covered property caused by an **accident**.

ADDITIONAL COVERAGES

1. At a Named Location

When an **accident** causes direct physical loss of or damage to property at a location described on the Declarations Page, **we** provide the limits of insurance shown herein or on the Declarations Page as additional amounts of coverage. The limit of insurance shown herein or on the Declarations Page for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

- a. Accounts Receivable
\$10,000 for accounts receivable.
- b. **Business Records**
\$10,000 for **business records**.
- c. Buildings
\$2,500 for damage to buildings, other than building glass, for which **you** are liable as a lessee.
- d. Building Glass
\$2,500 for damage to building glass for which **you** are liable as a lessee.
- e. Extra Expense
\$2,500 for extra expense which is necessarily incurred to continue **your** business operations.
- f. Money, Travelers Checks or Money Orders and Stamps
\$2,500 in the aggregate for money, travelers checks or money orders and stamps used in connection with **your** business.
- g. Employees Tools
\$2,500 for employees tools for which **you** are legally liable.
- h. Leasehold Interest
\$10,000 for **your** leasehold interest loss if **you** are a tenant in the damaged building and **your** lease is cancelled by the landlord according to the terms of that lease which permit cancellation because of a certain degree of damage or destruction to or of that building.
- i. Fire Department Service Charges
\$2,500 for fire department service charges under contract which are incurred when the fire department is called to save or protect covered property from covered loss.

BUSINESS PERSONAL PROPERTY COVERAGE SECTION

ADDITIONAL COVERAGES (CONTINUED)

2. Not at a Named Location

When an **accident** causes direct physical loss of or damage to property at a location in the continental United States of America or Canada which is not shown on the Declarations Page, **we** provide the limits of insurance shown herein or on the Declarations Page as additional amounts of coverage. The limit of insurance shown herein or on the Declarations Page for each category below is the total limit for each covered loss as a result of any one **accident** for all property in that category. The coverages provided are subject to all other conditions of this policy:

- a. **Temporary Location and Newly Acquired Location**
\$2,500 for covered property (other than property described in 2.c. through 2.f. below) at any location, but not while in transit, in the continental United States of America and Canada which is not shown on the Declarations Page. This coverage does not apply to property which will be installed by **you** on behalf of others. This coverage shall cease sixty (60) days after the date the covered property is first situated at such temporary or newly acquired location.

- b. **In Transit**
\$2,500 for covered property (other than property described in 2.c. through 2.f. below) while in transit anywhere in the continental United States of America and Canada. This coverage does not apply to property being transported to a job site for installation by **you** on behalf of others.
- c. **Accounts Receivable**
\$10,000 for accounts receivable.
- d. **Business Records**
\$10,000 for **business records**.
- e. **Money, Travelers Checks or Money Orders and Stamps**
\$2,500 in the aggregate for money, travelers checks or money orders and stamps used in connection with **your** business.
- f. **Employees Tools**
\$2,500 for employees tools for which **you** are legally liable.

DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible amount shown on the Declarations Page. This provision applies separately to each separately occurring loss.

When any one **accident** causes loss of or damage to more than one covered category of covered property only the highest applicable deductible amount applies.

BASIS OF LOSS PAYMENT

Subject to the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

1. **Your Business Personal Property (other than accounts receivable and business records) and Tenant's Improvements and Betterment's**

- a. If lost, damaged or totally destroyed property is not repaired or replaced, **we** will not pay more than the loss of actual cash value at the time and place of the loss with due consideration for depreciation from all sources however caused, but not to exceed the smallest of the following:
- (1) the amount it would cost to repair the damaged property within a reasonable time after the damage; or

BUSINESS PERSONAL PROPERTY COVERAGE SECTION

BASIS OF LOSS PAYMENT (CONTINUED)

- (2) the amount it would cost to replace lost or totally destroyed property, at the place of the loss and within a reasonable time after the loss, with property of like kind, quality and use.
- b. If lost, damaged or totally destroyed property is repaired or replaced payment shall be limited to the smallest of the following:
 - (1) the amount actually and necessarily expended to repair the damaged property without deduction for depreciation; or
 - (2) the amount actually and necessarily expended to replace the lost or totally destroyed property at the place of the loss with property of like kind, quality and use.

Regardless of when **you** complete repair or replacement the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.

You may first make claim for the loss of actual cash value, and within one (1) year from the payment of that loss, make claim for the additional amount payable by reason of b. above.

2. Accounts Receivable

We will pay for:

- a. all sums due **you** from customers which become uncollectible because of loss of or damage to records of accounts receivable; and
- b. interest paid on any loan necessary to offset impaired collections until repayment of such uncollectible sums; and

- c. necessary additional collection expenses.

3. Business Records

- a. If lost or damaged **business records** are not repaired or replaced, **we** will not make any payment;
- b. if lost or damaged **business records** are repaired or replaced, **we** will pay the amount actually and necessarily spent to repair or replace with identical property. Regardless of when **you** complete repair or replacement the amount **we** will pay is limited to the amount required to repair or replace within a reasonable time after the loss.

4. Business Personal Property and Buildings including Building Glass of Others and Employees Tools

We will pay the amount for which **you** are legally liable.

5. Leasehold Interest

We will not pay more than **your** actual sustained loss of leasehold interest value for the unexpired term of the lease.

6. Extra Expense

We will pay the sums necessarily spent to continue operations at the same level of service immediately preceding the direct physical loss of or damage to covered property which are in excess of sums spent to operate **your** business before the interruption of **your** business operations. Covered loss shall be limited by the time necessary to repair or replace the damaged covered property at the same location plus sixty (60) days.

BUSINESS PERSONAL PROPERTY COVERAGE SECTION

PROPERTY NOT COVERED

We do not cover:

1. Property which is covered or would be covered under the Contractor's Equipment Coverage Section and the Installation Coverage Section regardless of whether or not these optional coverages have been purchased.
 2. Motor vehicles and trailers licensed for road use.
 3. Watercraft.
 4. Aircraft.
 5. Money, travelers checks or money orders and stamps except as provided for in the ADDITIONAL COVERAGES section.
 6. Accounts receivable except as provided for in the ADDITIONAL COVERAGES section.
 7. **Business records** except as provided for in the ADDITIONAL COVERAGES section.
 8. Fur, fur garments, jewelry, watches, precious and semiprecious stones and precious metals, including silver.
 9. Contractor's equipment, machinery and tools.
 10. Job trailers.
 11. Scaffolds and construction forms.
 12. Employees tools except as provided for in the ADDITIONAL COVERAGES section.
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LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:
 - a. earthquake and other earth movement including volcanic eruption, landslide, mudflow, earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**. This exclusion does not apply to **business records**, accounts receivable nor does it apply to covered property while in transit;
 - b. flood, surface water, water below the surface of the ground or water which backs up through sewers or drains unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. This exclusion does not apply to **business records**, accounts receivable nor does it apply to covered property while in transit;
 - c. insects, vermin, rodents or disease unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - d. theft by **you**, **your** employee(s) or, with the exception of carriers for hire, by anyone to whom covered property is entrusted. Ensnuing loss by fire or explosion resulting from theft by **your** employees or by anyone to whom covered property is entrusted is covered;
 - e. shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property, except covered property in the custody of a carrier for hire;
 - f. arcing or other electrical injury, other than damage from lightning, to electrical appliances, devices, fixtures or wiring unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;

BUSINESS PERSONAL PROPERTY COVERAGE SECTION

LOSSES NOT COVERED (CONTINUED)

- g. mechanical breakdown unless an otherwise covered loss ensues and then **we** will be liable only for such ensuing, covered loss to covered property other than the machine, system, device, part or component suffering mechanical breakdown. **We** will, however, pay for ensuing direct damage from fire;
- h. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, **volcanic action** or weight of snow, sleet or ice;
- i. power failure unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
- j. rain, snow, sleet or freezing to property in the open;
- k. hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, or action taken in hindering, combating, or defending against such an occurrence or against actual, impending, or expected attack (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military or naval or air forces; or (2) by military, naval or air forces; or (3) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces;
- l. nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing. Direct loss by fire resulting from nuclear reaction or radiation or radioactive contamination is covered.
2. In addition, **we** do not insure **you** against any of the following losses, however caused:
- delay, loss of use, loss of market, loss of business income or other consequential loss. This exclusion does not apply to accounts receivable and extra expense coverage afforded in the ADDITIONAL COVERAGES section.

ADDITIONAL CONDITIONS

For additional conditions refer to pages 19 through

22, CONDITIONS APPLYING TO THE ENTIRE POLICY.

CONTRACTOR'S EQUIPMENT COVERAGE SECTION

This coverage section applies only when a limit of insurance for Scheduled Contractor's Equipment is shown on the Declarations Page.

PROPERTY COVERED

We cover items described in the Schedule of Equipment of the Limits Table made a part of this policy consisting of:

1. **your** mobile contractor's equipment, machinery and tools; and

2. mobile contractor's equipment, machinery and tools of others in **your** care, custody or control and for which **you** are legally liable;

while located anywhere in the continental United States of America and Canada.

LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss

resulting from direct physical loss of or damage to covered property caused by an **accident**.

ADDITIONAL COVERAGES

When an **accident** causes direct physical loss of or damage to property similar to the property described in the Schedule of Equipment of the Limits Table made a part of this policy, **we** provide additional insurance up to the limits of insurance shown herein or on the Declarations Page. The limit of insurance shown for each category of coverage below is the total limit for each covered loss as a result of any one **accident**. The coverages provided are subject to all other conditions of this policy:

1. **Newly Acquired Property**
10% of the total limit of insurance shown in the Schedule of Equipment of the Limits Table made a part of this policy subject to a minimum of \$25,000 and a maximum of \$250,000 for property which is similar to property shown in the Schedule of Equipment and which, during the policy term, **you** acquire ownership of or lease with the option to purchase. Property leased without the option to purchase and property borrowed or rented is specifically excluded. **You** shall promptly report all acquisitions of property covered under this additional coverage to **us**. This coverage shall cease ninety (90) days after the date **you** acquire ownership of or lease with option to purchase any such property or at the expiration or cancellation date of this policy, whichever is first. An additional premium computed by using the rates and rules in effect for such property at

the date of acquisition will be charged for the period of time **we** provide coverage.

2. **Leased, Borrowed or Rented Property**
\$5,000 for property similar to property shown in the Schedule of Equipment of the Limits Table made a part of this policy that **you** have leased from others without the option to purchase and property borrowed or rented from others. Property borrowed or rented or leased from others for more than thirty (30) consecutive days is specifically excluded.
3. **Rental Expenses**
\$5,000 for necessarily incurred rental expenses for substitute property that is substantially identical to the lost or damaged covered property shown in the Schedule of Equipment of the Limits Table.
4. **Excess Rental Expenses**
\$5,000 for rental expenses necessarily incurred for the rental of equipment to substitute for covered rented property lost or damaged, but only to the extent that the cost to rent the substitute equipment exceeds the cost that would have been incurred for the rental of the equipment lost or damaged.

CONTRACTOR'S EQUIPMENT COVERAGE SECTION

ADDITIONAL COVERAGES (CONTINUED)

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| 5. Expediting Expenses
\$5,000 for expenses necessarily incurred to expedite the repair of covered property. | |
| 6. Debris Removal
\$25,000 for expenses necessarily incurred for the removal of debris of covered property. We will not pay for expenses necessarily incurred to extract pollutants from land or water or to restore or replace polluted land or water. | |
| 7. Pollutants Extraction | \$10,000 for expenses necessarily incurred to extract pollutants from land or water if the presence of or the release, discharge, escape, dispersal, seepage or migration of such pollutants is caused by and a result of direct physical loss of or damage to covered property caused by an accident during the policy period. We will pay these expenses only if reported to us in writing within one hundred eighty (180) days of the date of the accident . This limit of insurance is the most we will pay for all loss occurring in any one twelve (12) month policy period. |
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DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible amount shown on the Declarations Page. This provision applies separately to each separately occurring loss.

When any one **accident** causes loss of or damage to more than one category of covered property only the highest applicable deductible amount applies.

BASIS OF LOSS PAYMENT

Subject to the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

1. **Your** Property

We will pay no more than the actual cash value of the property lost, damaged or totally destroyed at the time and place of the loss with due consideration for depreciation from all sources however caused. Payment is further limited to the smallest of the following:

- a. the amount it would cost to repair the damaged property within a reasonable time after the damage; or
- b. the amount it would cost to replace lost or totally destroyed property, at the place of the loss and within a reasonable time after the loss, with property of like kind, quality, condition and use; or
- c. the amount of insurance applicable to the lost, damaged or totally destroyed property

as shown in the Schedule of Equipment of the Limits Table of the policy.

These provisions shall apply separately to each item shown in the Schedule of Equipment of the Limits Table made a part of this policy.

2. Property of Others

We will pay the amount for which **you** are legally liable.

3. Rental Expense and Excess Rental Expense

We will pay the sums or additional sums **you** necessarily spend for rental of substitute property of like kind, quality, condition and use. Covered loss shall be limited by the time necessary to repair or replace the lost or damaged covered property.

4. Expediting Expense

We will pay sums **you** must necessarily spend to expedite the repair of damaged covered property.

CONTRACTOR'S EQUIPMENT COVERAGE SECTION

PROPERTY NOT COVERED

We do not cover:

1. Property which is covered or would be covered under the Business Personal Property Coverage Section and the Installation Coverage Section regardless of whether or not these optional coverages have been purchased.
 2. Property leased, rented or loaned to others.
 3. Motorcycles, aircraft, watercraft, recreational vehicles or similar conveyances unless shown in the Schedule of Equipment of the Limits Table.
 4. Motor vehicles or trailers licensed for road use which are not shown in the Schedule of Equipment of the Limits Table unless exclusively used to accommodate and transport covered equipment or machinery attached and bolted to the motor vehicle or trailer.
 5. Property which is underground or under water except while passing through tunnels.
 6. Spare parts unless shown in the Schedule of Equipment of the Limits Table.
 7. Tools, equipment and machinery used for the maintenance, repair or operation of covered property unless shown in the Schedule of Equipment of the Limits Table.
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LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to covered property resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:
 - a. the weight of a load exceeding the rated lifting or supporting capacity of any machine unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - b. any **accident** to property which is waterborne unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. This exclusion does not apply to covered property being transported by a commercially operated ferry, barge or carfloat on inland waterways;
 - c. the operating of booms including fairleads, jibs and other appurtenances to such booms including fairleads, jibs and other appurtenances unless fire, explosion or overturn of the unit of which they are a part ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or overturn. This exclusion applies only to booms, fairleads, jibs or other appurtenances which in the aggregate exceed twenty five (25) feet in length;
 - d. electrical injury, other than damage from lightning, to electrical devices unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - e. theft by **you**, **your** employee(s) or, with the exception of carriers for hire, by anyone to whom covered property is entrusted. Ensuing loss by fire or explosion resulting from theft by **your** employees or by anyone to whom covered property is entrusted is covered;
 - f. shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property, except covered property in the custody of a carrier for hire;
 - g. voluntary parting with covered property by

CONTRACTOR'S EQUIPMENT COVERAGE SECTION

LOSSES NOT COVERED (CONTINUED)

- you** or anyone entrusted with the property even if induced by any fraudulent scheme, trick, device or false pretense;
- h. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, volcanic eruption or weight of snow, sleet or ice;
 - i. error in design, plans or specifications; faulty or defective workmanship or materials; or mechanical breakdown. If loss from fire, explosion, sprinkler leakage, falling objects, weight of snow, sleet or ice ensues, **we** will pay for the ensuing loss. **We** will not, however, pay for the cost to correct the condition which causes such ensuing loss;
 - j. freezing up of or overheating of engines, motors or gears unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - k. hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, or action taken in hindering, combating, or defending against such an occurrence or against actual, impending, or expected attack (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military or naval or air forces; or (2) by military, naval or air forces; or (3) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces;
- l. nuclear reaction or nuclear radiation or radioactive contamination all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing. Direct loss by fire resulting from nuclear reaction or radiation or radioactive contamination is covered.
2. In addition, **we** do not insure **you** against any of the following losses, however caused:
- a. delay, loss of use, loss of market, loss of business income or other consequential loss. This exclusion does not apply to rental and expediting expense coverage, items 3. through 5., of the ADDITIONAL COVERAGES section of this policy;
 - b. wear and tear, deterioration, rust, corrosion, inherent vice, latent or patent defect unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion.

ADDITIONAL CONDITIONS

For additional conditions refer to pages 19 through

22, CONDITIONS APPLYING TO THE ENTIRE POLICY.

INSTALLATION COVERAGE SECTION

This coverage section applies only when a limit of insurance for Installation Coverage is shown on the Declarations Page.

We cover:

1. personal property which **you** own; and
2. which is intended to become a permanent part of a structure or other installation that is the

subject of a contract **you** have entered into;

while that property is situated at the site of a **covered installation project** awaiting installation and during installation.

LOSSES COVERED

Subject to the terms, conditions and limitations of this policy, **we** insure **you** against financial loss

resulting from direct physical loss of or damage to covered property caused by an **accident**.

DEDUCTIBLE

Subject to the applicable limit of insurance, **we** will pay no more than the amount by which any loss exceeds the deductible amount shown on the Declarations Page. This provision applies separately to each separately occurring loss.

When any one **accident** causes loss of or damage to more than one covered category of covered property only the highest applicable deductible amount applies.

ADDITIONAL COVERAGES

1. When an **accident** causes direct physical loss of or damage to **your** property at the location of a **covered installation project**, **we** provide the following additional amounts of coverage. The limit of insurance shown for each category of coverage below is the total limit for each covered loss as a result of any one **accident**. The coverages provided are subject to all other conditions of this policy:

- a. Debris Removal
\$15,000 for costs necessarily incurred for the removal of debris of covered property.
- b. Construction Forms, Falsework and Temporary Structures
\$15,000 in the aggregate for construction forms, falsework and temporary structures which are not reusable.
- c. Expediting Expense
\$15,000 for extra expenses necessarily incurred to complete the installation by the date agreed to in writing and thereby avoid

having to pay delay of completion penalties for which **you** would be liable by reason of the written contract. This coverage extension applies only to the extent that savings are actually realized.

2. When an **accident** causes direct physical loss of or damage to personal property which **you** own and is intended to become a permanent part of a **covered installation project**, **we** provide the following additional amounts of coverage. The limit of insurance shown for each category of coverage below is the total limit for each covered loss as a result of any one **accident**. The coverages provided are subject to all other conditions of this policy:

- a. Property at a temporary storage location away from any installation site.
100% of the limit of insurance shown on the Declarations Page for Any One Installation Site subject to a maximum of \$250,000.

INSTALLATION COVERAGE SECTION

ADDITIONAL COVERAGES (CONTINUED)

- b. Property in transit.
100% of the limit of insurance shown on the Declarations Page for Any One Installation Site subject to a maximum of \$250,000.
3. When an **accident** causes direct physical loss of or damage to **your** construction forms, falsework or temporary structures which are not reusable and which are intended to be used at a location of a **covered installation project, we** cover up to \$15,000 for such construction forms, falsework or temporary structures while they are in transit. The coverage provided is subject to all other conditions of this policy.
-

BASIS OF LOSS PAYMENT

Subject to the LIMIT OF INSURANCE section and subject to all other terms and conditions of this policy the amount **we** will pay is calculated as follows:

1. **Your** Personal Property To Be Installed

Payment shall be limited to the loss of actual cash value at the time and place of loss, but not exceeding the smallest of the following:

- a. the amount which it would cost to repair or replace the lost or damaged property with material of like kind, quality and use at the place of and within a reasonable time after the **accident**; or
- b. the contract price of the installation.
- #### 2. Construction Forms, Falsework and Temporary Structures
- a. If lost or damaged construction forms, falsework or temporary structures are not

repaired or replaced, **we** will not make any payment.

- b. If lost or damaged construction forms, falsework or temporary structures are repaired or replaced payment shall be limited to the amount actually and necessarily expended within ninety (90) days of the date of the **accident** to repair or replace the lost or damaged construction forms, falsework or temporary structures with property of like kind, quality and use as the lost or damaged property.

3. Expediting Expense

We will pay sums necessarily spent to expedite repair or replacement of lost or damaged property to complete a **covered installation project** in accordance with contract provisions but not exceeding the amount by which any delay of completion penalties as stipulated in a written contract are reduced.

PROPERTY NOT COVERED

We do not cover:

1. Building materials and fixtures once they are attached to a building structure.
2. Property that has become a part of an installation which commenced prior to the inception date of this policy unless this policy is a renewal policy.
3. Property while waterborne, except while in transit on land conveyances on board a regular ferry, barge or carfloat operating on inland waterways and then **we** shall be liable only for

ensuing loss of or damage directly caused by the stranding, sinking or collision of the ferry, barge or carfloat. **We** will pay for loss or damage caused by fire.

4. Property while situated on the premises of manufacturers or suppliers. This does not apply to property awaiting installation by **you** at the

INSTALLATION COVERAGE SECTION

PROPERTY NOT COVERED (CONTINUED)

premises of such manufacturers or suppliers.

5. Property while situated at premises owned, leased or controlled by **you** unless the

property is intended to become an integral and permanent part of a **covered installation project**.

LOSSES NOT COVERED

1. **We** do not insure **you** against loss of or damage to property resulting from or caused, directly or indirectly, proximately or remotely, by any of the following. Such loss or damage is not covered regardless of any **accident** that contributes concurrently or in any sequence to such loss or damage:
 - a. earthquake and other earth movement including volcanic eruption, landslide, mudflow and earth sinking, rising or shifting unless fire, explosion or **volcanic action** ensues and then **we** will be liable only for the ensuing direct damage from the fire, explosion or **volcanic action**. This exclusion does not apply to covered property while in transit;
 - b. flood, surface water, water below the surface of the ground, water which backs up through sewers or drains, waves and tidal water unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion. This exclusion does not apply to covered property while in transit;
 - c. electrical injury, other than damage from lightning, to electrical devices unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - d. theft by **you**, **your** employees or, with the exception of carriers for hire, by anyone to whom covered property is entrusted. Ensuing loss by fire or explosion resulting from theft by **your** employees or by anyone to whom covered property is entrusted is covered;
 - e. pollution caused by or resulting from the presence of or the release, discharge, escape, dispersal, seepage or migration of **pollutants** unless the presence, release, discharge, escape, dispersal, seepage or migration is caused by or results from fire, lightning, explosion, windstorm, hail, aircraft, riot or civil commotion, vandalism or malicious mischief, sprinkler leakage, falling objects, volcanic eruption or weight of snow, sleet or ice;
 - f. error in design, plans or specifications; faulty or defective workmanship or materials; or mechanical breakdown. If loss from fire or explosion ensues, **we** will pay for the ensuing loss. **We** will not, however, pay for the cost to correct the condition which causes such ensuing loss;
 - g. explosion, rupture, bursting or disintegration of steam boilers, steam pipes, steam turbines or steam engines unless fire ensues and then **we** will be liable only for the ensuing direct damage from the fire. **We** will pay for loss or damage to other covered property which is caused by such explosion, rupture, bursting or disintegration of steam boilers, steam pipes, steam turbines or steam engines;
 - h. rain, hail, sleet, ice, snow, sand or dust to covered property in the open unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - i. nuclear reaction or radiation, or radioactive contamination all whether controlled or uncontrolled, or due to any act or condition incident to any of the foregoing. Direct loss by fire resulting from nuclear reaction or radiation or radioactive contamination is covered;

INSTALLATION COVERAGE SECTION

LOSSES NOT COVERED (CONTINUED)

- j. hostile or warlike action in time of peace or war, insurrection, rebellion, revolution, civil war, usurped power, or action taken in hindering, combating, or defending against such an occurrence or against actual, impending, or expected attack (1) by any government or sovereign power (de jure or de facto) or by any authority maintaining or using military or naval or air forces; or (2) by military, naval or air forces; or (3) by an agent of any such government, power, authority, or forces, it being understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such government, power, authority or forces.
2. In addition, **we** do not insure **you** against any of the following losses, however caused:
- a. delay, penalties of any kind, loss of use, loss of market, loss of business income or other consequential loss except as provided for in the ADDITIONAL COVERAGES section;
 - b. wear and tear, deterioration, rust, corrosion, inherent vice, latent or patent defect unless fire or explosion ensues and then **we** will be liable only for the ensuing direct damage from the fire or explosion;
 - c. sums **you** are required to pay because of any warranty or guarantee, whether expressed or implied, by **you** or by any contractor, manufacturer or supplier;
 - d. increases in covered loss made necessary by any ordinance or law;
 - e. shortage disclosed on taking inventory or unexplained or mysterious disappearance of covered property, except covered property in the custody of a carrier for hire;
 - f. loss or damage which occurs during testing unless fire ensues and then **we** will be liable only for the ensuing damage from the fire.
-

TERMINATION OF COVERAGE

Coverage shall not extend beyond whichever of the following occurs first:

- 1. the date **your** interest in the property ceases; or
 - 2. the date **you** have completed the **covered installation project** and it is accepted by the party **you** have contracted with; or
 - 3. the date the property is put to its intended use; or
 - 4. the date the policy expires, is cancelled or non-renewed.
-

ADDITIONAL CONDITIONS

For additional conditions refer to pages 19 through

22, CONDITIONS APPLYING TO THE ENTIRE POLICY.

CONDITIONS APPLYING TO THE ENTIRE POLICY

YOUR DUTIES FOLLOWING A LOSS

1. **You** shall at **your** expense:
 - a. give **us** written notice of any loss as soon as practicable;
 - b. file with **us** a detailed sworn statement of loss within ninety (90) days after the loss, unless this time is extended by **us** in writing, setting forth to the best of **your** knowledge and belief:
 - (1) the time and cause of loss;
 - (2) **your** interest and that of all others in the property involved;
 - (3) other policies of insurance that may cover the loss;
 - (4) changes in title of the property during the term of this policy;
 - (5) details of the damage to all covered property, an inventory of damaged covered property, the actual cash value of the damaged covered property, detailed estimates for the repair of the damage and the amount **you** claim under this policy;
 - (6) the amount claimed for extra expenses, rents, rental expenses and excess rental expenses, expediting expenses, accounts receivable and leasehold interest accompanied by all exhibits necessary to support that amount;
 - c. do all things and produce all documents reasonably required to establish values, loss and damage and coverage for the loss.
2. **You** shall at **our** expense submit and subscribe to examinations under oath by any person named by **us**.

CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy shall be void if any insured, whether before or after a loss, has intentionally concealed or misrepresented any material fact or circumstance or

made false statements or engaged in fraudulent conduct relating to this insurance.

WAIVER OR CHANGE OF POLICY CONDITIONS

This policy contains all the agreements between **you** and **us** concerning this insurance. A waiver

or change of any provision of this policy must be in writing by **us** to be valid.

TIME OF LOSS

This policy applies only to losses which occur during the policy period shown on the

Declarations Page.

MANDATORY ARBITRATION

In case **we** fail to agree with **you** as to the meaning of any provision of this policy, or as to the amount payable in accordance with the express terms of this policy for any covered loss, the disagreement shall be resolved by binding arbitration in accordance with the statutory rules and procedures of the state in which the property

is located. Should an arbitration under the terms of this clause result in any of the following, **we** shall reimburse **you** for expenses actually incurred by **you** with respect to the arbitration, including reasonable attorney's fees, in a sum to be determined by the arbitrator(s):

CONDITIONS APPLYING TO THE ENTIRE POLICY

MANDATORY ARBITRATION (CONTINUED)

1. a finding of coverage for claimed loss or damage for which coverage is denied by **us**;
2. a finding that **you** are entitled to a loss payment in accordance with the express terms of this policy and exclusive of costs or attorney's fees in an amount that exceeds the

amount of any offer made by **us** in writing to settle **your** claim at any time up to thirty (30) days prior to the commencement of the arbitration hearing.

The provisions of this clause are mandatory and may be enforced either by **you** or by **us**.

COMPANY'S OPTION

It shall be **our** option to take all, or any part, of the damaged property at the agreed or appraised value or to repair or replace the damaged property with other property of like kind, quality,

condition and use within a reasonable time provided **we** give notice of **our** intention to do so within thirty (30) days after receipt of the required statement of loss.

TIME LIMITATION FOR ACTION

No suit, demand for arbitration or other action on this policy for the recovery of any claim shall be sustainable in any court or other forum unless all

the requirements of this policy shall have been complied with and unless commenced within twelve (12) months after the inception of the loss.

PROPERTY OF OTHERS

At **our** option **we** may adjust losses with the owner of the property. Any payment made by **us** shall be limited to the owner's financial interest in the lost or damaged property and shall satisfy **your** claim against **us**. If legal proceedings are taken to enforce a claim against **you** for any such loss or

damage, **we** reserve the right to conduct and control the defense on **your** behalf. No action by **us** in such regard shall increase **our** liability under this policy or increase the limits specified in this policy.

INSPECTION OF PROPERTY AND AUDIT

We may inspect covered property and examine books and records at any reasonable time.

Inspections are for **our** benefit only.

OTHER INSURANCE

We will not pay a greater portion of any loss than the limit of insurance for the loss under this policy bears to the total of the limits of insurance for the loss under all policies which cover the loss or

which would cover the loss but for the existence of this policy, except insurance written specifically to cover as excess over the limits of insurance that apply in this policy.

RECOVERY FROM THIRD PARTIES

1. **You** may waive **your** rights of recovery against any party in writing before an **accident**.
2. Within ninety (90) days after an **accident you** may waive **your** rights of recovery against any party who at the time of the **accident**:

- a. is shown on the Declarations Page;
- b. is **your** tenant;
- c. owns a controlling financial interest in **your**

CONDITIONS APPLYING TO THE ENTIRE POLICY

RECOVERY FROM THIRD PARTIES (CONTINUED)

business or in whose business **you** own a controlling financial interest;

- d. is anyone with whom **you** have entered into a contract which is subject to coverage

provided for in the Installation Coverage Section of this policy.

Subject to the above **we** may require an assignment of **your** rights of recovery against any party for loss to the extent that payment for that loss is made by **us**.

SALVAGE AND RECOVERY

You are entitled to complete reimbursement for loss before **we** are entitled to any proceeds from any recovery from third parties or salvage recovery.

We and **you** shall share recovery expenses incurred by **us** to the extent of **our** proportionate interest.

WHEN LOSS IS PAYABLE

The amount for which **we** are liable will be payable within thirty (30) days after the required statement

of loss is received and agreed to in writing by **us** or an arbitration award is received by **us**.

CANCELLATION AND NON-RENEWAL

1. **You** may cancel this policy at any time by returning it to **us** or by notifying **us** in writing of the date cancellation is to take effect.

2. **We** may:

- a. cancel this policy for nonpayment of premium by giving **you** fifteen (15) days of written notice; or
- b. non-renew this policy for a any reason by giving **you** at least sixty (60) days, but not more than one hundred twenty (120) days, written notice to be effective at the next anniversary or the expiration date of the policy whichever is first.

We will also mail such notice of cancellation or non-renewal to each mortgagee or other person or entity shown on this policy to have an insurable interest in the covered property.

We will state the reason for cancellation or non-renewal on the written notice.

3. **We** are not required to send notice of non-renewal if:
- a. the policy has been extended for ninety (90) days or less provided that written notice of non-renewal has been given at least sixty (60) days, but not more than

one hundred twenty (120) days, before the expiration date of the policy after it was extended;

- b. **you** have obtained replacement coverage or if **you** have agreed in writing within sixty (60) days of the expiration date of this policy to obtain replacement coverage;
- c. the policy is for a period of sixty (60) days or less and **you** are notified at the time of issuance of the policy that it will not be renewed;
- d. **you** request a change in terms, conditions or coverage within sixty (60) days of the expiration date of the policy;
- e. **we** have made **you** a written offer to renew the policy under changed terms or conditions or at an increase in premium in excess of twenty five (25) per cent. Such offer must be made at least sixty (60) days, but not more than one hundred twenty (120) days, before the expiration date of the policy.

Any premium due **you** will be refunded within a reasonable time after the cancellation takes effect.

CONDITIONS APPLYING TO THE ENTIRE POLICY

MORTGAGEE INTEREST AND OBLIGATIONS

Loss shall be payable to a mortgagee named on the Declarations Page subject to its mortgage interest in the covered property. As to that mortgage interest, this insurance shall not be affected by any:

1. act or neglect of the mortgagor or owner of the covered property;
2. foreclosure or other proceeding or notice of sale relating to the covered property;
3. change in title or ownership of the covered property;

provided that, in case the mortgagor or owner shall neglect to pay any premium due under this policy, the mortgagee shall, on demand, pay that premium.

If **you** fail to render a statement of loss, a named mortgagee, upon notice, shall render a statement of loss within sixty (60) days thereafter and shall be subject to all of the provisions of this policy.

If **we** cancel this policy any named mortgagee shall be notified in accordance with the cancellation provisions of this policy.

To the extent of any payment for loss under this policy which **we** make to any mortgagee and for which **we** claim **we** are not liable to the mortgagor or owner, **we** will be subrogated to all of the rights of the mortgagee under the mortgage. Or **we** may pay the whole mortgage debt including accrued interest in return for a full assignment and transfer of the mortgage and all other securities for that debt.

NO BENEFIT TO BAILEE

This insurance shall not directly or indirectly benefit

any carrier or other bailee.