

BUILDER'S RISK ENHANCEMENT ENDORSEMENT

This Endorsement Changes the Policy. Please Read it Carefully.

This endorsement modifies insurance provided under the Builders' Risk Broad Form BF03 as follows.

Words and phrases in quotation marks have special meaning as defined in the DEFINITIONS section of this form.

Item 8. EXTENSIONS OF COVERAGE is deleted in its entirety and replaced by the following:

8. Each of the limits of insurance specified for the following extensions of coverage, does not increase the limit of insurance under this Form unless specified otherwise in the extension. In the event that coverage provided under any extension is more specifically and separately insured elsewhere in this Policy, then the relevant extension under this Section 8 shall not apply.

(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 to the insured property, that part of the insurance under this Form that exceeds the amount of the Insurer's liability for any loss already incurred shall, for (seven) 7 days only, or for the unexpired term of the Policy if less than (seven) 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) **Contract Damages for Delay and Expediting Expenses:**

This extension applies only if the Insured is a contractor.

This extension insures up to \$30,000 in addition to the limit of insurance provided under this Form for the Insured's reasonable monetary contractual obligation to the project owner as a result of a job completion date that the Insured is unable to meet. This extension includes the reasonable extra costs necessary to expedite the reduction or elimination of the damages or penalty.

Coverage provided for this extension applies only if such late completion is a direct result of, and solely due to an insured loss under this policy.

This extension is subject to a waiting period deductible of three (3) working days. A working day is a 24 hour period in which work would regularly be scheduled beginning at midnight on the day of the loss.

(c) **Offsite Coverage:**

This Form insures the property described in Clause 3:

- (i) in transit, from the commencement of loading at the original point of shipment anywhere in Canada or the continental United States of America (excluding Alaska) until the completion of unloading at the site of construction for the amount of insurance specified on the "Declaration Page(s)" for In Transit; and
- (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 "Declaration Page(s)" for Any Other Location.

(d) **Debris Removal:**

(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.

(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 (d)(i) and (d)(ii) do not apply to costs or expenses:

- a. to "clean up" "pollutants" from land or water; or
- a. 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".

This extension covers additional debris removal expenses of not more than \$50,000 in any one occurrence, over and above the coverage provided under this policy, or if exhausted, the policy limit.

(e) **Extra Expense:**

The insurance under this Form is extended to insure up to a maximum of \$25,000 in addition to the limit of insurance provided under this Form for necessary "Extra Expense" incurred by the Insured in order to continue as nearly as practicable "normal" conduct of the Insured's business following loss of or damage to the insured property during the Policy Period, and caused by the insured perils.

In the event of a claim being made under the terms of this extension, the insurer shall be liable for "Extra Expense" so incurred, for not exceeding 12 months, commencing with the date of loss and not limited by the date of the expiration of this policy, as shall be required, with the exercise of due diligence and dispatch, to repair, rebuild, or replace such part of the insured property as may be destroyed or damaged.

As soon as practicable after any loss, the Insured shall resume complete or partial business operations of the insured property and, to the greatest extent practical, reduce or dispense with such extra expenses that are being incurred.

Special Exclusions Clause: In addition to any exclusions stated elsewhere in this Form, the Insurer shall not be liable under this extension for loss arising out of:

- (i) fines or damages for breach of contract due to late or non-completion of orders;
- (ii) penalties of any nature;
- (iii) suspension, lapse or cancellation of any lease, licence, contract or order.

(f) **Fire Department Charges:**

The insurance under this Form is extended to insure up to a maximum of \$25,000 for the Insured's liability assumed by contract or agreement, prior to a loss, for fire department service charges when a fire department is called to save or protect the insured property from an insured peril. The limit of insurance provided for this extension is in addition to the limit of insurance provided under this Form.

(g) Furniture and Appliances:

This policy insures miscellaneous furniture and appliances on the "project site" owned by the Insured to a maximum limit of \$10,000 in any one occurrence. The limit of insurance provided for this extension is in addition to the limit of insurance provided under this Form.

(h) Growing Plants, Trees, Shrubs or Flowers in the Open:

This extension insures loss of or damage to growing plants, trees, shrubs or flowers in the open at the "project site" that is caused directly by fire, lightning, explosion, impact by aircraft, spacecraft or land vehicle, or from theft or attempted theft.

This extension of coverage is limited to a maximum recovery of \$15,000 in any one occurrence including debris removal expense and shall apply as excess insurance over and above the policy limit.

(i) Inflation Protection:

The amount of insurance applicable to the insurance provided by this Form shall be increased during the policy period by the proportion by which the latest published "Building Construction Index" has increased since inception or since the effective date of any mid-term increases in limit.

We will pay this additional amount only

- (i) if the limit of insurance applicable to the "project site" is insufficient at the time of loss, but was insured to 100% of the "Completed Value" at the time of inception; and
- (ii) to the extent that the increase in cost is the direct result of inflation of the Insured's costs, and not changes to the project.

This extension does not apply to the rebuilding of any structure that existed before the construction job insured by this policy began, even if insurance for the pre-existing structure is provided by endorsement to this policy.

(j) Professionals' Fees:

The insurance under this Form is extended to insure up to a maximum of \$25,000 on reasonable fees charged by accountants, lawyers, architects, engineers, or other professional consultants (excluding public adjusters) retained by the Insured for the purpose of producing and/or certifying particulars and details required by the Insurer in connection with an insured loss. This extension does not apply to employees of the Insured. The limit of insurance provided for this extension is in addition to the limit of insurance provided under this Form.

(k) "Project Site" "Pollutant" "Clean-up":

The insurance under this Form is extended to insure up to a maximum of \$15,000 for the cost or expenses incurred by the Insured to engage in "clean up" from land or water, at the "project site", but only if the spill, discharge, emission, dispersal, leakage, release, or escape of "pollutants":

- (i) arises out of loss of or damage to insured property on "project site" and for which insurance for such loss or damage is afforded under the Form to which this extension is attached; and
- (ii) is sudden, unexpected and unintended from the standpoint of the Insured; and
- (iii) first occurs during the Policy Period.

The Insurer shall not be liable under this extension for:

1. expenses for "clean up", away from or beyond the "project site", arising out of any spill, discharge, emission, dispersal, leakage, release, or escape of pollutants on or emanating from the "project site", or which began prior to the Policy Period;
2. any fines, penalties, punitive or exemplary damages;
3. expenses for "clean up" at or from the "project site", or any site or location which is or was at any time used by or for the Insured, or others, for the purpose of handling, storage, disposal, processing, or treatment of waste;
4. costs to test for, monitor, or assess the existence, concentration, or effects of "pollutants", however, this exclusion shall not apply if it has been determined that an insured loss has occurred;

The limit of insurance provided for this extension does not increase the amount of insurance provided by this Form.

No Automatic Reinstatement:

Notwithstanding the Reinstatement clause applicable to this policy, following a loss under this extension the amount of insurance for this extension will be reduced by the amount payable.

Reporting Period:

It is a condition precedent to recovery under this extension that all expenses insured by this extension must be incurred and reported to the Insurer within 180 days of the spill, discharge, emission, dispersal, leakage, release, or escape of "pollutants" for which "clean up" expenses are claimed.

(l) Soft Costs:

This extension provides coverage for the actual Soft Costs incurred by the Insured due to the delay in the completion of the project(s) insured under this Form. Such delay must be a direct result of the damage to the project by an insured peril. The maximum limit of insurance provided by this extension is \$25,000. The limit of insurance provided for this extension is in addition to the limit of insurance provided under this Form.

Soft Costs as used in this extension mean:

- (i) Financial Costs limited to Commitment Fees, Standby Fees, Letters of Credit, Land Rent and additional costs incurred to rearrange loans necessary for completion of the project;
- (ii) Property taxes, additional insurance premiums;
- (iii) Additional interest expense charged by the lenders for the extension or renewal of loans necessary for completion of the insured project, including financing of repairs or reconstruction following an insured loss;
- (iv) Legal and accounting expenses to arrange refinancing or accounting work necessary to restructure financing;
- (v) Increased costs for leasing and marketing expenses for re-leasing and remarketing of the insured project due to loss of tenants and purchasers because of delay in completion of the project beyond the contracted completion date.

Interruption by Civil Authority:

If a civil authority, such as a fire department, denies access to the insured property because property adjacent to the insured property is damaged by an insured peril, and if this results in a delay of completion in the project beyond the projected completion date, the Insurer will indemnify the Insured for the actual loss of Soft Costs up to two (2) consecutive weeks.

(m) Valuable Papers and Records:

The insurance under this Form is extended to insure up to a maximum of \$25,000 on valuable papers and records, including the additional expenses incurred in reproduction of the Insured's valuable papers and records because of loss, destruction or damage caused by an insured peril. Valuable Papers and Records as used in this extension includes but is not limited to written, printed, or otherwise inscribed documents and records, books, maps, films, drawings, abstracts, deeds, mortgages and manuscripts. This extension does not extend to money or securities or active data processing media. The limit of insurance provided for this extension is in addition to the limit of insurance provided under this Form.

Item 17. Definitions is amended as follows:

The following definitions are added:

- (j) "Building Construction Index" means the relevant regional index of the Non-Residential Building Construction Output Price Indexes published by Statistics Canada.
- (k) "Completed Value" means the total value of all insured property including buildings, fences, foundations, underground pipes, drains, paving and pilings that are a permanent part of the insured project for the completed project at the end of the construction period. The "Completed Value" includes labour, cost of materials and the contractor's reasonable overhead and profit. "Completed Value" does not include:
 - 1. the cost of land;
 - 2. the cost of developing land to make it suitable for building.
- (l) "Extra Expense" means the excess (if any) of the total cost (during the period of restoration for the purpose of continuing the Insured's business) over and above the total cost that would normally have been incurred to conduct the business during the same period had no loss occurred, including the expense of using other property or facilities of other concerns, or other similar necessary emergency expenses, as well as extra expense incurred in obtaining property for temporary use during such period of restoration and necessarily required for the conduct of the Insured's business. "Extra Expense" does not include:
 - 1. loss of income or any expense in excess of that necessary to continue, as nearly as practicable, "normal" conduct of the Insured's business;
 - 2. the cost of repairing or replacing any of the damaged insured property, except cost in excess of "normal" cost of such repairs or replacements, necessarily incurred for the purpose of reducing the total amount of "Extra Expense".
- (m) "Month" means 30 consecutive days.
- (n) "Normal" means the condition that would have existed had no loss occurred.

The following Permissions Clause applies to the Builders Risk Form BF03:

Permissions:

The Insurer grants permission to the Insured to carry out necessary and reasonable repairs which can be undertaken by them in respect of partial damage insured in this Form, up to a maximum of \$100,000 but not exceeding any applicable limit of insurance. If insurance in respect of such repairs is provided by this Form and subject to the Deductible and any limit of insurance stated in Clause 4, the Insurer will reimburse the Insured for their proportion of the actual cost of such repairs. Nothing in this Clause shall be deemed to have waived the requirement that notice of loss be given immediately to the Insurer as provided in this Form.

Except as otherwise provided in this endorsement all terms and conditions of this policy shall remain unchanged.