

DELAY IN START-UP EXTENSION

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This Endorsement modifies the insurance provided under the Contract Works – Builders Risk Form and is subject to all terms, conditions, limitations and exclusions of such Form. For the purposes of this Endorsement only, it is agreed that the Contract Works – Builders Risk Form is amended to add the following:

1. INDEMNITY AGREEMENT

- 1.1. In the event of direct physical loss or direct physical damage during the policy period to the insured property by an insured peril, this Endorsement shall cover the **loss of business income** arising out of the resulting **delay** in the start up of the **project owner's** business beyond the **scheduled date of completion** of the insured project during the **indemnity period** to an amount not exceeding the actual loss sustained by the **project owner** resulting from such **delay**.
- 1.2. We will also pay for the necessary and reasonable expenses incurred during the **indemnity period** for the sole purpose of avoiding or diminishing any **loss of business income**, but only to the extent that such **loss of business income** payable is thereby reduced.
- 1.3. Any amounts payable under this Endorsement shall be reduced by:
 - 1.3.1. any amount saved in respect of labour costs, charges and expenses payable out of the anticipated revenue that do not arise, have ceased or are reduced during the **indemnity period**;
 - 1.3.2. any liquidated damages or penalties the **project owner** is entitled to receive from any party, whether collectible or not;
 - 1.3.3. any interest commitment which is permanently waived or otherwise saved;
 - 1.3.4. any fixed costs or continuing expenses when such coverage is afforded by endorsement for Soft Costs attached to the Form.

2. EXCLUSIONS

This Endorsement does not apply to any loss, cost, expense, delay or increase in delay directly or indirectly caused by or resulting from:

- 2.1. loss or damage to surrounding property, construction machinery, plant or equipment;
- 2.2. loss or damage to property taken over or taken into use by the **project owner** or for which insurance for direct physical damage or direct physical loss under this Form has ceased;
- 2.3. non-availability of funds other than reimbursement for the repair and replacement of insured property which has suffered direct physical loss or direct physical damage by an insured peril;
- 2.4. alterations, additions, improvements, rectification of defects or faults or elimination of any deficiencies carried out during the repair or replacement of property which has suffered loss or damage;
- 2.5. any change order, revision or other cause which results in deviation from the original **scheduled date of completion** and which is independent of an insured direct physical loss or direct physical damage which gives rise to a **delay**, whether occurring prior to or after an **occurrence**;
- 2.6. fines or damages for breach of contract, for late or non-completion of orders, or for any penalties of whatever nature;
- 2.7. the suspension, lapse, cancellation or non-renewal of any lease or license, contract, or order directly resulting from a peril not insured under the Form;
- 2.8. strikes, lock-outs, labour disturbances, riot or commotion which affects or interferes with:
 - 2.8.1. the transportation of property;
 - 2.8.2. the construction of the **insured project**;
 - 2.8.3. the rebuilding, repairing or replacing of insured property;
 - 2.8.4. the occupancy and use of the **project site**; or
 - 2.8.5. free access to or control of the **project site**.
- 2.9. the application of any import, export or customs restriction or regulations;
- 2.10. loss or damage to insured property during transit or while anywhere other than on the **project site**, notwithstanding Extension of Coverage 12. Property in Transit.

3. EXTENSIONS OF COVERAGE

The following Extensions of Coverage shall not increase the limit(s) of insurance applying under this Endorsement which are part of and not in addition to the Project Limit.

3.1. BY-LAWS

In the event of direct physical loss or direct physical damage by an insured peril to **permanent works** that results in a **delay** of the **insured project**, we will pay for any increase in loss resulting from, or contributed to by, the operation of any by-law, ordinance or law which regulates zoning or the demolition, repair or construction of damaged **permanent works**, but shall in no way operate to extend the **indemnity period** or to increase the limit of insurance.

3.2. INGRESS OR EGRESS

We shall pay for up to two (2) consecutive weeks for **loss of business income** if **project owner** is prevented access to the **project site** as a direct consequence of a direct physical loss or direct physical damage by an insured peril to property within a five (5) kilometre radius of the **project site** that results in a **delay** of the completion of the **insured project**.

This Extension of Coverage begins only when access to the **project site** is prevented for forty-eight (48) consecutive hours and extends for a period not exceeding two (2) consecutive weeks. We shall only be liable for the continuing period in excess of those forty-eight (48) hours.

This Extension of Coverage does not apply in the event that Extension of Coverage 3.3. Interruption by Civil Authority of this Endorsement applies.

3.3. INTERRUPTION BY CIVIL AUTHORITY

We shall pay for up to two (2) consecutive weeks for **loss of business income** resulting from civil authority barring access to the **project site**, but only when such order is given as a direct consequence of direct physical loss or direct physical damage to immediately adjacent neighbouring premises by an insured peril that results in a **delay** of the completion of the **insured project**, if such direct physical loss or direct physical damage would have been covered while on the **project site**.

This Extension of Coverage begins only when access to the **project site** is prohibited for forty-eight (48) consecutive hours by order of civil authority and extends for a period not exceeding two (2) consecutive weeks. We shall be liable only for the continuing period of prevention of access in excess of forty-eight (48) hours.

3.4. PUBLIC UTILITIES

We will cover the **loss of business income** due to service interruption from a public utility that causes **delay** in the completion of the **insured project**. The **loss of business income** must be as a direct result of an insured peril causing direct physical loss or direct physical damage to off premises utility generating plants, switching stations, substations, transformers and pumping stations, including underground transmission lines and pipes that generate and supply electricity, water, gas or steam to the **project site**.

This Extension of Coverage shall not apply to:

- 3.4.1. property located on the **project site**;
- 3.4.2. property under your control;
- 3.4.3. property located beyond twenty-five (25) kilometres of the **project site**;
- 3.4.4. loss or damage to overhead electrical transmission lines or distribution lines or their supporting structures located beyond one (1) kilometre of the **project site**;
- 3.4.5. loss of or reduction of the supply of electricity, water, gas, or steam due to lack of sufficient capacity or an intentional reduction in the supply.

This Extension of Coverage for each interruption of service begins only when the period of interruption exceeds forty-eight (48) consecutive hours or as otherwise indicated on the Declarations Page(s).

4. SPECIAL PROVISIONS

4.1. Limit of Insurance

Our total liability for any one **occurrence** shall not exceed the limit of insurance shown on the Declarations Page(s), which is part of and not in addition to the **Project Limit** shown on the Declarations Page(s).

4.2. Waiting Period

The waiting period corresponding to the number of days indicated on the Declarations Page(s) is a deductible that applies independently and in addition to any deductible for direct physical loss or direct physical damage covered by the Form.

Our liability shall not attach until after the waiting period. We shall only be liable for the continuing period in excess of such waiting period.

4.3. Other Duties and Responsibilities

In the event of any **occurrence** which might give rise to a claim under this Endorsement, **project owner** shall:

- 4.3.1. immediately notify us of such **occurrence** and submit to us details of the status of the **insured project** at the time of the **occurrence** and furnish to us in writing, as often as required by us, progress reports on the **insured project**;
- 4.3.2. immediately notify us of any revisions to the original construction schedule which could **delay** completion of the **insured project** beyond the **scheduled date of completion**.
 - 4.3.2.1. In the event a difference between the anticipated and actual progress of the work necessitates revision of the **scheduled date of completion** a revised **scheduled date of completion** must be agreed to by **project owner** and us.
 - 4.3.2.2. **Project owner** will then establish a revised progress schedule for the work which will be the basis of comparison with future progress reports. In the event of any further differences between the revised progress schedule and the progress reports, similar revisions in the progress schedule will be made and a revised **scheduled date of completion** will be submitted to us;
- 4.3.3. make every reasonable attempt to minimize the amount of loss by making complete or partial use of:
 - 4.3.3.1. insured property or other property at the **project site** or other locations; and
 - 4.3.3.2. other machinery, equipment or supplies;
- 4.3.4. minimize the extent of any interference with the construction schedule so as to avoid or diminish any **delay**;
- 4.3.5. as soon as practical resume normal operations.

5. DEFINITIONS:

- 5.1. **DELAY** means the time period between the **scheduled date of completion** and the actual date on which commercial operations or use and occupancy can commence with the exercise of due diligence and dispatch less any period of time resulting from circumstances not insured by this Policy.
- 5.2. **INDEMNITY PERIOD** means the period beginning with the **occurrence** of an insured peril and ending no later than the expiration of the number of months specified on the Declarations Page(s) during which there is a **loss of business income** affected in consequence of the direct physical loss or direct physical damage by an insured peril. The length of time of **delay** insured shall not be limited by the expiry date of this Policy.
- 5.3. **LOSS OF BUSINESS INCOME** means **loss of income** and **loss of rental income**.
- 5.4. **LOSS OF INCOME** means **net income** not realized by the **project owner** during the **indemnity period** which would have been earned if the **delay** had not occurred including continuing operating expenses normally incurred such as payroll expense.
- 5.5. **LOSS OF RENTAL INCOME** means revenues from rentals and leases not realized during the **indemnity period** which would have been earned by the **project owner** if the **delay** had not occurred, less non-continuing expenses.
- 5.6. **NET INCOME** means the net profit or loss before the deduction of income taxes.
- 5.7. **PROJECT OWNER** means solely the persons or entities who are both the owner of the **insured project** and are listed as Named Insured on the Declarations Page(s).
- 5.8. **SCHEDULED DATE OF COMPLETION** means the later of the date indicated as such on the Declarations Page(s) and the date on which, but for direct physical loss or direct physical damage, the **insured project** would have been completed.

All other terms, conditions and limitations of this Policy shall remain unchanged.