

DESIGN IMPROVEMENT EXCLUSION (DE5)

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

It is agreed that **exclusion 2.3. Defects** of the **EXCLUSIONS** Section of the Contract Works – Builders Risk Form is deleted and replaced by the following:

This Form does not insure against costs, and direct physical loss or direct physical damage caused directly or indirectly:

2.3. Design Improvement

2.3.1. by any insured property which is defective in design, plan, specification, materials, or workmanship;

2.3.2. by loss or damage to the insured property caused to enable replacement, repair, or rectification of such defective insured property;

but should loss or damage to the insured property (other than damage as excluded in 2.3.1. above) result from such a defect, the deductible specified on the Declaration Page(s) shall apply, and this exclusion shall be limited to the cost of additional work resulting from and the additional costs of improvements to the original design, plan, specifications, materials or workmanship.

For the purpose of this Form and not merely this exclusion, the insured property shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design, plan, specification, materials or workmanship in the insured property or any part thereof.

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