

SECTION 4

BUILDERS RISK COVERAGE

(Words and phrases that appear in quotation marks have special meaning. Refer to Special Definitions of this form and General Definitions of this policy. This coverage must be shown on the "Declaration Page" of "your" policy for it to apply.)

1. Indemnity Agreement

In the event that any of the property insured be lost or damaged by the perils insured against, the Insurer will indemnify the Insured against the direct loss so caused to an amount not exceeding whichever is the least of:

- a) the "replacement cost" value of the property at the time of loss or damage but in no event to exceed the amount necessarily expended for "replacement";
- b) the interest of the Insured in the property;
- c) the amount of insurance specified on the "Declarations Page" in respect of the property lost or damaged.

Provided, however, that where the insurance applies to the property of more than one person or interest, the Insurer's total liability for loss sustained by all such persons and interests shall be limited in the aggregate to the amount or amounts of insurance specified on the "Declarations Page".

2. Property Insured

This Form insures buildings, structures and "building materials" for the amount of insurance specified on the "Declarations Page" as described and limited:

- a) property in course of construction, installation, reconstruction or repair, other than property described in 2(b):
 - i. owned by the Insured;
 - ii. owned by others, provided the value of such property is included in the amount of insurance;all to enter into and form part of the completed project including expendable materials and supplies, not otherwise excluded, necessary to complete the project.
- b) landscaping, growing trees, plants, shrubs or flowers all to enter into and form part of the project provided that the value of such property is included in the amount of insurance.
- c) temporary buildings, scaffolding, falsework, forms, hoardings, excavation, site preparation and similar work, provided that the value of such property is included in the amount of insurance and then only to the extent that "replacement" or restoration is necessary to complete the project.

3. Deductible

The Insurer is liable for the amount by which the loss or damage caused by any of the perils insured against exceeds the amount of the deductible specified on the "Declarations Page" in any one occurrence.

Should one occurrence give rise to the application of more than one deductible, only the largest individual deductible amount shall apply.

4. Perils Insured

This Form, except as herein provided, insures against all risks of direct physical loss of or damage to the property insured.

5. Property Excluded

This Form does not insure loss of or damage to:

- a) property at locations which to the knowledge of the Insured, are vacant, unoccupied or shut down for more than 30 consecutive days;
- b) electrical devices, appliances or wiring caused by artificially generated electrical currents, including arcing, unless fire or explosion ensues and then only for such ensuing loss or damage, provided such perils are not excluded in Clauses 6A and 6B hereof;
- c) money, bullion, platinum and other precious metals and alloys, securities, stamps, tickets and tokens, evidence of debt or title;

- d) automobiles, watercraft, amphibious or air cushioned vehicles, aircraft, spacecraft, trailers, motors or other accessories attached to or mounted on such property;
- e) property illegally acquired, kept, stored or transported; property subject to forfeiture, seized or confiscated for breach of any law or by order of any public authority;
- f) property:
 - i. while waterborne, from the commencement of loading until completion of discharge except on a ferry, railway car or transfer barge, all in connection with land transportation;
 - ii. insured under a Marine Policy;
 - iii. aboard or being transported by any aircraft;
- g) contractor's tools and equipment including spare parts and accessories whether owned, loaned, hired or leased other than property specified in clause 2(c).

6.A. Perils Excluded

This form does not insure:

- a) the cost of making good:
 - i. faulty or improper material;
 - ii. faulty or improper workmanship;
 - iii. faulty or improper design;
 provided, however, to the extent otherwise insured and not otherwise excluded under this Form resultant damage to the property is insured;
- b) penalties or liquidated damages for non-completion of or delay in completion of contract or non-compliance with contract conditions or costs incurred solely in an effort to eliminate or reduce penalties or liquidated damages for which the Insured may be contractually liable;
- c) any increase in the "replacement cost" occasioned by a restriction or prohibition in any by-law regulation, ordinance or law;
- d) wear and tear, gradual deterioration, latent defect or inherent vice, provided, however, to the extent otherwise insured and not otherwise excluded under this Form, resultant damage to the property is insured;
- e) mysterious disappearance or shortage of insured property disclosed when taking inventory.

6.B.

This form does not insure against loss or damage caused directly or indirectly:

- a) by cessation of work or by interruption of construction, unless directly caused by a peril otherwise insured and not otherwise excluded under this Form;
- b) by earthquake, except for ensuing loss or damage which results directly from fire, explosion, smoke or "leakage from fire protective equipment", provided such perils are not otherwise excluded in this Form;
- c) by flood, including waves, tides, tidal waves, and the rising of, the breaking out or the overflow of, any body of water, whether natural or man-made, but this exclusion does not apply to ensuing loss or damage which results directly from fire, explosion, smoke or "leakage from fire protective equipment", provided such perils are not otherwise excluded in this Form;
Exclusions (b) and (c) do not apply to loss or damage to property in transit;
- d) by mechanical or electrical breakdown or derangement provided, however to the extent otherwise insured and not otherwise excluded under this Form, resultant damage to the property shall be insured;
- e) by rust or corrosion, frost or freezing, pollution or contamination unless caused directly by a peril not otherwise excluded in this Form;
- f) by dampness or dryness of atmosphere, changes of temperature, heating, shrinkage, evaporation, loss of weight, leakage of contents, exposure to light, change in colour or texture or finish, marring, scratching or crushing, but this exclusion does not apply to loss or damage caused directly by fire, lightning, explosion, impact by aircraft, spacecraft, or land vehicle, riot, strike, vandalism, malicious acts, rupture of pipes or breakage of apparatus, theft or attempt thereat or accident to transporting conveyance provided such perils are not otherwise excluded in this Form;
- g) by smoke from agricultural smudging or industrial operations;

- h) by rodents, insects, or vermin but this exclusion does not apply to loss or damage caused directly by a peril not otherwise excluded in this Form;
- i) by delay, loss of market or loss of use or occupancy;
- j) directly or indirectly occasioned by, happening through, or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalism or requisition or destruction of or damage to property by or under the order of any government or public or local authority;
- k) (i) by any nuclear incident as defined in the Nuclear Liability Act or any other nuclear liability act, law or statute, or any amendatory thereof or nuclear explosion, except for ensuing loss or damage which results directly from fire, lightning or explosion of natural, coal or manufactured gas;
(ii) by contamination by radioactive material;
- l) by misappropriation, secretion, conversion, infidelity or any dishonest manner of acquiring possession on the part of the Insured or any other party of interest, employees or agents of the Insured, or any person to whom the property may be entrusted (bailees for hire excepted);
- m) proximately or remotely, arising in consequence of or contributed to by the enforcement of any by-law, regulation, ordinance or law regulating zoning or the demolition, repair or construction of buildings or structures, which by-law, regulation, ordinance or law makes it impossible to repair or reinstate the property as it was immediately prior to the loss;
- n) by disturbance or erasure of electronic recordings by electric or magnetic injury except by lightning.

6.C. Pollution Excluded

This form does not insure against:

- a) the loss or damage caused directly or indirectly by any actual or alleged spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants", nor the cost or expense of any resulting "clean up", but this exclusion does not apply:
 - i. if the spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants" is the direct result of a peril not otherwise excluded under this Form;
 - ii. to loss or damage caused directly by a peril not otherwise excluded under this Form;
- b) cost or expense for any testing, monitoring, evaluating or assessing of an actual, alleged, potential or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

7. Extensions of Coverage

The following extensions of coverage shall not increase the amounts of insurance applying under this Form and are subject to all conditions of this Form.

- a) **Removal:** If any of the insured property is necessarily removed from the "project site" to prevent loss or damage or further loss or damage thereto, that part of the insurance under this Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for 7 days only, or for the unexpired term of the Policy if less than 7 days, insure the property removed and any property remaining at the "project site" in the proportions which the value of the property in each of the respective locations bears to the value of the property in them all.
- b) (i) **Debris Removal:** the Insurer will indemnify the Insured for expenses incurred in the removal from the "project site" of debris of the property insured, occasioned by loss or damage to such property, for which loss or damage insurance is afforded under this Form. The amount payable under this extension shall not exceed 25% of the total amount payable for the direct physical loss to property insured plus the amount of the applicable deductible.
(ii) **Removal of Windstorm Debris:** The Insurer will indemnify the Insured for expenses incurred in the removal of debris or other property which is not insured by this Form but which has been blown by windstorm upon the "project site".

Extensions of coverage b(i) and b(ii) do not apply to costs or expenses:

- i. To "clean up" "pollutants" from land or water; or
- ii. For testing, monitoring, evaluating or assessing of an actual, alleged, potential, or threatened spill, discharge, emission, dispersal, seepage, leakage, migration, release or escape of "pollutants".

- c) **Offsite Coverage:** This Form insures the property described in Clause 2:
 - i. In transit in Canada and continental United States of America (excluding Alaska) for the amount of insurance specified on the "Declarations Page" for In Transit.
 - ii. At any location in Canada and continental United States of America (excluding Alaska) other than in transit or while being manufactured or undergoing any process, for the amount of insurance specified on the "Declarations Page" for Any Other Location.

8. Cessation of Coverages

This form ceases to insure the project:

- a) When the outbuilding, structure or same intended for agricultural purposes is ready for use or occupancy of any part or section.
- b) when left unattended for more than 30 consecutive days or when construction activity has ceased for more than 30 consecutive days;
- c) The expiration of this insurance;

whichever occurs first.

9. Loss Adjustment

Any claim for loss or damage under this Form shall be adjusted with, if named herein, the General Contractor or Owner.

10. Breach of Conditions

Where a loss occurs and there has been a breach of condition relating to a matter before the happening of the loss, which breach would otherwise disentitle the Insured from recovery under this Form, the breach shall not disentitle the Insured from recovery if the Insured establishes that the loss was not caused or contributed to by the breach of condition or if the breach of condition occurred in any portion of the project over which the Insured has no control.

11. Reinstatement

Loss under an item of this Form shall not reduce the applicable amount of insurance.

12. Subrogation

The insurer, upon making any payment or assuming liability therefore under this Form, shall be subrogated to all rights of recovery of the Insured against others and may bring action to enforce such rights. Notwithstanding the foregoing, all rights of subrogation are hereby waived against any corporation, firm, individual or other interest with respect to which insurance is provided by this Form.

Where the net amount recovered, after deducting the costs of recovery, is not sufficient to provide a complete indemnity for the loss or damage suffered, that amount shall be divided between the Insurer and the Insured in the proportion in which the loss or damage has been borne by them respectively. Any release from liability entered into by the Insured prior to the loss shall not affect the right of the Insured to recover.

13. Premium Adjustment

The premium stated in this Form is provisional. Within 30 days after the termination or expiration of this insurance the Insured shall report to the Insurer the actual completed contract price and the value of any property not included in such completed contract price and insured herein or in the absence of a contract price the Insured shall report the total completed value of the project. The actual premium shall be calculated from inception date of this Form on the total value so reported at the rate shown on the "Declarations Page". If the premium so calculated exceeds the provisional premium the Insured shall pay to the Insurer the amount of such excess. If such premium is less than the provisional premium, the Insurer shall refund to the Insured the amount of the difference.

14. Verification of Values

The Insurer or its duly appointed representative shall be permitted at all reasonable times during the term of this Policy or within a year after terminating or expiration to inspect the property insured and to examine the Insured's books, records and such policies as relate to any property insured hereunder. This inspection or examination shall not waive nor in any manner affect any of the terms or conditions of this Policy.

15. Special Definitions

Wherever used in this Form:

"Building Materials" means materials purchased and brought to the construction site, for use in construction or reconstruction of the insured building or structure, but not yet installed or attached. The limit for "building materials" is shown on the "declaration page".

"Project Site" means the site of the project described on the "declaration page".

"Replacement" includes repair, construction or reconstruction with new property of like kind and quality.

"Replacement Cost" means the cost of replacing, repairing, constructing or reconstruction (whichever is the least) the property on the same "project site" with new property of like kind and quality and for like occupancy without deduction for depreciation.

ALL THE STATUTORY AND ADDITIONAL CONDITIONS, GENERAL DEFINITIONS AND GENERAL LOSS OR DAMAGE NOT INSURED ALSO APPLY TO THIS COVERAGE