

# Residential Open Builders' Risk

## Contract

Words and phrases that appear in **bold** print have special meanings and are defined in the Definitions section of this contract.

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

---

## Coverage

### Construction Works

We will pay for direct physical loss or damage to **construction works** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Construction Works shown in the Declarations.

The loss or damage must occur at, or within 1,000 feet of, the construction jobsite of an **insured construction project**, unless otherwise stated.

---

### Extensions Of Coverage

The following Extensions Of Coverage are included under your coverage for Construction Works, Model Homes, Free Standing Household Appliances or Electronic Data And Valuable Papers and are subject to the applicable Limit Of Insurance for Construction Works, Model Homes, Free Standing Household Appliances or Electronic Data And Valuable Papers shown in the Declarations.

### Cost To Re-erect Undamaged Scaffolding

We will pay the reasonable and necessary additional costs you incur to re-erect undamaged scaffolding following direct physical loss or damage to **construction works** caused by or resulting from a peril not otherwise excluded.

The scaffolding must be at the premises where the loss or damage occurs.

The loss or damage must occur at, or within 1,000 feet of, the construction jobsite of an **insured construction project**, unless otherwise stated.

---

### Removal

We will pay for direct physical loss or damage to **construction works, fine arts** or other business personal property included in the definition of **model homes, free standing household appliances, electronic data** or **valuable papers** while:

- being moved to another location or returned from such location to its original location; or
- temporarily stored at another location for up to 180 days,

if you must move the **construction works, fine arts** or other business personal property included in the definition of **model homes, free standing household appliances, electronic data** or **valuable papers** from such location to preserve them from imminent loss or damage caused by or resulting from a peril not otherwise excluded.

---

**Additional Coverages**

Unless otherwise stated, the following Additional Coverages are provided only if a Limit Of Insurance for such Additional Coverages is shown in the Declarations.

**Arson Or Theft Reward**

We will pay a reward of 25% of the covered loss or damage, up to a maximum of \$10,000, for information leading to a felony conviction arising out of direct physical loss or damage to covered property caused by or resulting from arson, larceny, burglary or vandalism.

---

**Civil Authority**

We will pay for the actual **soft costs** loss you incur caused by or resulting from a delay in the completion of **construction works**, directly caused by the prohibition of access to **construction works** by a civil authority.

This prohibition of access by a civil authority must be the direct result of direct physical loss or damage to property away from such **construction works** by a peril not otherwise excluded, provided such property is within one mile from such **construction works**.

The most we will pay for Civil Authority is the applicable Limit Of Insurance for Soft Costs shown in the Declarations.

This Additional Coverage will begin:

- after the applicable waiting period shown in the Declarations for Soft Costs expires; or
- 24 hours following the time the civil authority prohibits access,

whichever is the longer.

The Waiting Period shown in the Declarations will begin immediately following the time the civil authority prohibits access.

This Additional Coverage will apply:

- for a period of up to 30 consecutive days after coverage begins; or
- until your **soft costs** loss ends,

whichever occurs first.

---

**Construction Works Awaiting Delivery**

We will pay for direct physical loss or damage to **construction works** while at temporary locations awaiting delivery to the construction jobsite of an **insured construction project** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Construction Works Awaiting Delivery shown in the Declarations.

This Additional Coverage does not include **construction works**:

- while at, or within 1,000 feet of, the construction jobsite of an **insured construction project**;
- while at, or within 1,000 feet of, the premises you own, lease or operate; or
- while at, or within 1,000 feet of, the premises of any manufacturer or supplier.

---

**Construction Works In Transit**

We will pay for direct physical loss or damage to **construction works** while **in transit**, including shipments by registered mail, caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Construction Works In Transit shown in the Declarations.

## Residential Open Builders' Risk

### Additional Coverages

#### Construction Works In Transit (continued)

This Additional Coverage also includes direct physical loss or damage to **construction works** while **in transit** which is caused by or results from fraud perpetrated by any person or persons who represent themselves to be the proper party or parties to receive goods for shipments or accept goods for delivery, not to exceed the applicable Limit Of Insurance for Construction Works In Transit shown in the Declarations.

#### Debris Removal

- A. We will pay for the costs you incur to demolish and remove debris of damaged:
1. **construction works, valuable papers, model homes or free standing household appliances** at an construction jobsite of an **insured construction project**;
  2. **construction works or free standing household appliances** while at temporary locations awaiting delivery to the construction jobsite of an **insured construction project**; or
  3. **construction works or free standing household appliances** while **in transit**, caused by or resulting from a peril not otherwise excluded that occurs during the policy period; and
  4. **landscaping** caused by or resulting from the perils of fire, lightning, explosion, smoke, riot, strikers or locked-out workmen, civil commotion or aircraft that occurs during the policy period.
- B. The most we will pay for debris removal is the lesser of:
1. 25% of the covered direct physical loss or damage; or
  2. the remaining applicable Limit Of Insurance for Construction Works, Model Homes, Free Standing Household Appliances or Electronic Data And Valuable Papers shown in the Declarations, after payment of the covered direct physical loss or damage.
- C. If the amount in B. above is insufficient to pay the debris removal, we will pay the remaining debris removal, subject to the applicable Limit Of Insurance shown under Debris Removal in the Declarations.
- We will also pay up to \$1,000 for the costs you incur at each construction jobsite of an **insured construction project** to remove debris that is blown onto such construction jobsite by wind, if the wind would be covered by this insurance.
- D. Debris removal will be paid only if:
1. reported to us in writing within 180 days of the date of the direct physical loss or damage to the **construction works, model homes, valuable papers or free standing household appliances**; and
  2. a Limit Of Insurance applicable to the damaged **construction works, model homes, valuable papers or free standing household appliances** is shown in the Declarations.
- E. Debris removal does not apply to costs to:
1. a. clean up or remove **pollutants** from land, water or air;
  - b. clean up, remove, restore or replace covered property because of the presence of **fungus**; or

---

## Additional Coverages

### Debris Removal (continued)

- c. clean up, remove, restore or replace polluted land, water or air, either inside or outside of **construction works** or **model homes**; or
2. demolish and clear the site of the undamaged portion of the **construction works** or **model homes**.

---

### Effects Of Law

If there is an ordinance or law in effect at the time of loss or damage that regulates zoning, land use or construction of **construction works** or **model homes**, and if that ordinance or law affects the repair or replacement of the lost or damaged **construction works** or **model homes**, and if you:

- A. repair or replace the **construction works** within 24 months following the date of direct physical loss or damage, we will pay for:
  1. a. the replacement cost of the undamaged portion of the **construction works** or **model homes** which must be demolished in order to comply with the minimum standards of such ordinance or law, or
  - b. the actual cash value of the undamaged portion of the **construction works** or **model homes** which must be demolished in order to comply with the minimum standards of such ordinance or law, (if the applicable Loss Payment Basis shown in the Declarations is Actual Cash Value);
  2. the costs you incur to demolish and clear the site of the undamaged portion of the **construction works** or **model homes** which must be demolished in order to comply with the minimum standards of such ordinance or law; and
  3. the increased cost to repair or reconstruct the **construction works** or **model homes** to the same general size and for the same general use to comply with the minimum standards of such ordinance or law, except we will not include any costs:
    - a. for land, water or air, either inside or outside of **construction works** or **model homes**;
    - b. for paved or concrete surfaces, retaining walls, foundations or supports below the surface of the lowest floor or basement, unless specifically covered by this policy, or **landscaping**;
    - c. incurred outside the legal boundary of the construction jobsite;
    - d. if **construction works** or **model homes** is valued on an actual cash value basis; or
    - e. attributable to any ordinance or law that you were required to, but failed to, comply with before the loss; or
- B. do not repair or replace **construction works**, we will pay for:
  1. the actual cash value of the undamaged portion of the **construction works** or **model homes** which must be demolished in order to comply with the minimum standards of such ordinance or law, and
  2. the cost to demolish and clear the site of the undamaged portion of **construction works** or **model homes** which must be demolished in order to comply with the minimum standards of such ordinance or law.

When direct physical loss or damage is caused by or results from both:

- a peril not otherwise excluded; and

## Residential Open Builders' Risk

### Additional Coverages

#### Effects Of Law (continued)

- an excluded peril,

we will not pay the ordinance or law costs attributable to the excluded peril. Instead, we will pay based on that portion of such costs equal to the proportion that the covered direct physical loss or damage bears to the total direct physical loss or damage, not including ordinance or law costs, unless the ordinance or law applies solely to that portion of the **construction works** or **model homes** which suffered the covered direct physical loss or damage.

This Additional Coverage does not apply to:

- any increase in costs, loss or damage associated with the enforcement of any ordinance or law that 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 **fungus** or **pollutants**; or
- loss or damage caused by or resulting from fire which ensues from nuclear reaction or radiation, or radioactive contamination,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Additional Coverage does not apply to the Fungus Clean-up Or Removal Additional Coverage or Pollutant Clean-up Or Removal Additional Coverage.

The most we will pay under the Effects Of Law Additional Coverage is the lesser of the:

- amount of loss or damage;
- most recent value of the lost or damaged **construction works** or **model homes** reported to us; or
- applicable Limit Of Insurance for Effects Of Law shown in the Declarations.

#### Electronic Data And Valuable Papers

We will pay for direct physical loss or damage to:

- **electronic data** caused by or resulting from a **technology peril**; or
- **valuable papers** caused by or resulting from a peril not otherwise excluded,

not to exceed the applicable Limit Of Insurance for Electronic Data And Valuable Papers shown in the Declarations.

The loss or damage must occur at, or within 1,000 feet of, the construction jobsite of an **insured construction project**, unless otherwise stated.

#### Expediting Expenses

We will pay the reasonable and necessary additional costs you incur for:

- wages for overtime, night work or work on public holidays; and
- express freight or other rapid means of transportation,

to expedite repair or reconstruction of **construction works** or **model homes** that suffers direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Expediting Expenses shown in the Declarations.

---

## **Additional Coverages**

(continued)

### **Expenses To Reduce Loss**

In the event of a covered **soft costs** loss, we will cover the necessary expenses you incur to avoid further **soft costs** loss, but we will not pay more than the amount by which the loss is reduced.

The most we will pay for Expenses To Reduce Loss is the applicable Limit Of Insurance for Soft Costs shown in the Declarations.

---

### **Fire Protection Equipment**

We will pay the cost you incur to refill your discharged fire protection equipment whether or not there is direct physical loss or damage to property.

This Additional Coverage is provided regardless of whether a Limit Of Insurance is shown in the Declarations.

---

### **Free Standing Household Appliances**

We will pay for direct physical loss or damage to **free standing household appliances** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Free Standing Household Appliances shown in the Declarations.

The loss or damage must occur:

- at, or within 1,000 feet of, the construction jobsite of an **insured construction project**;
- at temporary locations awaiting delivery to the construction jobsite of an **insured construction project**; or
- while **in transit**.

---

### **Fungus Clean-up Or Removal**

We will pay the costs you incur to clean up, remove, restore or replace covered property because of the presence of **fungus** at the construction jobsite of an **insured construction project**.

The most we will pay at the construction jobsite of an **insured construction project** for the sum of all such covered costs that occur during each separate 12-month policy period, regardless of whether this Additional Coverage appears in any other contract or contracts that form part of this policy is the applicable Limit Of Insurance for Fungus Clean-up Or Removal shown in the Declarations.

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **fungus**, other than payment for testing that is performed during the clean-up or removal of the **fungus**.

This Additional Coverage does not apply if the presence of **fungus**:

- A. is caused by or results from:
  1. a peril that is excluded under this insurance; or
  2. moisture, other than **water** or **flood**, if the **flood** would be covered under this insurance;
- B. existed prior to the effective date shown in the Declarations;
- C. is not reported to us in writing as soon as possible after you first become aware, or in the exercise of reasonable care, should have become aware, of the presence of **fungus**; or
- D. is at a construction jobsite that has been specifically excluded in the Declarations or by endorsement to this policy.

## Residential Open Builders' Risk

### Additional Coverages

(continued)

#### Loss Prevention Expenses

We will pay the reasonable and necessary costs you incur to protect covered property at the construction jobsite of an **insured construction project** from imminent direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Loss Prevention Expenses shown in the Declarations.

To the extent possible, you must notify us of your intent to incur such cost before you take any loss prevention action.

In any event, you must notify us within forty-eight (48) hours after you have taken any loss prevention action.

#### Model Homes

We will pay for direct physical loss or damage to **model homes** caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Model Homes shown in the Declarations.

The loss or damage must occur at the construction jobsite of an **insured construction project**, unless otherwise stated.

#### Pollutant Clean-up Or Removal

We will pay the costs you incur to clean up or remove **pollutants** from land, water or air:

- A. at the construction jobsite of an **insured construction project** and either inside or outside of **construction works** or **model homes**; or
- B. if the **pollutants** were part of **construction works** while **in transit**,

if the discharge, dispersal, seepage, migration, release or escape of the **pollutants** is caused by or results from a peril not otherwise excluded.

The costs will be paid only if they are reported to us in writing within 180 days of the date the peril occurred which caused or resulted in the discharge, dispersal, seepage, migration, release or escape of the **pollutants**.

The most we will pay:

- at a construction jobsite of an **insured construction project**; and
- for any property **in transit**,

for all such covered costs that occur during each separate 12-month policy period, regardless of whether this Additional Coverage appears in any other contract or contracts that form part of this policy, is the applicable Limit Of Insurance for Pollutant Clean-up Or Removal shown in the Declarations.

We will not pay for the costs to test for, monitor, contain, treat, detoxify or neutralize, or in any way respond to or assess the effects of **pollutants**, other than payment for testing that is performed during the clean up or removal of the **pollutants** from the land, water or air, either inside or outside of **construction works** or **model homes**.

This Additional Coverage does not apply if the discharge, dispersal, seepage, migration, release or escape of **pollutants**:

- is caused by or results from a peril that is excluded under this insurance; or
- occurred prior to the effective date shown in the Declarations.

---

## **Additional Coverages**

(continued)

### **Preparation Of Loss Fees**

We will pay the reasonable and necessary:

- expenses we require you to incur after covered direct physical loss or damage to covered property to determine the extent of such loss or damage; and
- expenses and fees incurred following covered loss or damage to certify your **soft costs** loss, not to exceed the applicable Limit Of Insurance for Preparation Of Loss Fees shown in the Declarations.

This Additional Coverage does not apply to any expenses you incur for any:

- insurance adjuster, consultant or attorney; or
- for your subsidiaries or affiliates.

---

### **Public Safety Service Charges**

We will pay the charges you:

- assume under any contract or agreement; or
- are required to pay by local ordinance,

in effect at the time of the direct physical loss or damage, if a fire department or other municipal agency charged with preserving public safety is called to save or protect covered property from direct physical loss or damage caused by or resulting from a peril not otherwise excluded, not to exceed the applicable Limit Of Insurance for Public Safety Service Charges shown in the Declarations.

---

### **Soft Costs**

We will pay the actual **soft costs** loss you incur during the **delay period** caused by or resulting from delay in the completion of **construction works**, not to exceed the applicable Limit Of Insurance for Soft Costs shown in the Declarations.

The delay must be caused by or result from direct physical loss or damage by a peril not otherwise excluded to **construction works**:

- at the construction jobsite of an **insured construction project**; or
- while **in transit**.

---

### **Attachment And Termination Of Coverage**

Coverage applies to **construction works** or **model homes** for all **insured construction projects** which begin during the policy period shown in the Declarations.

Coverage begins, subject to all other terms, conditions and limitations of this policy, when you first become responsible for the **construction works** or **model homes**, but not before the effective date of this Contract.

Coverage ends when the first of the following occurs:

- A. your interest in the **construction works** or **model homes** ceases;

## Residential Open Builders' Risk

### Attachment And Termination Of Coverage

(continued)

- B. this policy or contract expires or is cancelled. However, expiration or cancellation of this policy or contract shall not end coverage provided for **construction works** or **model homes** for any **insured construction projects** which are already insured by this insurance at the time this policy or contract expires or is cancelled, unless:
1. you notify us that cancellation or expiration applies to existing **insured construction projects**; or
  2. we notify you that cancellation or expiration applies to existing **insured construction projects**;
- C. the **construction works** or **model homes** are accepted by the owner or purchaser; or
- D. 45 days pass from the date the **construction works** begin to be used for the purposes for which it was designed and constructed.

---

### Exclusions

#### Acts Or Decisions

This insurance does not apply to loss or damage caused by or resulting from acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

This Acts Or Decisions exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

#### Design

This insurance does not apply to:

1. the cost necessary to repair, replace or rectify **construction works** due to error, omission or deficiency in design, plan, specification or surveying of such **construction works**;
2. loss or damage to **construction works** necessary to repair, replace or rectify **construction works** due to error, omission or deficiency in design, plan, specification or surveying of such **construction works** or any part of such **construction works**; or
3. the additional cost of improvements to the original design, plan, specification or surveying of such **construction works**.

Paragraph 1. above shall not apply to other **construction works** which are free of such error, omission or deficiency, but are damaged as a result of such error, omission or deficiency.

---

#### Disappearance

This insurance does not apply to loss or damage caused by or resulting from:

- disappearance; or
- shortage disclosed on taking inventory,

where there is no physical evidence to show what happened.

This Disappearance exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

## **Exclusions**

(continued)

### **Dishonesty**

This insurance does not apply to loss or damage caused by or resulting fraudulent, dishonest or criminal acts or omission committed alone or in collusion with others by you, your partners, members, officers, managers, directors, trustees, employees, anyone performing acts coming within the scope of the usual duties of your employees, or by anyone authorized to act for you, or anyone to whom you have entrusted covered property for any purpose.

This Dishonesty exclusion does not apply to:

- A. acts of vandalism;
- B. acts committed by carriers or warehousemen for hire or anyone claiming to be a carrier or warehousemen for hire, other than:
  - 1. you, your partners, directors, trustees and employees;
  - 2. anyone performing acts coming within the scope of the usual duties of your employees; or
  - 3. anyone authorized to act for you; or
- C. ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

### **Errors In Systems Programming**

This insurance does not apply to loss or damage caused by or resulting from:

- A. errors or omissions in the development of, programming of, or instructions to:
  - 1. **electronic data processing property**; or
  - 2. a machine; or
- B. **electronic data** which is faulty, inadequate or defective for the use intended at the time of loss or damage.

This Errors In Systems Programming exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril**.

---

### **Fungus**

This insurance does not apply to loss or damage:

- which is **fungus**;
- which is in anyway attributed to the presence of **fungus**; or
- caused by or resulting from **fungus**,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Fungus exclusion does not apply:

- A. when the presence of **fungus** results from:
  - 1. explosion;
  - 2. fire;
  - 3. leakage from fire protection equipment; or

## Residential Open Builders' Risk

### Exclusions

#### Fungus (continued)

4. lightning; or
- B. to the extent insurance is provided under the Fungus Clean-up Or Removal Additional Coverage.

#### Governmental Or Military Action

This insurance does not apply to loss or damage caused by or resulting from seizure, confiscation, expropriation, nationalization or destruction of property by order of governmental or military authority, whether de jure or de facto, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Governmental Or Military Action exclusion does not apply to loss or damage caused by or resulting from acts of destruction ordered by governmental or military authority:

- A. when taken at the time of a fire to prevent its spread, if the fire would be covered under this insurance; or
- B. if the act of destruction is made necessary by direct physical loss or damage to:
  1. **construction works** or **free standing household appliances** while **in transit**; or
  2. a conveyance in or on which **construction works** or **free standing household appliances** while **in transit** is loaded,caused by or resulting from a peril not otherwise excluded.

#### Inherent Vice/Latent Defect

This insurance does not apply to loss or damage caused by or resulting from inherent vice or latent defect.

This Inherent Vice/Latent Defect exclusion does not apply to:

- loss or damage caused by or resulting from a **specified peril**; or
- ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

#### Insects Or Animals

This insurance does not apply to loss or damage caused by or resulting from nesting or infestation by, or discharge or release of waste products or secretions of any insect or other animal.

This Insects Or Animals exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

#### Mechanical Breakdown (Other Than Abrupt And Accidental)

This insurance does not apply to loss or damage caused by or resulting from mechanical breakdown.

This Mechanical Breakdown (Other Than Abrupt And Accidental) exclusion does not apply to:

- A. abrupt and accidental breakdown of **mechanical or electrical system or apparatus** which causes direct physical loss or damage to all or part of that **mechanical or electrical system or apparatus** provided the direct physical loss or damage becomes manifest at the time of the breakdown that caused it.

---

## Exclusions

### *Mechanical Breakdown (Other Than Abrupt And Accidental) (continued)*

Abrupt and accidental breakdown of **mechanical or electrical system or apparatus** does not include:

1. rust, oxidation or corrosion;
2. faulty, inadequate or defective design, plan, specifications or installation;
3. failure of **mechanical or electrical system or apparatus** to perform in accordance with plans or specifications; or
4. freezing caused by or resulting from weather conditions; or

B. ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

### *Nuclear Hazard*

This insurance does not apply to loss or damage caused by or resulting from nuclear reaction or radiation, or radioactive contamination, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

This Nuclear Hazard exclusion does not apply to ensuing loss or damage to **construction works, model homes, free standing household appliances, electronic data or valuable papers** caused by or resulting from fire, if the fire would be covered under this insurance and there is a law in effect in the jurisdiction where the loss or damage occurs that expressly prohibits us from excluding such ensuing loss or damage.

---

### *Planning, Zoning Or Site Selection*

This insurance does not apply to loss or damage (including the cost of correcting or making good) caused by or resulting from any faulty, inadequate or defective planning, zoning or site selection.

This Planning, Zoning Or Site Selection exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

### *Pollutants*

This insurance does not apply to loss or damage caused by or resulting from the mixture of or contact between property and a **pollutant** when such mixture or contact causes the property to be impure and harmful to:

- itself or other property;
- persons, animals or plants;
- land, water or air; or
- any other part of an environment,

either inside or outside of a structure, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

## Residential Open Builders' Risk

### Exclusions

#### Pollutants (continued)

This Pollutants exclusion does not apply to:

- A. the mixture of or contact between property and **pollutants** if the mixture or contact is directly caused by or directly results from a **specified peril**;
- B. any solid, liquid or gas used to suppress fire; or
- C. **water**.

Paragraphs B. and C. do not apply to loss or damage involving:

- viruses or other pathogens; or
- ammonia.

#### Settling

This insurance does not apply to loss or damage caused by or resulting from settling, subsidence, cracking, shrinking, bulging or expansion of land, paved or concrete surfaces, foundations, pools or structures.

This Settling exclusion does not apply to:

- loss or damage caused by or resulting from mine subsidence or **sinkhole collapse**; or
- ensuing loss or damage caused by or resulting from a **specified peril**.

#### War And Military Action

This insurance does not apply to loss or damage caused by or resulting from:

- war, including undeclared or civil war;
- 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
- insurrection, rebellion, revolution, usurped power or action taken by governmental or military authority, whether de jure or de facto, in hindering or defending against any of these,

regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

#### Wear And Tear

This insurance does not apply to loss or damage caused by or resulting from wear and tear or deterioration.

This Wear And Tear exclusion does not apply to ensuing loss or damage caused by or resulting from a **specified peril** or **water**.

---

## **Exclusions**

(continued)

### **Workmanship And Materials**

This insurance does not apply to loss or damage (including the cost of correcting or making good) caused by or resulting from faulty or defective workmanship, materials, maintenance or construction.

This Workmanship And Materials exclusion does not apply to ensuing loss or damage caused by or resulting from a peril not otherwise excluded.

---

### **Coverage Territory**

This insurance applies anywhere within and **in transit** within and between the contiguous United States of America, Canada, the States of Hawaii and Alaska, Puerto Rico and the territories or possessions of the United States of America or Canada, excluding:

- A. coastwise waterborne shipments to or from Alaska;
- B. intercoastal waterborne shipments via the Panama Canal; and
- C. waterborne shipments to or from:
  1. the state of Hawaii;
  2. Puerto Rico; and
  3. territories or possessions of the United States of America or Canada.

---

### **Limits Of Insurance**

Except as provided under Fungus Clean-up Or Removal or Pollutant Clean-up Or Removal, the most we will pay in any one occurrence is the amount of loss or damage, not to exceed the applicable Limit Of Insurance shown in the Declarations, regardless of whether any Coverage, Extension Of Coverage or Additional Coverage appears in any other contract or contracts which form a part of this policy.

### **Extended Limit Of Insurance For Construction Works**

In the event of total loss or damage to **construction works** at the construction jobsite of an **insured construction project** for which a Limit Of Insurance for Construction Works is shown in the Declarations, we will pay up to an additional:

- 5% of the applicable Limit Of Insurance for Construction Works shown in the Declarations; or
- \$500,000,

whichever is less.

This Extended Limit Of Insurance for Construction Works does not apply:

- to any Limit Of Insurance for Construction Works applicable to **construction works** and any other coverage combined;
  - unless you actually repair or replace the **construction works** as soon as reasonably possible; or
  - to the Effects Of Law Additional Coverage.
-

## **Residential Open Builders' Risk**

### **Deductible**

Subject to the applicable Limit Of Insurance, we will pay the amount of loss or damage in excess of the applicable deductible amount shown in the Declarations for each occurrence.

Except for any deductible for Soft Costs shown in the Declarations, if two or more deductibles apply to the same occurrence, only the largest single deductible will apply, unless otherwise stated.

### **Waiting Period**

Subject to the applicable Limit Of Insurance, we will pay the amount of **soft costs** loss you incur after the applicable waiting period shown in the Declarations for each occurrence.

If a waiting period is shown in the Declarations, the waiting period begins immediately following the **scheduled date of completion**.

If two or more **soft costs** waiting periods apply to the same occurrence, only the largest single waiting period will apply, unless otherwise stated.

### **Loss Payment Basis**

Subject to the applicable Limit Of Insurance shown in the Declarations, covered property is valued on a replacement cost basis as described below, unless:

- the Loss Payment Basis shown in the Declarations is actual cash value; or
- otherwise stated under Loss Payment Basis Exceptions.

### **Our Loss Payment Options**

In the event of loss or damage covered by this insurance, at our option we will either:

- pay the covered value of the lost or damaged covered property;
- pay the cost of repairing or replacing the lost or damaged covered property, plus any reduction in value of the repaired item;
- take all or any part of the covered property at an agreed or appraised value; or
- repair or replace the covered property with other covered property of comparable material and quality for the same use.

### **Replacement Cost Basis**

Lost or damaged covered property will be valued at the full cost to repair or replace it at the time of loss or damage, including customs duties incurred, but not more than you actually spend to repair or replace the covered property at the same or another location for the same use. There is no deduction for physical deterioration, depreciation, obsolescence or depletion.

If you:

- A. do not repair or replace the covered property, we will only pay as provided under Actual Cash Value Basis; or
- B. commence the repair or replacement of the lost or damaged covered property within 24 months from the date of the loss or damage, we will pay you the difference between the actual cash value previously paid and the lesser of the:
  1. replacement cost at the time of loss or damage; or
  2. actual costs you incur to repair or replace; and

---

## Loss Payment Basis

### Replacement Cost Basis (continued)

- C. are the contractor, replacement cost basis for **construction works** will include:
2. your labor and delivery charges at the same rate and basis as the original contract, provided such items are included in the contract value declared to us and the full cost of such items are charged to the project or the contract; and
  3. reasonable profit you planned for the **construction works** calculated as of the date of loss or damage using documents you prepared prior to the start of construction.

---

### Actual Cash Value Basis

If the Loss Payment Basis shown in the Declarations is actual cash value, lost or damaged covered property will be valued at the full cost to repair or replace it on the date of loss or damage with material of like kind and quality, less allowance for each of the following:

- physical deterioration;
- depreciation;
- obsolescence; and
- depletion.

---

## Loss Payment Basis Exceptions

### Electronic Data

**Electronic data** is valued based on the full cost of replacement or reproduction at the time of direct physical loss or damage when the **electronic data** is actually replaced or reproduced.

If the **electronic data** is not replaced or reproduced, the value is based on the cost of replacing **blank media**.

---

### Fine Arts

**Fine arts** are valued at the lesser of the:

- cost of repairing the damaged **fine arts**, plus any reduction in the value of the repaired item; or
- the price which the **fine arts** might be expected to realize if offered for sale in a fair market on the date of loss or damage.

---

### Fine Arts Of Others

**Fine arts** of others is valued on the same basis as your **fine arts** (subject to all other Loss Payment Basis Exceptions), except we will not pay more than the amount for which you are contractually liable.

---

### Temporary Construction Works

**Temporary construction works** are valued on an Actual Cash Value Basis if they must be repaired or replaced in order for you to complete construction.

If **temporary construction works** do not have to be repaired or replaced in order for you to complete construction, they are valued at their scrap value.

## Residential Open Builders' Risk

### Loss Payment Basis Exceptions (continued)

#### Valuable Papers

**Valuable papers** are valued based on the full cost of replacement or reproduction at the time of direct physical loss or damage when they are actually replaced or reproduced.

If **valuable papers** are not replaced or reproduced, the value is based on the cost of blank materials.

---

### Loss Determination For Soft Costs

In making any loss determination under Soft Costs Additional Coverage, we may utilize relevant sources of information, including:

- your financial records and accounting procedures;
- bills, invoices and other vouchers;
- deeds, liens and contracts;
- status and feasibility reports; and
- budgeting and marketing records.

---

### Loss Payment Limitations

#### Change Orders

We will not pay for any **soft costs** loss you incur due to a delay caused by or resulting from change orders in work to be performed which are necessary to correct:

- errors, omissions or deficiencies in design, plan, specifications or surveying; or
- faulty or defective workmanship, materials, maintenance or construction.

---

#### Death Or Injury

We will not pay for any **soft costs** loss you incur caused by or resulting from any injury, sickness, disease, death, emotional injury, emotional distress or humiliation of any person.

---

#### Delay

We will not pay for any increase in loss due to delay caused by or resulting from:

- A. adverse weather conditions;
- B. labor shortage or a reduction in workforce;
- C. interference by strikers or other persons;
- D. a delay in or inability to obtain financing or refinancing of any kind; or
- E. the enforcement of any ordinance or law that:
  1. restricts or regulates imports or exports; or
  2. 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 **fungus**.

---

**Loss Payment  
Limitations**

(continued)

**Loss Of Market**

Except as provided under the Soft Costs Additional Coverage, we will not pay for any loss or damage that results from loss of market, loss of use, delay or indirect or consequential loss of any kind.

---

**Loss Or Damage To  
Electronic Data**

We will not pay for any loss or damage to **electronic data** caused by or resulting from **malicious programming**, regardless of any other cause or event that directly or indirectly:

- contributes concurrently to; or
- contributes in any sequence to,

the loss or damage, even if such other cause or event would otherwise be covered.

---

**Ordinance Or Law**

Except as provided under the Effects Of Law Additional Coverage, we will not pay for any loss or damage caused by or resulting from the enforcement of any ordinance, law or order of governmental authority regulating the construction, repair, replacement or demolition of buildings or structures.

---

**Penalties**

We will not pay for penalties caused by or resulting from:

- non-completion; or
- delay in completion,

of contract; or

- non-compliance with contract provisions.

---

**Suspension, Lapse Or  
Cancellation Of Any  
Contract**

We will not pay for any **soft costs** loss you incur due to the suspension, lapse or cancellation of any contract.

---

**Warranties And  
Guarantees**

We will not pay for any loss or damage caused by or resulting from any warranty or guarantee made by you or any contractor, subcontractor, manufacturer or supplier.

---

**Conditions**

**Abandonment**

There can be no abandonment of any covered property to us unless we specifically agree to such abandonment in writing.

---

**Access To Jobsite**

You must allow us access to the jobsite where the loss or damage occurs. You will also allow us access to all contractors, subcontractors, manufacturers, suppliers and other parties so that we may negotiate with them.

---

## Residential Open Builders' Risk

### Conditions

(continued)

#### Due Diligence

You must exercise due diligence and dispatch in the repair or replacement of the lost or damaged **construction works**. You must use every means available to you to complete the project and reduce the **soft costs** loss, including:

- complete or partial resumption of construction or operations;
- making use of materials, equipment, supplies or other property at the jobsite or elsewhere;
- making use of substitute materials or services where practicable; and

such reduction will be taken into account in arriving at the amount of loss payable.

#### Impairment Of Rights Of Recovery

Except as provided in the Waiver Of Rights Of Recovery condition, any act or agreement by you, either before or after loss or damage, which limits your right to recover for the loss or damage to covered property from the party which is liable for the loss or damage, shall render coverage provided by this Contract void but only with respect to such loss or damage. Our right to retain the premium shall not be affected. We are not liable for any claim for loss or damage which you have settled or compromised without our written consent. But you may accept ordinary bills of lading, shipping receipts or warehouse receipts issued by carriers for hire and warehousemen for hire which limit their liability to less than the full value of the covered property.

#### Loss Payable

For insured covered property in which both you and a Loss Payee shown in the Declarations have an insurable interest, we will:

- adjust losses with you; and
- pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

#### Loss Payment

- A. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this insurance, and
  1. we have reached agreement with you on the amount of loss; or
  2. an appraisal award has been made.
- B. We will not pay you more than your financial interest in the covered property.
- C. We may adjust losses with the owners of lost or damaged covered property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' covered property. We will not pay the owners more than their financial interest in the insured covered property.
- D. We may elect to defend you against suits arising from claims of owners of covered property. We will do this at our expense.

#### Notification

You must notify us as soon as possible of any condition which may result in a **soft cost** loss.

---

## Conditions

(continued)

### Occupancy

Except as provided under the Attachment And Termination Of Coverage provision, **construction works** shall not be occupied for its intended use without our written consent. Failure to obtain our written consent shall void coverage provided by this Contract during the period of occupancy.

Use of the **construction works** for temporary construction offices, or for the storage of **construction works** shall not constitute occupancy.

---

### Other Insurance

If you have any other insurance covering the same loss or damage as is insured against by this policy, we will only pay for the amount of loss or damage which is insured against by this policy in excess of the amount due from such other insurance, whether you can collect on such other insurance or not.

---

### Recovered Property

If any lost or damaged covered property is recovered by you or us after a loss payment is made, the party making the recovery must give the other party prompt notice.

If any lost or damaged covered property has a salvage value, we shall control the disposition of such salvage.

When covered property is recovered, you may:

- keep the recovered covered property and return the loss payment to us; or
- keep the loss payment and we will keep the recovered covered property.

If any recovered covered property has salvage value, or if there is any money recovered through subrogation, we will reimburse you from the amount recovered for:

- the deductible amount that was paid;
- the penalties you paid as a result of Coinsurance, if applicable, or any applicable reporting condition of this insurance; and
- any uninsured loss resulting from an insufficient Limit Of Insurance.

If there are any expenses in recovering any lost or damaged covered property, or through subrogation, we will share the expenses with you in proportion to the amount we are each reimbursed.

---

### Reporting ~ Model Homes

The premium shown on the Premium Statement for the insurance provided by the Model Homes Additional Coverage contained in this contract is a deposit premium.

You agree to:

- maintain an accurate record of your business as it relates to this Model Homes Additional Coverage insurance; and
- report to us the sum of the total inventory amount of **model homes** at inception of this policy plus the total inventory amount of **model homes** at anniversary, cancellation, expiration or termination of this policy to determine the average inventory you had during the policy period.

We will determine the actual premium which you owe to us by applying the Annual Rate per \$100 for Model Homes Additional Coverage, pro-rated for the actual term of the policy, to the average inventory which you have reported to us.

## Residential Open Builders' Risk

### Conditions

#### Reporting ~ Model Homes (continued)

The earned premium will be deducted from your Deposit Premium until the Deposit Premium is exhausted. Once your Deposit Premium is exhausted, additional premiums are due at the time of each report. If the deposit premium exceeds the earned premium, we will return the difference to you.

#### Waiver Of Rights Of Recovery

We will have no rights of recovery against:

- any Named Insured;
- any principal, principal's representative, or subcontractor, if you are a contractor and are required by a properly executed construction contract to waive, and ensure that we waive, any rights of recovery; or
- any other person or organization if you have waived your rights of recovery against them in writing prior to loss or damage, but only to the extent of such written waiver.

Otherwise, if any person 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 a loss to impair our rights.

You may waive your rights against any such person in writing:

- A. prior to loss or damage to covered property; or
- B. after direct physical loss or damage to covered property only if, at the time of direct physical loss or damage, that party is one of the following:
  1. an individual who owns or controls the majority of capital stock of your business;
  2. a related business firm majority-owned or controlled by you, or that owns or controls the majority of the capital stock of your business; or
  3. your tenant.

This will not restrict your insurance.

You may not waive your rights of recovery against any:

- common carrier or public warehouseman for hire; or
- architect, consulting engineer or designer.

#### Who Is Insured

You are the Named Insured.

If you are a contractor and are required by a signed construction contract to insure covered property against direct physical loss or damage for your benefit and the benefit of:

- the principal;
- the principal's representative; or
- any architect, consulting engineer or designer,

such principal, principal's representative, architect, consulting engineer or designer are an Additional Insured as their interests may appear.

---

## Conditions

### *Who Is Insured (continued)*

If you are a contractor and are required by a signed construction contract to insure covered property against direct physical loss or damage for your benefit and the benefit of your:

- subcontractors; or
- subcontractors of every tier,

your contractors and subcontractors of every tier are Additional Insureds, but only with respect to work they are performing for you under such signed construction contract and only if the value of their work has been included in the contract value declared to us.

If you are a principal and are required by a signed construction contract to insure covered property against direct physical loss or damage for your benefit and the benefit of:

- any architect, consulting engineer or designer; or
- contractor, subcontractor or sub-subcontractor,

such architect, consulting engineer, designer, contractor, subcontractor or sub-subcontractor is an Additional Insured, but only with respect to work being performed for you under such signed construction contract and only if the value of their work has been included in the contract value declared to us.

In no event is any:

- architect, consulting engineer or designer; or
  - employee or representative of any architect, consulting engineer or designer,
- an Additional Insured for any professional services or advice which they provide on behalf of any insured.

## Residential Open Builders' Risk

### Definitions

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

#### Blank Media

**Blank media** means the blank medium upon which **electronic data** is recorded, but not **electronic data** itself.

#### Communication Property

**Communication property** means:

- analog or digital communication equipment; or
- other equipment used to interactively communicate with others through voice, picture, video or writing,

you own or in your care, custody or control.

**Communication property** does not mean:

- **electronic data processing equipment;**
- **electronic data;**
- cellular telephone, laptop computers, pagers, personal digital assistants, mobile hand held global positioning systems and other hand held communication devices;
- contractors' or subcontractors' equipment, machinery and tools, trailers, materials and supplies;
- communication systems for sale or sold; or
- machinery and equipment, including accessories, tools and spare parts for the machinery and equipment.

#### Construction Works

**Construction works** means:

- materials, supplies, machinery and equipment which you own, or which is owned by others and for which you are legally liable, to be used in and become a permanent part of the construction, reconstruction, erection, expansion, fabrication, renovation or repair of an **insured construction project**; and
- **temporary construction works** and **office trailers**, including their contents, provided their full cost is charged to the **insured construction project** and included in the contract value declared to us.

**Construction works** does not mean:

- A. accounts, bills, deeds, evidences of debt;
- B. aircraft, motor vehicles, semi-trailers, watercraft or trailers, other than **office trailers**;
- C. contractors' or subcontractors' equipment, machinery and tools, trailers, other than **office trailers**, materials and supplies of a similar nature not intended to be used in or become a permanent part of the construction, reconstruction, erection, expansion, fabrication, renovation or repair of an **insured construction project**;
- D. existing property or preconstructed property of others to which alterations, improvements, renovations or repairs are being made;
- E. land, land value or water, except excavations, grading or fillings, unless loss or damage to such property is caused by or results from the discharge, dispersal, seepage, migration, release or escape of **pollutants**;

---

**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:***Construction Works  
(continued)*

- F. **landscaping**, unless:
1. the full value of **landscaping** has been included in the contract value declared to us; and
  2. loss or damage is directly caused by fire, lightning, explosion, smoke, riot, strikers or locked-out workmen, civil commotion or aircraft;
- G. money, notes or securities;
- H. **electronic data**, plans, blueprints, drawings or other valuable papers or records, except as provided under the Electronic Data and Valuable Papers Additional Coverage;
- I. **free standing household appliances**; or
- J. **model homes**.

---

*Delay Period*

**Delay period** means the period of time from the **scheduled date of completion** to the date the construction is actually completed.

---

*Electronic Data*

**Electronic data** means software, data or other information that is in electronic form.

---

*Electronic Data  
Processing Equipment*

**Electronic data processing equipment** means:

- computers;
- computer peripherals;
- climate control and protection equipment used solely for electronic data processing operations;
- separately identifiable and removable component computer devices that are attached to covered property and are designed to control such property, but not the property itself; and
- **blank media**.

**Electronic data processing equipment** does not mean:

- **electronic data**;
  - computers, peripherals, equipment or parts held for sale or distribution;
  - computers, peripherals, equipment or parts that have been sold;
  - computers, peripherals, equipment or parts in the course of manufacture;
  - **communication property**;
  - contractors' or subcontractors' equipment, machinery and tools, trailers, materials and supplies;
  - cellular telephone, laptop computers, pagers, personal digital assistants, mobile hand held global positioning systems and other hand held communication devices; or
  - machinery and equipment, including accessories, tools and spare parts for the machinery and equipment.
-

## Residential Open Builders' Risk

### Definitions

(continued)

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

#### Electronic Data Processing Property

**Electronic data processing property** means:

- **electronic data;**
- **electronic data processing equipment;**
- cellular telephone, laptop computers, pagers, personal digital assistants, mobile hand held global positioning systems and other hand held communication devices; or
- **communication property.**

**Electronic data processing property** does not mean:

- contractors' or subcontractors' equipment, machinery and tools, trailers, materials and supplies; or
- machinery and equipment, including accessories, tools and spare parts for the machinery and equipment.

#### Fine Arts

**Fine arts** means:

- paintings, rare books, sculptures, manuscripts, pictures, prints, etchings, drawings, tapestries, bronzes, statuary, potteries, porcelains, marbles and other bona fide works of art; or
- items of rarity or historical value.

#### Flood

**Flood** means:

- waves, tidal water or tidal waves; or
- rising or overflowing or breaking of any boundary,

of natural or man-made lakes, reservoirs, ponds, brooks, rivers, streams, harbors, oceans, or any other body of water or watercourse, whether driven by wind or not.

**Flood** does not include:

- a **specified peril** that ensues from flood; or
- tsunami resulting from earthquake.

#### Free Standing Household Appliances

**Free standing household appliances** means refrigerators, freezers, dishwashers, clothes washers and dryers, stove and ovens, trash compactors, microwave ovens and hot tubs which:

- A. you own; or
- B. is owned by others:
  - 1. in your care, custody or control; and
  - 2. for which you are legally liable,

to be installed and used in an **insured construction project**.

---

**Definitions**

(continued)

**WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:****Fungus**

**Fungus** means any:

- A. 1. mildew, mold or other fungi;
  2. other microorganisms; or
  3. any mycotoxins, spores, or other by-products of the foregoing; or
- B. colony or group of any of the foregoing.

---

**Insured Construction Project**

**Insured construction project** means a construction project which you have contracted to perform provided:

- the construction jobsite is located within the Geographic Scope shown in the Declarations under Residential Open Builders' Risk;
- the construction activities being performed are that of a residential nature, including single family dwellings, multi-unit dwellings, apartments, condominiums, or townhouses;
- the original contract value, at the time construction actually begins, is less than or equal to the Construction Works Limit Of Insurance shown in the Declarations under Residential Open Builders' Risk; and
- you are required to provide insurance against physical loss or damage to **construction works** or **model homes** under the terms and conditions of a construction contract which you have signed prior to beginning construction activities, unless otherwise stated.

---

**In Transit**

**In transit** means being shipped by air, surface or waterborne conveyance from the time beginning:

- when, if shipped from your premises in or on conveyances you own, lease or operate, the property departs your premises;
- when, if shipped from premises of others in or on conveyances you own, lease or operate, the property is transferred into your care, custody or control; or
- when the property is actually moved from the point of shipment bound for a specified destination, if shipped in or on any other conveyance;

and ending:

- when the property is accepted by, or on behalf of, the consignee at the intended destination;
- when the property is accepted by, or on behalf of, the consignee at any intermediate point short of reaching the original intended destination;
- at such point where you, or the owner of the property if other than you, order the property stopped and held pending instructions. However, this does not apply to property while in the custody of a carrier for hire and which is being held at a location other than the intended destination by such carrier's "on-hand" department for a period not to exceed 30 days; or
- when, if shipped to your premises in or on conveyances you own, lease or operate, the property arrives at your premises.

## Residential Open Builders' Risk

### Definitions

#### *In Transit* (continued)

#### WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

**In transit** includes ordinary, reasonable, and necessary stops, interruptions, delays, or transfers incidental to the route and method of shipment, but not while at premises you own, lease or operate. **In transit** also includes the period of time during which:

- there is a substantial and unauthorized deviation from the normal route by a carrier for hire; or
- the contract of carriage is, without your knowledge, abandoned en route by a carrier for hire, its agent, or its driver.

**In transit** does not mean:

- A. property shipped by mail, unless shipped by registered mail;
- B. import shipments, within the Coverage Territory, until such time as ocean marine insurance has ceased to cover such property;
- C. export shipments once:
  1. loaded on board any steamer or other watercraft; or
  2. ocean marine insurance has begun to cover such property,whichever occurs first; or
- D. property owned by others when you are acting as a carrier for hire.

#### *Landscaping*

**Landscaping** means plants, trees, shrubs, lawns and seeds which are planted as part of the construction project and used for decorative purposes or to control erosion.

#### *Malicious Programming*

**Malicious programming** means an illegal or malicious entry into **electronic data** or a **system** which results in functions that:

- distort;
- corrupt;
- manipulate;
- copy;
- delete;
- destroy; or
- slow down,

such **electronic data** or **system**.

**Malicious programming** does not mean:

- theft of telephone services; or
- direct physical loss or damage to **electronic data processing property**.

---

**Definitions**

(continued)

**WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:****Mechanical Or Electrical System Or Apparatus**

**Mechanical or electrical system or apparatus** means any:

- boiler, fired pressure vessel, unfired pressure vessel normally subject to vacuum or internal pressure other than weight of its content, refrigerating and air conditioning vessels, including metal piping and its accessory equipment connected thereto; and
- mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

**Mechanical or electrical system or apparatus** does not mean any:

- A. part of a boiler or fired vessel or electric steam generator that does not contain steam or water;
- B. insulating or refractory material;
- C. non-metallic vessels, equipment, machines and apparatus, including their glass linings and non-metallic parts, unless constructed in accordance with the American Society of Mechanical Engineers;
- D. glass linings of vessels, equipment, machines and apparatus;
- E. catalyst;
- F. piping, vessels or electrical cables, not enclosed in conduit, buried directly in the ground;
- G. sewer piping;
- H. sprinkler system piping or water piping other than:
  - 1. feedwater piping between any steam boiler and its feed pumps or injectors;
  - 2. steam boiler condensate return piping; and
  - 3. metal water piping interconnecting vessels forming part of a refrigerating or air conditioning system used for cooling, humidifying or space heating;
- I. part of an unfired pressure vessel that is not under:
  - 1. pressure; or
  - 2. internal vacuum;
- J. structure, foundation, cabinet or compartment containing any vessel, equipment, machine or apparatus;
- K. felt, wire, screen, die, extrusion plate, swing hammer, grinding disk, cutting blade, cable, chain, belt, rope, clutch plate, brake pad, non-metallic part or any part or tool subject to frequent periodic replacement;
- L. vessel, equipment, machine or apparatus manufactured by you for sale;
- M. power shovel, dragline, excavation vehicle (whether or not licensed for road use), aircraft, floating vessel or structure, penstock, draft tube or well casings; or
- N. **electronic data processing property**, except for component computer devices that are used solely to control a mechanical or electrical machine or apparatus used for the generation, transmission or utilization of mechanical or electrical power.

When a vessel uses a heat transfer medium other than water or steam, we will consider the medium used and its vapor as substitutes for the words "water" or "steam".

## Residential Open Builders' Risk

### Definitions

(continued)

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

#### Model Home

**Model home** means:

- A. a model home and appurtenant structures, located on an **insured construction project**; and
- B. **fine arts** and other business personal property contained therein which:
  1. you own; or
  2. which is owned by others:
    - a. in your care, custody & control; and
    - b. for which you are legally liable,

that are being used for sales or administrative purposes.

**Model home** does not mean:

- **construction works**;
- accounts, bills, deeds, evidences of debt, drawings;
- aircraft, motor vehicles, trailers, semi-trailers or watercraft;
- contractors' and subcontractors' equipment (other than scaffolding), machinery and tools, materials and supplies of a similar nature not intended to be used in and become a permanent part of the construction, reconstruction, erection, expansion, fabrication, renovation or repair of an **insured construction project**, unless a permanent part of a construction trailer;
- existing property or preconstructed property of others to which alterations, improvements, renovations or repairs are being made;
- land, land value or water, except excavations, grading or fillings unless loss or damage to such property is caused by or results from the discharge, dispersal, seepage, migration, release or escape of **pollutants**;
- **landscaping**;
- money, notes or securities;
- **electronic data**, plans, blueprints, drawings or other valuable papers or records, except as provided under the Electronic Data And Valuable Papers Additional Coverage; or
- **free standing household appliances**.

---

#### Office Trailers

**Office trailers** means trailers:

- owned by you; or
- in your care, custody or control,

used in the construction, reconstruction, erection, expansion, fabrication, renovation or repair of an **insured construction project**.

---

**Definitions****WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:****Office Trailers**  
(continued)**Office trailers** does not mean trailers:

- attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion; or
- during hitching or unhitching operations, or when trailers become accidentally unhitched from a motor vehicle or motorized conveyance.

---

**Pollutants****Pollutants** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fibers, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed.**Pollutants** does not mean **fungus**.

---

**Scheduled Date Of Completion****Scheduled date of completion** means the date that construction would have been completed as shown on the most recent construction timetable existing on the date of loss or damage had there been no direct physical loss or damage.

---

**Sinkhole Collapse****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 land; or
- the sinking or collapse of land into man-made cavities.

---

**Soft Costs****Soft costs** means reasonable:

- extra construction costs to continue construction and meet contract dates;
- construction loan interest on money borrowed to finance construction;
- realty taxes and other assessments on the construction site;
- architect, engineering and consultant fees;
- legal and accounting fees;
- insurance premiums;
- advertising and promotional expenses;
- costs and commissions resulting from renegotiating leases; and
- other similar costs,

you incur over and above the costs you would have normally incurred during the course of construction.

## Residential Open Builders' Risk

### Definitions

(continued)

WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:

#### Specified Peril

**Specified peril** means:

- aircraft or self-propelled missiles;
- explosion;
- fire;
- leakage from fire protection equipment;
- lightning;
- mine subsidence;
- riot or civil commotion;
- **sinkhole collapse**;
- smoke;
- vandalism;
- vehicles;
- volcanic action; or
- windstorm or hail.

#### System

**System** means a computer and all input, output, processing, storage, off-line media library, and communication facilities which are connected to such computer, provided such computer and facilities are:

- owned and operated by you;
- leased and operated by you; or
- utilized by you pursuant to a written contract.

#### Technology Peril

**Technology peril:**

- A. means a peril not otherwise excluded.
- B. does not mean **malicious programming**.

Paragraph B. only applies to **electronic data**.

#### Temporary Construction Works

**Temporary construction works** means scaffolding (including scaffolding erection costs), formwork, falsework and temporary structures necessary for the completion of the construction project.

---

**Definitions**

(continued)

**WHEN USED WITH RESPECT TO INSURANCE UNDER THIS CONTRACT:****Valuable Papers**

**Valuable papers** means valuable:

- papers, documents, records, negatives, transparencies;
- tapes of all types;
- original plans, blueprints, specifications or designs; and
- original source material used to enter or program **electronic data**, but not the **electronic data** itself.

---

**Water**

**Water** means water that:

- escapes from processing equipment, plumbing systems, refrigeration systems, cooling systems or heating systems (other than underground storage tanks, underground piping or underground tubing) provided such water is intended to be contained in such processing equipment, plumbing systems, refrigeration systems, cooling systems or heating systems;
- backs up or overflows through sewers, drains or sump;
- seeps or leaks through basements, foundations, roofs, walls, floors or ceilings of any building or other structure; or
- enters doors, windows or other openings in any building or other structure.

SPECIMEN