

**AMENDMENT NO. 1**  
**FOR PROFESSIONAL SERVICES AGREEMENT**  
**BETWEEN Avila Construction Inc. AND**  
**THE NATIVIDAD MEDICAL CENTER**  
**FOR**  
**Outpatient Expansion 2<sup>nd</sup> Floor-Building 200,**  
**1441 Constitution Blvd**  
**Project No. 8842, Bid No.10317**

The parties to Professional Services Agreement ("Agreement"), dated September 26, 2011 between the County of Monterey, on behalf of Natividad Medical Center ("NMC"), and Avila Construction Inc. (Contractor), hereby agree to amend their Agreement (No. A-12141) on the following terms and conditions:

**WHEREAS**, the County and Contractor wish to amend the Agreement to extend the term end date to allow for existing services to continue.

1. Contractor will continue to provide NMC with the same scope of work as stated in the original Agreement (No. A-12141).
  
2. ARTICLE 2. TIME FOR START AND COMPLETION of the Agreement is amended to extend the term of the AGREEMENT through June 30, 2013.
  
3. All other terms and conditions of the Agreement shall continue in full force and effect. Except as provided herein, all remaining terms, conditions and provisions of the Agreement are unchanged and unaffected by this Amendment and shall continue in full force and effect as set forth in the Agreement.
  
4. A copy of this Amendment shall be attached to the original Agreement (No. A-12141).
  
5. The effective date of this Amendment is July 1, 2012.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Amendment on the basis set forth in this document and have executed this Amendment on the day and year set forth herein.

**CONTRACTOR**

Signature 1 

Dated 3/21/2012

Printed Name Michael J. Avila

Title CFO

Signature 2 \_\_\_\_\_

Dated \_\_\_\_\_

Printed Name \_\_\_\_\_

Title \_\_\_\_\_

*\*\*\*INSTRUCTIONS: If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership. If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement.*

**NATIVIDAD MEDICAL CENTER**

Signature \_\_\_\_\_  
Purchasing Manager

Dated \_\_\_\_\_

Signature   
NMC - CEO

Dated 3/29/12

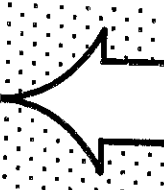
**Approved as to Legality and Legal Form:**

Charles J. McKee, County Counsel

By \_\_\_\_\_

Stacy Saetta, Deputy  
Attorneys for County and NMC

Dated: \_\_\_\_\_, 2012



**MONTEREY COUNTY BOARD OF SUPERVISORS**

<b>MEETING:</b>	<b>November 15, 2011</b>	<b>AGENDA NO.:</b>
<b>SUBJECT:</b>	a. Award a contract in the total amount of \$1,480,200 to Avila Construction, Inc. the lowest responsible and responsive base bidder, for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842, Bid No. 10317; and b. Approve the Performance and Payment Bonds executed and provided by Avila Construction Inc; and c. Authorize a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order; and d. Authorize the Purchasing Manager at NMC to execute the contract and subject to the terms of the Public Contract Code, approve change order to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work.	
<b>DEPARTMENT:</b>	Natividad Medical Center	

**RECOMMENDATIONS:**

It is recommended that the Board of Supervisors:

- a. Award a contract in the total amount of \$1,480,200 to Avila Construction, Inc. the lowest responsible and responsive base bidder, for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842, Bid No. 10317; and
- b. Approve the Performance and Payment Bonds executed and provided by Avila Construction Inc; and
- c. Authorize a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order; and
- d. Authorize the Purchasing Manager at NMC to execute the contract and subject to the terms of the Public Contract Code, approve change order to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

**SUMMARY/DISCUSSION:**

NMC's Outpatient Expansion Tenant Improvement Project supports the re-organization of the NMC Specialty Clinic Services. This tenant improvement project is located at Natividad Medical Center, Building 200, second floor, adjacent to the Specialty Clinic's existing location. The project's scope includes demolition, new interior walls, millwork, finishes, ceiling work, and mechanical/electrical/plumbing work to 10,800 square feet of vacant area which will be incorporated into the existing clinic's footprint. On July 12, 2011 Board of Supervisors approved the Plans and Special Provisions for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842 Bid Package No. 10317 and allowed NMC to advertise the "Notice to Contractors."

On August 8, 2011 NMC published the "Notice to Contractors" inviting formal bids for the Outpatient Expansion Project. NMC provided interested contractors bid plans and specification in Bid Package No. 10317, and followed the outlined steps in the works of public improvement process to properly select a contractor in conformance with State laws regarding construction contractor selection. At 2 p.m. on September 7, 2011 bids were opened and publicly read aloud by the Contracts/Purchasing Agent in the Clerk of the Board's Conference Room 1032. Avila Construction, Inc. was revealed as the lowest bidder for this project. After evaluation of their proposal and subcontractors, NMC deemed them the lowest responsible and responsive bid and

on September 26, 2011 tentatively awarded the project 8842 to Avila Construction, Inc. pending Board of Supervisor's approval.

Natividad Medical Center requests approval from the Board of Supervisors to award this project 8842 to Avila Construction, Inc. Avila Construction Inc.'s bid of \$1,480,200 is in line with NMC's projected budget of \$1,510,959 for construction. After Board of Supervisor's approval NMC will proceed with scheduling a start date and coordinating the 3 phased project. Anticipated duration of construction is 150 days. (Refer to Exhibit 1 for budget, scheduling and description)

**OTHER AGENCY INVOLVEMENT:**

NMC has worked with Specialty Clinics, the NMC Finance Committee and the Department of Public Works on this project. County Counsel has reviewed and approved this Agreement as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Agreement as to fiscal provisions. The Agreement is also supported by the Capital Improvement Committee and the Budget Committee. The Agreement has been approved by Natividad Medical Center's Board of Trustees.

**FINANCING:**

There is no financial impact to the General Fund. The total estimated cost for the Outpatient Expansion Tenant Improvement Project, including construction, and 10% contingency, is \$1,628,220. The complete renovation project, including design, equipment, construction, is fully funded and budgeted at \$2,107,737.

Prepared by:  
Andrea Rosenberg, Administrator  
755-6285  
November 2, 2011

\_\_\_\_\_  
Harry Weis  
Chief Executive Officer

Attachments: Exhibit 1- Natividad Medical Center's request to proceed with construction on the Outpatient Expansion Tenant Improvement Project, Agreement, Board Order.  
Attachments are on file with the Clerk of the Board

Before the Board of Supervisors in and for the County of Monterey, State of California

Agreement No.: A-12141; Construction No. 2011-18

- a. Award a contract in the total amount of \$1,480,200 to Avila Construction, Inc. the lowest responsible and responsive base bidder, for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842, Bid No. 10317; and
b. Approve the Performance and Payment Bonds executed and provided by Avila Construction Inc; and
c. Authorize a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order; and
d. Authorize the Purchasing Manager at NMC to execute the contract and subject to the terms of the Public Contract Code, approve change order to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

Upon motion of Supervisor Potter, seconded by Supervisor Armenta, and carried by those members present, the Board hereby:

- a. Awarded a contract in the total amount of \$1,480,200 to Avila Construction, Inc. the lowest responsible and responsive base bidder, for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842, Bid No. 10317; and
b. Approved the Performance and Payment Bonds executed and provided by Avila Construction Inc; and
c. Authorized a contingency (not to exceed 10% of the contract amount) to provide funding for approved contract change order; and
d. Authorized the Purchasing Manager at NMC to execute the contract and subject to the terms of the Public Contract Code, approve change order to the contract that do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

PASSED AND ADOPTED on this 15th day of November 2011, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker and Potter
NOES: None
ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 75 for the meeting on November 15, 2011.

Dated: November 17, 2011

Gail T. Borkowski, Clerk of the Board of Supervisors County of Monterey, State of California

By [Signature] Deputy

# **EXHIBIT 1**

## **Natividad Medical Center's request to proceed with construction on the Outpatient Expansion Tenant Improvement Project**

### **Background/ Current Situation**

In 1999 Natividad Medical Center opened its newly constructed building. The new facility includes two Inpatient buildings, an Outpatient Building and Administrative building. The Outpatient building is used for Outpatient Surgeries, Specialty Clinics and Health Department clinics. A portion of the Outpatient Second Floor was not built out, and currently sits as a 2,000 square feet of shelled space (2J068). The Specialty Clinic struggles to provide satisfactory wait times for patients due to the increased volume. Natividad contracted with a design consultant to provide a new design for the Specialty clinics.

In 2009 Natividad contracted with Reel Grobman architecture firm to redesign the specialty clinics. With the goals to improving patient flow and reducing wait times of patients, the scope of work included the following:

- Total Tenant improvement will renovate a total 10,800 sqft on 2nd Floor of the outpatient building
- Expanding into the 2000 square feet of shelled space
- Add Ten (10) additional Exam rooms
- Implement Picture Archiving and Communication System
- Develop Construction documents and specifications to be approved by Monterey County planning department

Design development drawings were approved by Natividad project team on November 23, 2010 to allow Reel Grobman architecture to continue to develop construction documents and was submitted to Monterey County Planning Department on December 22, 2010. The Planning Department rejected the Construction Documents with comments and Reel Grobman corrected and resubmitted Construction Documents to the County Planning Department on April 26, 2011. Natividad Medical Center anticipates approval of construction documents for the Outpatient Expansion Tenant Improvement by late July. In Fiscal Year 2010/2011 capital was approved in the amount of 2.1M for construction of the Outpatient Expansion Tenant Improvement project. Meade Construction Group that was contracted by Reel Grobman for construction estimation evaluated the scope of work and projected that 1.8M would be required for the construction portion of the project.

On July 12, 2011 Board of Supervisors approved the Plans and Special Provisions for the Natividad Medical Center (NMC) Outpatient Expansion Tenant Improvement Project No. 8842 Bid Package No. 10317 and allowed NMC to advertise the "Notice to Contractors" in the Californian. NMC followed the outlined steps in the works of public improvement process to properly select a contractor in conformance with State laws regarding construction contractor

selection. When the lowest responsible bidder has been selected, NMC will follow the appropriate works of public improvement process and request authorization to develop a contract with the lowest responsible bidder.

Authorizing NMC to proceed with construction will assist in developing overall patient care at Natividad Medical Center

**Key Milestones:**

- July 2011 – Approval of Construction Documents by Monterey County Planning Department
- July 12, 2011 – County to approve NMC to solicit for a contractor
- August 8, 2011– Solicit to the public to acquire a contractor for construction
- November 15, 2011 – County to approve contract with awarded bidder \$1,480,200.00
- November 2011 – Obtain a Building Permit by the Appropriate Agency's that have jurisdiction.
- November 2011 – Coordinate with NMC Departments and contractor on scheduling and Phasing
- December 2011 – Start Construction
- July 2012 – Construction Completion

**Project Schedule:**  
See Attached Gantt Chart

ID	Task Name	Duration	Start	Finish
1	Independent Expansion	258 days	Fr 4/26/11	Tue 8/14/12
2	ME	30 days	Tue 5/17/11	Wed 6/25/11
3	NMC Finance Review	9 days	Tue 5/17/11	Thu 5/25/11
4	CAO Reporting CAOS Ofce	5 days	Fr 6/10/11	Thu 6/16/11
5	CAO Meets	1 day	Wed 6/23/11	Wed 6/23/11
6	BC Report into CAO Analyst	5 days	Thu 6/23/11	Tue 6/28/11
7	Budget Committee Meeting	1 day	Wed 6/23/11	Wed 6/23/11
8	Plan Check and Permitting	47 days	Fr 4/28/11	Fr 7/1/11
9	Board Check to CSG	27 days	Fr 4/28/11	Mon 6/6/11
10	Perit Ready for Issue	22 days	Fr 4/28/11	Fr 7/1/11
11	Advertise and Award	115 days	Tue 7/12/11	Mon 10/15/11
12	Submit Board Report to Authorize Bidding	13 days	Wed 7/27/11	Thu 7/27/11
13	Board Meeting	1 day	Fr 7/29/11	Fr 7/29/11
14	Signed Board Order Authorizing Bid	3 days	Mon 7/25/11	Mon 7/25/11
15	Project Call to Bid	29 days	Wed 8/2/11	Tue 8/2/11
16	Bids Due Bid Opening	1 day	Fr 8/5/11	Tue 8/5/11
17	Contract Reviews Bid Documents	7 days	Mon 8/1/11	Thu 8/25/11
18	Submit Board Report to Accept Low Bid	3 days	Wed 8/24/11	Wed 8/24/11
19	Board Meeting	1 day	Wed 8/24/11	Wed 8/24/11
20	Clerk Releases Signed Board Order	7 days	Wed 8/24/11	Mon 8/28/11
21	NMC Issues P.O.	7 days	Fr 8/26/11	Mon 8/28/11
22	Contractor Signs Returns P.O.	5 days	Tue 8/29/11	Mon 9/5/11
23	Construction	163 days	Mon 10/18/11	Wed 7/25/12
24	Notice to Proceed Issued	7 days	Mon 10/25/11	Wed 10/25/11
25	Preconstruction Meeting	1 day	Wed 10/26/11	Wed 10/26/11
26	Contractor Order and Stage Construction Material	3 days	Thu 10/27/11	Mon 10/28/11
27	Demolition and Construction	150 days	Thu 10/27/11	Mon 7/23/12
28	Project Close-out	2 days	Tue 7/23/12	Wed 7/25/12
29	Project Close-out	14 days	Thu 7/26/12	Tue 8/14/12

PROJECT STATUS: Plans into CSG for Back-Check, Solicits Firm needs to review and sign off

Page 1

Project Manager  
Date: 10/22/11



**Budget:**

The total estimated cost for the Outpatient Expansion Tenant Improvement Project, including construction, and 10% contingency, is \$1,628,220. The complete renovation project, including design, equipment, construction, is fully funded and budgeted at \$2,107,737. This action will not require any additional Monterey County General Fund subsidy.

**Funding:**

There will be no impact to the General Fund for this project.

## AGREEMENT

THIS AGREEMENT is made by and between the COUNTY OF MONTEREY, a political subdivision of the State of California, hereinafter called "COUNTY," and AVILA BROTHERS, INC. DBA AVILA CONSTRUCTION COMPANY, hereinafter called "CONTRACTOR." For reference purposes, the date of this Agreement is September 26 2011.

THE COUNTY AND THE CONTRACTOR hereby agree as follows:

### ARTICLE 1. SCOPE OF WORK.

The CONTRACTOR shall, within the time stipulated, perform the contract as herein defined and shall furnish all work, labor, equipment, transportation, material, and services to construct and complete in a good, expeditious, workmanlike, and substantial manner, the project: **Outpatient Expansion 2<sup>nd</sup> Floor - Building 200, 1441 Constitution Blvd., Project No. 8842, Bid No. 10317.**

All work shall be completed in strict conformance with the plans, specifications, and working details prepared by Reel Grobman Associates Architects, and the provisions of the documents listed in Article 6 below, and to the satisfaction of the COUNTY.

### ARTICLE 2. TIME FOR START AND COMPLETION.

CONTRACTOR shall commence the work on the starting date established in the Notice to Proceed and shall complete the bid work within the overall project duration of one hundred and fifty (150) calendar days as it pertains to CONTRACTOR's scope of work as defined by the contract documents. Additionally, CONTRACTOR shall coordinate their work with all other contractors whose work is affected by the scope of work defined in this Agreement. CONTRACTOR expressly agrees to provide appropriate labor, material and equipment in response to adjustments in the Project Schedule made by the Natividad Medical Center, Project Manager or his/her designee during the course of the project in order to maintain the required progress.

### ARTICLE 3. CONTRACT PRICE.

The COUNTY shall pay the CONTRACTOR as full consideration for the performance of the contract, subject to any additions or deductions as provided in the contract documents, the contract sum of One Million Four Hundred Eighty Thousand and Two Hundred Dollars (\$1,480,200.00).

### ARTICLE 4. LIQUIDATED DAMAGES.

THE PARTIES AGREE THAT IN CASE ALL THE WORK CALLED FOR UNDER THE CONTRACT IN ALL PARTS AND REQUIREMENTS IS NOT COMPLETED WITHIN THE TIME SPECIFIED IN THE CONTRACT DOCUMENTS, DAMAGE WILL BE SUSTAINED BY THE COUNTY, AND THAT IT IS AND WILL BE IMPRACTICABLE AND EXTREMELY DIFFICULT TO DETERMINE THE ACTUAL DAMAGE WHICH THE COUNTY WILL THEREBY SUSTAIN. THE PARTIES THEREFORE AGREE THAT THE CONTRACTOR WILL PAY TO THE COUNTY THE SUM SET FORTH IN THE SPECIAL CONDITIONS IF ANY, FOR EACH CALENDAR DAY OF DELAY UNTIL THE WORK IS COMPLETED AND ACCEPTED. CONTRACTOR AND HIS SURETY SHALL BE LIABLE FOR THE TOTAL AMOUNT THEREOF. THE CONTRACTOR AGREES TO PAY SAID LIQUIDATED DAMAGES ESTABLISHED HEREIN, AND FURTHER AGREES THAT THE COUNTY MAY DEDUCT THE AMOUNT THEREOF FROM ANY MONIES

DUE OR THAT MAY BECOME DUE THE CONTRACTOR UNDER THE CONTRACT.

ARTICLE 5. NOTIFICATION OF THIRD-PARTY CLAIMS.

COUNTY shall notify CONTRACTOR of the receipt of any third-party claim relating to the contract and is entitled to recover its reasonable costs incurred in providing the notification as provided in Public Contract Code Section 9201.

ARTICLE 6. COMPONENT PARTS OF THIS CONTRACT.

The contract entered into by this Agreement consists of the following documents, all of which are component parts of the contract as if herein set out in full or attached hereto:

Notice to Contractors Inviting Formal Bids  
Information for Bidders  
Bid, as accepted  
List of Subcontractors  
Noncollusion Affidavit  
Worker's Compensation certificate  
Affidavit Concerning Employment of Undocumented Aliens  
Contractor's Certification of Good-Faith Effort to Hire Monterey Bay Area Residents  
Bid Bond or Bidder's Security  
Agreement  
Performance Bond  
Payment Bond for Public Works  
Insurance Certificate  
General Conditions of Bid 10317 Project Manual  
Special Conditions of Bid 10317 Project Manual  
Specifications & Plans  
Working Details  
Project Addenda Nos. 1, 2, 3, 4, 5, as issued.

All of the above-named contract documents are intended to be complementary. Work required by one of the above-named contract documents and not by others shall be done as if required by all.

IN WITNESS WHEREOF, the parties have duly executed four (4) identical counterparts of this instrument, each of which shall be for all purposes deemed an original thereof, on the dates set forth below.

**CONTRACTOR:**

AVILA BROS. INC DBA AVILA CONSTRUCTION COMPANY

(Name of Company)

By:

Signature of Chair, President, or Vice-President

STEVE AVILA, PRESIDENT

Printed Name and Title

Date:

October 21, 2011

By:

Signature of Secretary, Asst. Secretary, CFO,  
Treasurer or Asst. Treasurer\*

MICHAEL J. AVILA, CFO

Printed Name and Title

Date:

October 21, 2011

**COUNTY OF MONTEREY:**

By:

Name: Harry Weis

Title: Natividad Medical Center CEO

Dated:

10/26/11

By:

Name: Gary Giboney

Title: Chief Deputy Auditor-Controller

Date:

11/2/11

APPROVE AS TO FORM

By:

Name:

Title: NMC Purchasing Manager

Date:

11-29-11

APPROVE AS TO FORM & LEGALITY

By:

Name: Stacy Saetta

Title: Deputy County Counsel

Date:

10-31-11

**\*INSTRUCTIONS:** If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers. If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this AGREEMENT on behalf of the partnership. If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any, and shall personally sign the AGREEMENT.



# CERTIFICATE OF LIABILITY INSURANCE

DATE(MM/DD/YYYY)  
10/01/2011

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Aon Risk Insurance Services West, Inc. San Jose CA Office 225 W. Santa Clara St. Suite 1150 San Jose CA 95113 USA	<b>CONTACT NAME:</b> PHONE (A/C, No., Ext): (866) 283-7122      FAX (A/C, No.): (847) 953-5390		
	<b>E-MAIL ADDRESS:</b>		
<b>INSURED</b> Avila Brothers, Inc. dba: Avila Construction company 12 Thomas Owens way, Suite 200 Monterey CA 939409056 USA	<b>INSURER(S) AFFORDING COVERAGE</b>		<b>NAIC #</b>
	<b>INSURER A:</b> Everest National Insurance Co		10120
	<b>INSURER B:</b> Starr Indemnity & Liability Company		38318
	<b>INSURER C:</b> Transportation Insurance Co.		20494
	<b>INSURER D:</b> National Fire Ins. Co. of Hartford		20478
	<b>INSURER E:</b>		

**COVERAGES**      **CERTIFICATE NUMBER:** 570044066936      **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.      *Limits shown are as requested*

INSR LTR	TYPE OF INSURANCE	ADDITIONAL INSURER	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
D	<b>GENERAL LIABILITY</b> <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOG		C4019892447	09/01/2011	09/01/2012	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000
G	<b>AUTOMOBILE LIABILITY</b> <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS		C4012833232	09/01/2011	09/01/2012	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)
B	<b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB      CLAIMS-MADE DED      RETENTION		S15CCCL01580511	09/01/2011	09/01/2012	EACH OCCURRENCE \$3,000,000 AGGREGATE \$3,000,000
A	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR / PARTNER / EXECUTIVE OFFICER/ MEMBER EXCLUDED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N If yes, describe under DESCRIPTION OF OPERATIONS below		7600000680111	01/01/2011	01/01/2012	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE-BA EMPLOYER \$1,000,000 E.L. DISEASE-POLICY LIMIT \$1,000,000

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (Attach ACORD 101, Additional Remarks Schedule, if more space is required)  
 re: outpatient expansion - building 200. City of Monterey, its officers, agents and employees are included as Additional Insured as required by written contract, but limited to the operations of the insured under said contract, per the applicable endorsement with respect to the general liability and automobile liability policies. general liability policy evidenced herein is Primary and Non-Contributory to other insurance available to the Additional Insureds, but only to the extent required by written contract with the insured

<b>CERTIFICATE HOLDER</b>  City of Monterey 1441 Constitution Blvd. Salinas CA 93906 USA	<b>CANCELLATION</b>  SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE  <i>Aon Risk Insurance Services West, Inc</i>
--	--

 Holder Identifier : 12  
  
Certificate No : 570044066936

CNA

G-140331-B

Policy Number: C4019892447

(Ed. 01/09)

**POLICY THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**BLANKET ADDITIONAL INSURED – OWNERS, LESSEES OR CONTRACTORS**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**SCHEDULE (OPTIONAL)**

<b>Name of Additional Insured Person(s) Or Organizations</b>
(As required by written contract/agreement per Paragraph A. below.)

<b>Location(s) of Covered Operations</b>
As per the written contract/agreement, provided the location is within the "coverage territory" of this Coverage Part.)
<b>(Coverage under this endorsement is not affected by an entry or lack of entry in the Schedule above.)</b>

**A. Section II - Who Is An Insured** is amended to include as an additional insured any person(s) or organization(s), including any person or organization shown in the Schedule above, whom you are required to add as an additional insured on this Coverage Part under a written contract or written agreement, provided:

- a. The written contract or written agreement was executed prior to:
    1. The "bodily injury" or "property damage"; or
    2. The offense that caused the "personal and advertising injury" for which the additional insured seeks coverage under this Coverage Part; and
  - b. The written contract or written agreement pertains to your ongoing operations or "your work" for the additional insured(s).
- B.** The insurance provided to the additional insured is limited as follows:
1. The person or organization is an additional insured only with respect to liability for "bodily injury," "property damage," or "personal and advertising injury" caused in whole or in part by:
    - a. Your acts or omissions; or
    - b. The acts or omissions of those acting on your behalf in the performance of your ongoing operations for the additional insured(s) or
    - c. "Your work" that is included in the "products-completed operations hazard" and performed for the additional insured, but only if this Coverage Part provides such coverage, and only if the written contract or written agreement requires you to provide the additional insured such coverage.
  2. However, we will not provide the additional insured any broader coverage or any higher limit of insurance than the least of those:
    - a. Required by the written contract or written agreement;

- b. Described in B.1. above; or
  - c. Afforded to you under this policy.
3. This insurance is excess of all other insurance available to the additional insured, whether primary, excess, contingent or on any other basis, unless the written contract or agreement requires this insurance to be primary. In that event, this insurance will be primary relative to insurance which covers the additional insured as a named insured. We will not require contribution from such insurance if the written contract or written agreement also requires that this insurance be non-contributory. But with respect to all other insurance under which the additional insured qualifies as an insured or additional insured, this insurance will be excess.
4. The insurance provided to the additional insured terminates when your operations for the additional insured are complete. But if the written contract or written agreement specifies a date until which this insurance must apply, then this insurance terminates:
- a. On the date specified in the written contract or written agreement; or
  - b. When this policy expires or is cancelled, whichever occurs first.
- C. With respect to the insurance afforded to the additional insured, the following additional exclusions apply.

This insurance does not apply to:

- 1. "Bodily injury," "property damage," or "personal and advertising injury" arising out of the rendering of, or the failure to render, any professional architectural, engineering, or surveying services, including:
    - a. The preparing, approving, or failing to prepare or approve maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; and
    - b. Supervisory, inspection, architectural or engineering activities.
  - 2. "Bodily injury," "property damage," or "personal and advertising injury" arising out of any premises or work for which the additional insured is specifically listed as an additional insured on another endorsement attached to this Coverage Part.
- D. SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended as follows:
1. The **Duties in The Event of Occurrence, Offense, Claim or Suit** condition is amended to add the following additional conditions applicable to the additional insured:
- An additional insured under this endorsement will as soon as practicable:
- (1) Give us written notice of an "occurrence" or an offense which may result in a claim or "suit" under this insurance, and of any claim or "suit" that does result;
  - (2) Tender the defense and indemnity of any claim or "suit" to any other insurer or self insurer whose policy or program applies to a loss we cover under this Coverage Part;
  - (3) Except as provided in Paragraph B.3 of this endorsement, agree to make available any other insurance the additional insured has for a loss we cover under this Coverage Part; and
  - (4) Send us copies of all legal papers received, and otherwise cooperate with us in the investigation, defense, or settlement of the claim or "suit."
- We have no duty to defend or indemnify an additional insured under this endorsement until we receive from the additional insured written notice of a claim or "suit."

2. With respect only to the insurance provided by this endorsement, the first sentence of Paragraph 4.a. of the Other Insurance Condition is deleted and replaced with the following:

4. **Other Insurance**

- a. **Primary Insurance**

- This insurance is primary and non-contributory except when rendered excess by this endorsement, or when Paragraph b. below applies.

- E. The provisions of the written contract or written agreement do not in any way broaden or amend this Coverage Part.

G-140331-B

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POLICY NUMBER: C4012833232

COMMERCIAL AUTO  
CA 20 48 02 99

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY .

## DESIGNATED INSURED

This endorsement modifies Insurance provided under the following:

BUSINESS AUTO COVERAGE FORM  
GARAGE COVERAGE FORM  
MOTOR CARRIER COVERAGE FORM  
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by this endorsement.

This endorsement identifies person(s) or organization(s) who are "insureds" under the Who Is An Insured provision of the Coverage Form. This endorsement does not alter coverage provided in the Coverage Form.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement Effective: 9/1/11

## SCHEDULE

Name of Person(s) or Organization(s):

Blanket where required by written contract.

(if no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to the endorsement.)

Each person or organization shown in the Schedule is an "insured" for Liability Coverage, but only to the extent that person or organization qualifies as an "insured" under the Who Is An Insured Provision contained in Section II of the Coverage Form.



# EVIDENCE OF PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
10/06/2011

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE OF PROPERTY INSURANCE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

AGENCY AON RISK INSURANCE SERVICES WEST, INC. 225 W SANTA CLARA ST STE 1160 SAN JOSE, CA 95113-1748	PHONE (A/C, No, Ext): 408-288-8000	COMPANY American Zurich Insurance Company
FAX (A/C, No): 408-289-9021	E-MAIL ADDRESS: charlene.reynolds@aon.com	
CODE: 12708040	SUB CODE:	
AGENCY CUSTOMER ID #:		
INSURED Avila Brothers Inc. dba Avila Construction Company 12 Tomas Owens Way Suite 200 Monterey, CA 93940	LOAN NUMBER	POLICY NUMBER BR70613056
	EFFECTIVE DATE 10/05/2011	EXPIRATION DATE 04/05/2012
	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:		

### PROPERTY INFORMATION

LOCATION/DESCRIPTION 1440 Constitution Blvd. Building 200 Salinas, CA 93906
---

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

### COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Builders Risk Coverage Form		\$1,000
Renovations and Improvements	\$1,499,000	
All Covered Property at all Locations	\$1,499,000	

### REMARKS (Including Special Conditions)

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### CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE ADDITIONAL INTEREST NAMED BELOW, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

### ADDITIONAL INTEREST

NAME AND ADDRESS Natividad Medical Center 1441 Constitution Blvd Salinas, CA 93906	<input type="checkbox"/> MORTGAGEE	<input checked="" type="checkbox"/> ADDITIONAL INSURED
	<input type="checkbox"/> LOSS PAYEE	
	LOAN #	
AUTHORIZED REPRESENTATIVE		



ZURICH®

## Important Notice – In Witness Clause

In return for the payment of premium, and subject to the terms of this policy, coverage is provided as stated in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents and, where required by law, has caused this policy to be countersigned by its duly Authorized Representative(s).

*Nancy D. Mueller*

President

*Donna J. K... ..*

Corporate Secretary

**QUESTIONS ABOUT YOUR INSURANCE?** Your agent or broker is best equipped to provide information about your insurance. Should you require additional information or assistance in resolving a complaint, call or write to the following (please have your policy or claim number ready):

Zurich in North America  
Customer Inquiry Center  
1400 American Lane  
Schaumburg, Illinois 60196-1056  
1-800-382-2150 (Business Hours: 8am - 4pm [CT])  
Email: [info.source@zurichna.com](mailto:info.source@zurichna.com)

- b. If the policy has been extended for 90 days or less, provided that notice has been given in accordance with Paragraph C.1.
- c. If you have obtained replacement coverage, or if the first Named Insured has agreed, in writing, within 60 days of the termination of the policy, to obtain that coverage.
- d. If the policy is for a period of no more than 60 days and you are notified at the time of issuance that it will not be renewed.
- e. If the first Named Insured requests a change in the terms or conditions or risks covered by the policy within 60 days of the end of the policy period.
- f. If we have made a written offer to the first Named Insured, in accordance with the timeframes shown in Paragraph C.1., to renew the policy under changed terms or conditions or at an increased premium rate, when the increase exceeds 25%.

- C. The following is added and supersedes any provisions to the contrary:

**NONRENEWAL**

1. Subject to the provisions of Paragraphs C.2. and C.3. below, if we elect not to renew this policy, we will mail or deliver written notice stating the reason for nonrenewal to the first Named Insured shown in the Declarations and to the producer of record, at least 60 days, but not more than 120 days, before the expiration or anniversary date.

We will mail or deliver our notice to the first Named Insured, and to the producer of record, at the mailing address shown in the policy.

**2. Residential Property**

This provision applies to coverage on real property used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household property contained in a residential unit, if such coverage is written under one of the following:

Capital Assets Program (Output Policy) Coverage Part

Commercial Property Coverage Part

Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form

- a. We may elect not to renew such coverage for any reason, except as provided in b., c. and d. below:
- b. We will not refuse to renew such coverage solely because the first Named Insured has accepted an offer of earthquake coverage.

However, the following applies only to insurers who are associate participating insurers as established by Cal. Ins. Code Section 10089.16. We may elect not to renew such coverage after the first Named Insured has accepted an offer of earthquake coverage, if one or more of the following reasons applies:

- (1) The nonrenewal is based on sound underwriting principles that relate to the coverages provided by this policy and that are consistent with the approved rating plan and related documents filed with the Department of Insurance as required by existing law;

- (2) The Commissioner of Insurance finds that the exposure to potential losses will threaten our solvency or place us in a hazardous condition. A hazardous condition includes, but is not limited to, a condition in which we make claims payments for losses resulting from an earthquake that occurred within the preceding two years and that required a reduction in policyholder surplus of at least 25% for payment of those claims; or

- (3) We have:

(a) Lost or experienced a substantial reduction in the availability or scope of reinsurance coverage; or

(b) Experienced a substantial increase in the premium charged for reinsurance coverage of our residential property insurance policies; and

the Commissioner has approved a plan for the nonrenewals that is fair and equitable, and that is responsive to the changes in our reinsurance position.

- c. We will not refuse to renew such coverage solely because the first Named Insured has cancelled or did not renew a policy, issued by the California Earthquake Authority that included an earthquake policy premium surcharge.

- d. We will not refuse to renew such coverage solely because corrosive soil conditions exist on the premises. This Restriction (d.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:

(1) Capital Assets Program Coverage Form (Output Policy);

(2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or

(3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

3. We are not required to send notice of nonrenewal in the following situations:

- a. If the transfer or renewal of a policy, without any changes in terms, conditions, or rates, is between us and a member of our insurance group.

- (4) Discovery of willful or grossly negligent acts or omissions, or of any violations of state laws or regulations establishing safety standards, by you or your representative, which materially increase any of the risks insured against.
- (5) Failure by you or your representative to implement reasonable loss control requirements, agreed to by you as a condition of policy issuance, or which were conditions precedent to our use of a particular rate or rating plan, if that failure materially increases any of the risks insured against.
- (6) A determination by the Commissioner of Insurance that the:
- (a) Loss of, or changes in, our reinsurance covering all or part of the risk would threaten our financial integrity or solvency; or
  - (b) Continuation of the policy coverage would:
    - (i) Place us in violation of California law or the laws of the state where we are domiciled; or
    - (ii) Threaten our solvency.
- (7) A change by you or your representative in the activities or property of the commercial or industrial enterprise, which results in a materially added, increased or changed risk, unless the added, increased or changed risk is included in the policy.
- b. We will mail or deliver advance written notice of cancellation, stating the reason for cancellation, to the first Named Insured, at the mailing address shown in the policy, and to the producer of record, at least:
- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium or discovery of fraud; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason listed in Paragraph 3.a.
- B. The following provision is added to the **Cancellation Common Policy Condition**:
- 7. Residential Property**
- This provision applies to coverage on real property which is used predominantly for residential purposes and consisting of not more than four dwelling units, and to coverage on tenants' household personal property in a residential unit, if such coverage is written under one of the following:
- Commercial Property Coverage Part**  
**Farm Coverage Part – Farm Property – Farm Dwellings, Appurtenant Structures And Household Personal Property Coverage Form**
- a. If such coverage has been in effect for 60 days or less, and is not a renewal of coverage we previously issued, we may cancel this coverage for any reason, except as provided in b. and c. below.
  - b. We may not cancel this policy solely because the first Named Insured has:
    - (1) Accepted an offer of earthquake coverage; or
    - (2) Cancelled or did not renew a policy issued by the California Earthquake Authority (CEA) that included an earthquake policy premium surcharge.

However, we shall cancel this policy if the first Named Insured has accepted a new or renewal policy issued by the CEA that includes an earthquake policy premium surcharge but fails to pay the earthquake policy premium surcharge authorized by the CEA.
  - c. We may not cancel such coverage solely because corrosive soil conditions exist on the premises. This Restriction (c.) applies only if coverage is subject to one of the following, which exclude loss or damage caused by or resulting from corrosive soil conditions:
    - (1) Capital Assets Program Coverage Form (Output Policy);
    - (2) Commercial Property Coverage Part – Causes Of Loss – Special Form; or
    - (3) Farm Coverage Part – Causes Of Loss Form – Farm Property, Paragraph D. Covered Causes Of Loss – Special.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – CANCELLATION AND NONRENEWAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL AUTOMOBILE COVERAGE PART  
 COMMERCIAL GENERAL LIABILITY COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 CRIME AND FIDELITY COVERAGE PART  
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART  
 LIQUOR LIABILITY COVERAGE PART  
 MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
 POLLUTION LIABILITY COVERAGE PART  
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

**A. Paragraphs 2. and 3. of the Cancellation Common Policy Condition are replaced by the following:**

**2. All Policies in Effect For 60 Days Or Less**

If this policy has been in effect for 60 days or less, and is not a renewal of a policy we have previously issued, we may cancel this policy by mailing or delivering to the first Named Insured at the mailing address shown in the policy and to the producer of record, advance written notice of cancellation, stating the reason for cancellation, at least:

- a. 10 days before the effective date of cancellation if we cancel for:
  - (1) Nonpayment of premium; or
  - (2) Discovery of fraud by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
- b. 30 days before the effective date of cancellation if we cancel for any other reason.

**3. All Policies in Effect For More Than 60 Days**

- a. If this policy has been in effect for more than 60 days, or is a renewal of a policy we issued, we may cancel this policy only upon the occurrence, after the effective date of the policy, of one or more of the following:
  - (1) Nonpayment of premium, including payment due on a prior policy we issued and due during the current policy term covering the same risks.
  - (2) Discovery of fraud or material misrepresentation by:
    - (a) Any insured or his or her representative in obtaining this insurance; or
    - (b) You or your representative in pursuing a claim under this policy.
  - (3) A judgment by a court or an administrative tribunal that you have violated a California or Federal law, having as one of its necessary elements an act which materially increases any of the risks insured against.

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

if there is an appraisal, we will still retain our right to deny the claim.



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES**

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 EQUIPMENT BREAKDOWN COVERAGE PART  
 FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL COVERAGES, CONDITIONS, DEFINITIONS  
 FARM COVERAGE PART – LIVESTOCK COVERAGE FORM  
 FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM  
 STANDARD PROPERTY POLICY

**A.** When this endorsement is attached to the Standard Property Policy **CP 00 99** the term Coverage Part in this endorsement is replaced by the term Policy.

**B.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by fire:

We do not provide coverage to the Insured ("insured") who, whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. That Insured's ("Insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

**C.** The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following with respect to loss ("loss") or damage caused by a Covered Cause of Loss other than fire:

This Coverage Part is void if any insured ("insured"), whether before or after a loss ("loss"), has committed fraud or intentionally concealed or misrepresented any material fact or circumstance concerning:

1. This Coverage Part;
2. The Covered Property;
3. An insured's ("insured's") interest in the Covered Property; or
4. A claim under this Coverage Part or Coverage Form.

**D.** Except as provided in E., the **Appraisal** Condition is replaced by the following:

If we and you disagree on the value of the property or the amount of loss ("loss"), either may

make written request for an appraisal of the loss ("loss"). If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss ("loss"). If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

**E.** The **Appraisal** Condition in:

1. Business Income (And Extra Expense) Coverage Form **CP 00 30**; and
2. Business Income (Without Extra Expense) Coverage Form **CP 00 32**;

is replaced by the following:

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written request for an appraisal of the loss. If the request is accepted, each party will select a competent and impartial appraiser. Each party shall notify the other of the appraiser selected within 20 days of the request. The two appraisers will select an umpire. If they cannot agree within 15 days, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALIFORNIA CHANGES – ACTUAL CASH VALUE**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
 COMMERCIAL INLAND MARINE COVERAGE PART  
 COMMERCIAL PROPERTY COVERAGE PART  
 FARM COVERAGE PART  
 STANDARD PROPERTY POLICY

With respect to an "open policy", the following are added to any provision which uses the term actual cash value:

- A. In the event of a total loss to a building or structure, actual cash value is calculated as the lesser of the following:
  1. The Limit of Insurance applicable to that building or structure; or
  2. The fair market value of the building or structure.
- B. In the event of a partial loss to a building or structure, actual cash value is calculated as the lesser of the following:
  1. The amount it would cost to repair, rebuild or replace the property less a fair and reasonable deduction for physical depreciation of the components of the building or structure that are normally subject to repair or replacement during its useful life. Physical depreciation is based upon the condition of the property at the time of the loss; or
  2. The Limit of Insurance applicable to the property.
- C. In the event of a partial or total loss to Covered Property other than a building or structure, actual cash value is calculated as the lesser of the following:
  1. The amount it would cost to repair or replace the property less a fair and reasonable deduction for physical depreciation, based on the condition of the property at the time of loss; or
  2. The Limit of Insurance applicable to the property.
- D. An "open policy" is a policy under which the value of Covered Property is not fixed at policy inception, but is determined at the time of loss in accordance with policy provisions on valuation. The term "open policy" does not apply to Covered Property that is subject to an Agreed Value clause or similar clause that establishes an agreed value prior to loss, unless such clause has expired.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **CALCULATION OF PREMIUM**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART  
COMMERCIAL AUTOMOBILE COVERAGE PART  
COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

## Changes In Valuation Condition



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the:

**BUILDERS RISK COVERAGE FORM**

The **Valuation** General Condition in Commercial Inland Marine Conditions is replaced by the following:

**Valuation**

In the event of loss or damage, the value of the property will be determined as of the time of the loss or damage.

1. The value of the property will not be more than the amount necessary to replace the structure or repair the structure, whichever is less, to the same point of completion that had been achieved immediately before the loss or damage.
2. If the loss or damage involves building materials which have not been installed, the value of the property will not be more than the amount necessary to replace the materials with like kind and quality.

All other terms, conditions, provisions and exclusions of the policy remain the same.

## Changes In Cancellation Condition



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the:

**BUILDERS RISK COVERAGE FORM**

Paragraph 5. in the Cancellation Common Policy Condition is replaced by the following:

5. The premium for this coverage is fully earned and no refund is due when the policy is cancelled.

All other terms, conditions, provisions and exclusions of the policy remain the same.

$$\$60,000 - \$1,000 = \$59,000$$

Total amount of loss payable = \$59,000

Example No. 2

(This example assumes there is a penalty for underinsurance.)

Deductible	\$1,000
Limit of Insurance	\$100,000
"Total Completed Estimated Value"	\$120,000
Amount of loss	\$60,000

a. Limit of Insurance/Total Estimated Completed Value

$$\$100,000/\$120,000 = .833$$

b. Amount of loss x percentage in A

$$\$60,000 \times .833 = \$49,980$$

c. Deductible amount subtracted from results in B

$$\$49,980 - \$1,000 = \$48,980$$

Total amount of loss payable = \$48,980

All other terms, conditions, provisions and exclusions of the policy remain the same.

# Non-Reporting Endorsement



**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies insurance provided under the:

## **BUILDERS RISK COVERAGE FORM**

Section E. **ADDITIONAL CONDITIONS** is amended as follows:

1. Paragraph e. of Additional Condition 3. **When Coverage Begins And Ends** is replaced by the following:
  - e. Upon expiration of the policy.
2. Additional Condition 4. **Reporting Provisions** is replaced by the following:
  4. **Reporting Provisions**
    - a. The premium charged is fully earned and no refund is due to you when coverage ends.
    - b. You will keep accurate construction records regarding property we cover under this policy. This includes the "total estimated completed value" of the property and a record of all contracts of sale dealing with the property.
3. Additional Condition 7. **Coinsurance** is replaced by the following:

### **7. Coinsurance**

If the limit of insurance is less than the "total estimated completed value" of the property insured, you will bear a portion of any loss. The amount we will pay is determined by the following steps:

- a. Divide the limit of insurance by the "total estimated completed value" of the Covered Property;
- b. Multiply the total amount of the covered loss, before the application of any deductible, by the percentage determined in paragraph a.;
- c. Subtract the deductible from the figure determined in paragraph b.

Example No 1.

(This example assumes there is no penalty for underinsurance.)

Deductible	\$1,000
Reported value	\$100,000
"Total Completed Estimated Value"	\$100,000
Amount of loss or damage	\$60,000

- a. Limit of Insurance/Total Estimated Completed Value  
 $\$100,000/\$100,000 = 1.00$
- b. Amount of loss x percentage in A  
 $\$60,000 \times 1.00 = \$60,000$
- c. Deductible amount subtracted from results in B

- b. Converted data;
  - c. Programs or instructions used in your data processing operation, including the materials on which the data is recorded.
13. "Water damage" means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of any part of a system or appliance (other than a sump system including its related equipment and parts) containing water or steam.



b. Amount of loss or damage multiplied by percentage in paragraph a.

$$\$60,000 \times .833 = \$49,980$$

c. Deductible amount subtracted from result of paragraph b.

$$\$49,980 - \$1,000 = \$48,980$$

#### 8. Liberalization Clause

If we adopt any revision which would broaden the coverage under this Coverage Form without additional premium within 60 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

#### 9. Interest Of Subcontractors, Sub-Subcontractors, Suppliers

We cover the interest which your subcontractors, your sub-subcontractors and your suppliers have in the Covered Property, but only while such property is situated at a construction site you have reported to us. This condition does not impair any right of subrogation we would otherwise have.

#### 10. Unintentional Failure To Disclose Hazards

Your failure to disclose all hazards existing as of the inception date of the policy shall not affect the coverage afforded by this policy, provided such failure to disclose all hazards is not intentional and the hazard is reported to us as soon as practicable after you learn about it.

### F. DEFINITIONS

1. "Commercial structure" means any structure other than a one to four family dwelling.
2. "Electrical testing" means the testing of systems that are operated by electricity, excluding service equipment and service conductors, electrical systems greater than 600 volts nominal and electrical systems that are greater than single phase.
3. "Existing inventory" means buildings or structures in the course of construction that are more than 30% complete prior to the inception date of this policy.
4. "Hydrostatic testing" means testing through the use of water or other fluids, which are processed through the machinery or system being tested.
5. "Mechanical testing" means testing of moving parts of equipment and components, which are part of the buildings or structures insured, by operation of such equipment or components.
6. "Model home leaseback" means a dwelling purchased from the Insured and is then leased back to the Insured, by the purchaser, to be used by the Insured as a model home until the purchaser occupies the dwelling as a residence.
7. "Overhead" means those business expenses, other than materials and labor, incurred either directly or indirectly due to the construction of a dwelling or structure.
8. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
9. "Pneumatic testing" means testing through the use of compressed air or other gas to fill test cavities which is processed through the machinery or system being tested.
10. "Profit" means the difference between the selling price of the land and completed structure and your cost of the land and the completed structure. If you do not have a signed contract for the sale of the completed structure and land, the allowance for "profit" will not exceed 20%.
11. "Total estimated completed value" means all costs associated with the building and designing of the Covered Property including labor, "overhead" and materials and if included, "profit".
12. "Valuable papers and records" means inscribed, printed or written documents, manuscripts or records, including abstracts, books, deeds, drawings, films, maps or mortgages. However, "valuable papers and records" does not mean:
  - a. Money or securities;

At our option, we may pay to the mortgage holder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgage holder at least:
  - (1) 10 days before the effective date of cancellation if we cancel for non-payment of premium; or
  - (2) 30 days before the effective date of cancellation if we cancel for any other reason.
- g. We will not notify the mortgage holder if:
  - (1) You cancel this policy, or
  - (2) Coverage ends for any reason other than if we cancel the policy.

#### 6. Waiver Of Coinsurance

If there is loss or damage to Covered Property and the cost to repair or replace such property is less than or equal to \$25,000, we will adjust the loss or damage without regard to the **Coinsurance** Additional Condition.

#### 7. Coinsurance

If the reported value is less than the "total estimated completed value", you will bear a portion of any loss or damage. The amount we will pay is determined by the following steps:

- a. Divide the reported value by the "total estimated completed value" of the Covered Property;
- b. Multiply the total amount of the covered loss or damage before the application of any deductible by the percentage determined in paragraph a.;
- c. Subtract the deductible from the figure determined in paragraph b.

##### Example No. 1

(This example assumes there is no penalty for underinsurance.)

Deductible	\$1,000
Reported Value	\$100,000
"Total Completed Estimated Value"	\$100,000
Amount of loss or damage	\$60,000

- a. Reported value divided by "total estimated completed value"  
 $\$100,000 / \$100,000 = 1.00$
- b. Amount of loss or damage multiplied by percentage in paragraph a.  
 $\$60,000 \times 1.00 = \$60,000$
- c. Deductible amount subtracted from result of paragraph b.  
 $\$60,000 - \$1,000 = \$59,000$

##### Example No. 2

(This example assumes there is a penalty for underinsurance)

Deductible	\$1,000
Reported Value	\$100,000
"Total estimated completed value"	\$120,000
Amount of loss or damage	\$60,000

- a. Reported value divided by "total estimated completed value"  
 $\$100,000 / \$120,000 = .833$

covered. We must receive your report and the accompanying premium payments at the address designated in our form by the last business day of the month in which the report is due, or the report is late.

- c. If a report is received late, coverage begins on the day the report is received, and there is no coverage for any loss or damage that occurred before that report was received. Our acceptance of a report of values and premium payment does not waive or change any part of this policy nor stop us from asserting any right we have under the terms of this policy.
- d. The premium charged is fully earned and no refund is due you when coverage ends.
- e. A dwelling being used as a Model Home must be reported and should be identified as a Model Home.
- f. You will keep accurate construction records regarding property we cover under this policy. This includes the "total estimated completed value" of the Covered Property and a record of all contracts of sale dealing with the Covered Property.
- g. If at the end of 12 months from the time you first reported a start to us, you still have that location in your inventory, you may report that location to us a second time. If at the end of the second 12 months from the time you first reported a start to us and you still have that location in your inventory, you may report that location to us a third time.

Coverage for existing buildings or structures that are being or have been remodeled:

If at the end of 12 months from the time you first reported a start to us, you still have that location in your inventory, you may report that location to us a second time. There is no option to report a third time (year).

- h. Cancellation of this policy will not affect the insurance in force on any location which you have reported to us or on any location which started before the effective date of the cancellation notice if that location is reported on the report due and premium payment is made. However, you cannot report any location currently in your inventory a second time after the effective date of cancellation.

However, coverage may be canceled on any location if notice is given in writing in accordance with the cancellation provision in the Common Policy Conditions, or state amendatory endorsements.

#### **5. Mortgage Holders Clause**

- a. The term mortgage holder includes trustees.
- b. We will pay for covered loss or damage to Covered Property to each mortgage holder shown on a Certificate of Insurance issued by the current Agent of Record.
- c. The mortgage holder has the right to receive payment for loss or damage even if the mortgage holder has started foreclosure or similar action on the Covered Property.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgage holder will still have the right to receive payment for loss or damage to Covered Property if the mortgage holder:

- (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so;
- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgage holder.

All of the terms of this Coverage Part will then apply directly to the mortgage holder.

- e. If we pay the mortgage holder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
- (1) The mortgage holder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
  - (2) The mortgage holder's rights to recover the full amount of the mortgage holder's claim will not be impaired.

- c. In transit except imports or exports while ocean marine coverage applies.

### 3. When Coverage Begins And Ends

We will cover risk of loss or damage from the time when you are legally responsible for the Covered Property on or after the effective date of this policy if all other conditions are met. Coverage will end at the earliest of the following:

- a. Once your interest in the Covered Property ceases;
- b. Ninety days after initial occupancy of the Covered Property unless:
  - (1) That building is being used as a model home;
  - (2) That building is being remodeled and is a single family dwelling; or
  - (3) That building is being used as a "model home leaseback".
- c. When the Covered Property is leased to or rented to others:
  - (1) For a single family dwelling, when the building is leased or rented to others;
  - (2) For a two, three or four family dwelling, when 50% or more of the units in the structure are leased to or rented to others; or
  - (3) For a "commercial structure", when 75% or more of the square footage space is leased to or rented to others.

This does not apply to pre-leases established prior to construction.

- d. When you abandon the reported location with no intention to complete it;
- e. At the end of 12 months from the month when you first reported the location to us unless you report the location again and pay an additional premium. If the location is reported again and the additional premium is paid, coverage will end at the end of 12 months from the month when you re-reported the location to us as described in the Reporting Provisions Additional Condition. You have the option to report the same location a third time at the end of the second 12 month period, provided the required additional premium is paid. Coverage for this third 12 month term will end at the end of 12 months from the month you re-reported the location for a third term;

Coverage for existing buildings or structures that are being or have been remodeled;

At the end of 12 months from the month when you first reported the location to us unless you report the location again and pay an additional premium. If the location is reported again and the additional premium is paid, coverage will end at the end of 12 months from the month when you re-reported the location to us as described in the reporting provision below. There is no option to report a third year.

- f. When permanent property insurance applies; or
- g. Once the Covered Property is accepted by the owner or buyer.

### 4. Reporting Provisions

- a. Each month you must report to us the "total estimated completed values" of all Covered Property for each location started during the previous month. This report must be made on the form we provide.

For the purpose of these reports, a location is started when you first put any building materials (including the foundation) on the construction site.

If your policy is endorsed to provide coverage for existing structures that you are renovating or adding onto and for which you seek coverage, a location is started on the earlier of the following:

- (1) When you first put any building materials, which includes any new, altered or expanded foundation, on the site; or
  - (2) When you acquire title to the existing structure.
- b. You must pay premiums based on the "total estimated completed value" of the Covered Property using the rate we furnish. You must send your premium payment with the report for the reported locations to be

- h. Rain, snow, sleet, sand or dust if Covered Property is in the open. This does not apply to Covered Property in the custody of a carrier for hire.
  - i. Artificially generated electrical current; mechanical breakdown; rupturing or bursting caused by centrifugal force.
  - j. Testing, start-up, commissioning, examination or trial of Covered Property such as boilers, ovens, stoves, turbines, pumps, process equipment or equipment of a similar nature to prove their ability or function. This includes any form of testing making use of feedstock, including operational tests, performance tests, or other tests performed in conjunction with such testing. This exclusion does not apply to "electrical testing", "mechanical testing", "pneumatic testing" or "hydrostatic testing" used in the start-up and testing of building systems that are intended to service a building.
3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the resulting loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions which contribute in any way to a cause or event excluded in paragraph 1. above to produce the loss or damage.
  - b. Acts or decisions, including the failure to act or decide, of any person, group, or organization representing a governmental, regulatory or controlling body.
  - c. Faulty, inadequate or defective:
    - (1) Planning, zoning, development, surveying, siting;
    - (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
    - (3) Materials used in repair, construction, renovation or remodeling; or
    - (4) Maintenanceof all or part of any Covered Property wherever located.
  - d. The discharge, dispersal, seepage, migration, release or escape of "pollutants", except as provided under **Pollutant Clean-Up And Removal Additional Coverage**.

### C. LIMITS OF INSURANCE

The most we will pay for loss or damage to any one building or structure is the lesser of the Limit of Insurance shown in the Declarations for that one building or structure or the "total estimated completed value" that was reported to us for that one building or structure. The most we will pay for loss or damage in any one occurrence is the limit shown in the Declarations for all Covered Property at all locations.

### D. DEDUCTIBLE

We will not pay for loss or damage until the amount of covered loss or damage exceeds the Deductible shown in the Declarations. We will then pay the amount of the covered loss or damage which exceeds the Deductible, up to the applicable Limit of Insurance.

### E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and the Commercial Inland Marine Conditions:

#### 1. Coverage Territory

The coverage territory is United States of America (including its territories and possessions) and Canada.

#### 2. Where Coverage Applies

This coverage applies to Covered Property while within the coverage territory while:

- a. At any construction site you have reported;
- b. Temporarily at other premises, if the property has been designated to be installed at a location you have reported to us; or

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water or their spray, all whether driven by wind or not;
- (2) The interior of any building or structure caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
  - (a) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
  - (b) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- (3) Mudslide or mudflow;
- (4) Water that backs up or overflows from a sewer, drain or sump, except as provided in the **Back-Up Or Overflow Of Sewers, Drains Or Sumps Additional Coverage**;
- (5) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings.

But if water, as described in e.(1) through e.(5) above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

2. We will not pay for a loss or damage caused by or resulting from any of the following:
  - a. Delay, loss of use, or loss of market. This does not include "profit" if reported in compliance with the **Reporting Provisions Additional Condition**;
  - b. Dishonest or criminal acts by you, any of your partners, employees or leased employees, directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose.

This exclusion applies:

- (1) While acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees or leased employees; but theft by employees or leased employees is not covered.

This exclusion does not apply to Covered Property while it is entrusted to others who are carriers for hire.

- c. Unexplained or mysterious disappearance except for property in custody of a carrier for hire.
- d. Shortage of property found on taking inventory.
- e. Penalties for noncompliance with contract conditions.
- f. Collapse, except as provided in the **Collapse Additional Coverage**.
- g. (1) Wear and tear;
- (2) Any quality in the property itself that causes it to damage or destroy itself; or that causes gradual deterioration;
- (3) Insects, vermin, rodents;
- (4) Corrosion, rust, fungus, mold, mildew, rot;
- (5) Dampness, changes in or extremes of temperatures, freezing;
 

However, we will cover freezing loss or damage to property in the building reported to us, if you have shut off the water supply and drained the plumbing systems and appliances or made a reasonable effort to maintain heat in the building.
- (6) Settling, cracking, shrinking, or expansion of any Covered Property.

(3) The most we will pay for this Additional Coverage is the amount shown in the Supplemental Declarations for Property At A Temporary Storage Location.

**I. Property In Transit**

We will pay for direct physical loss or damage caused by a Covered Cause of Loss to Covered Property while in transit.

The most we will pay for this Additional Coverage is the amount shown in the Supplemental Declarations for Property In Transit.

**B. EXCLUSIONS**

1. We will not pay for a loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

**a. Governmental Action**

Seizure or destruction of property by order of any governmental authority. But we will pay for acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if that fire would be covered under this Coverage Form.

**b. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation contamination results in fire, we will pay for the loss or damage caused by that fire.

**c. War And Military Action**

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action hindering or defending against an actual or expected attack by any government sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by government authority in hindering or defending against any of these.

**d. Earth Movement**

(1) Any earth movement (other than sinkhole collapse), such as an earthquake, landslide, mine subsidence or earth sinking, rising or shifting. But if earth movement results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

(2) Volcanic Action

Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or volcanic action, we will pay for the loss or damage caused by that fire, building glass breakage or volcanic action.

Volcanic action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

(a) Airborne volcanic blast or airborne shock waves;

(b) Ash, dust or particulate matter; or

(c) Lava flow.

All volcanic eruptions that occur within any 168 hour period will constitute a single occurrence.

Volcanic action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion does not apply to Covered Property while in transit.

**e. Water**

**(3) Increased Cost Of Construction Coverage**

- (a) If a Covered Cause of Loss occurs to Covered Property at the construction site reported to us, we will pay for the increased cost necessary to repair or reconstruct the damaged portions of that Covered Property when the increased cost is a consequence of enforcement of building, zoning or land use ordinance or law. If the Covered Property is repaired or rebuilt, it must be intended for the same occupancy as the property prior to the loss or damage, unless otherwise required by zoning land use ordinance or law.
- (b) If the ordinance or law requires relocation to another site, we will pay the increased cost of construction at the new site as set forth below in paragraph (c) below.
- (c) The most we will pay for Increased Cost of Construction Coverage is the amount of loss or damage or the amount shown in the Supplemental Declarations for Increased Cost Of Construction Coverage, whichever is less.
- (4) The most we will pay in total for Demolition Cost Coverage and Increased Cost of Construction Coverage for loss or damage from any one occurrence is the limit shown in the Supplemental Declarations for Combined Aggregate For Demolition Cost And Increased Cost Of Construction.
- (5) We will not pay under:
  - (a) Coverage For Loss To The Undamaged Portion Of The Building Or Structure;
  - (b) Demolition Cost Coverage; or
  - (c) Increased Cost Of Construction Coveragefor costs associated with the enforcement of any ordinance or law which 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".
- (6) In the event that this policy is endorsed to provide coverage for existing buildings or structures, or the policy covers renovation, remodeling or other work being done on such buildings or structures, this Additional Coverage shall not apply to such buildings or structures.

**i. Preservation Of Property**

If it is necessary to move Covered Property from the location reported to us or described on the Declarations, to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

This Additional Coverage is part of, and not in addition to, the Limit of Insurance applicable to the Covered Property.

**j. Rewards**

At our option, we may reimburse you for rewards you pay, other than to you, your partners or officers, for information which leads to the conviction of any one or more persons responsible for loss or damage covered under this Coverage Form. We will be the sole judge as to the payment and amount of reimbursement.

The most we will pay for this Additional Coverage is the amount shown in the Supplemental Declarations for Rewards.

**k. Property At A Temporary Storage Location**

- (1) We will pay for direct physical loss or damage caused by a Covered Cause of Loss to Covered Property while temporarily in storage at a location other than a location which you have reported to us.
- (2) We will not pay under this Additional Coverage for property in storage if the property has not been specifically allocated to or otherwise identified with a covered building or structure.



(2) Required by local ordinance.

The most we will pay under this Additional Coverage is the amount shown in the Supplemental Declarations for Fire Department Service Charge.

No deductible applies to this Additional Coverage.

**f. Valuable Papers And Records**

We will pay for direct physical loss or damage to "valuable papers and records" caused by or resulting from a Covered Cause of Loss.

The value will be based on the blank materials for reproducing the records and labor to transcribe or copy the records when there is a duplicate. When there is no duplicate, we will pay the costs to research, replace, restore or reproduce the lost information on lost or damaged "valuable papers and records".

The most we will pay under this Additional Coverage is the amount shown in the Supplemental Declarations for Valuable Papers And Records.

No deductible applies to this Additional Coverage.

**g. Pollutant Clean-Up And Removal**

We will pay your expense to extract "pollutants" from land or water at locations reported to us if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor, or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from land or water.

The most we will pay under this Additional Coverage is the amount shown on the Supplemental Declarations for Pollutant Clean-Up And Removal for the sum of all expenses which are incurred as a result of all Covered Causes of Loss during each separate 12 month period from the effective date of the policy.

No deductible applies to this Additional Coverage.

**h. Ordinance Or Law – Direct Damage**

**(1) Coverage For Loss To Undamaged Portion Of The Building Or Structure**

(a) If a Covered Cause of Loss occurs to Covered Property at the construction site reported to us, we will pay for loss or damage to the undamaged portion of the property as a consequence of enforcement of any ordinance or law that:

- (i) Requires the demolition of parts of the same property not damaged by a Covered Cause of Loss;
- (ii) Regulates the construction or repair of property, or establishes zoning or land use requirements at the construction site; and
- (iii) Is in force at the time of loss or damage.

(b) Coverage for loss or damage to the undamaged portion of the structure is included within the applicable limit of insurance for that location at the construction site.

**This only applies when the ordinance or law went into effect after the start of the construction of the structure or dwelling.**

**(2) Demolition Cost Coverage**

(a) If a Covered Cause of Loss occurs to Covered Property at the construction site reported to us, we will pay the cost to demolish and clear the construction site of undamaged parts of the property, caused by enforcement of building, zoning or land use ordinance or law.

(b) The most we will pay for Demolition Cost is the amount of loss or damage or the amount shown in the Supplemental Declarations for Demolition Cost Coverage, whichever is less.

We will pay for direct physical loss or damage to Covered Property, caused by collapse of all or part of a building or structure insured under this Coverage Form, if the collapse is caused by one or more of the following:

- (1) Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riots; civil commotion; vandalism; breakage of glass; falling objects; weight of snow, ice or sleet; or "water damage"; but only if the causes of loss are otherwise covered in this Coverage Form;
- (2) Hidden decay;
- (3) Hidden insect or vermin damage;
- (4) Weight of people or personal property;
- (5) Weight of rain that collects on a roof;
- (6) Use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of the construction, remodeling or renovation.

This Additional Coverage does not increase the Limits of Insurance provided in the Coverage Form.

**b. Scaffolding, Construction Forms And Temporary Structures**

- (1) We will pay for direct physical loss or damage which is caused by or results from a Covered Cause of Loss, to scaffolding, construction forms and temporary structures, including fully enclosed office and fully enclosed tool trailers, but only while they are at a construction site you have reported to us. The most we will pay under this Additional Coverage is the amount shown in the Supplemental Declarations for Scaffolding, Construction Forms And Temporary Structures.
- (2) We will also pay for the cost of re-erection of the scaffold if the loss or damage of the scaffolding is caused by or results from a Covered Cause of Loss. The most we will pay under this Additional Coverage is the amount shown in the Supplemental Declarations for Re-erection Of Scaffolding.

No deductible applies to this Additional Coverage.

**c. Debris Removal**

We will pay your expenses to remove debris of Covered Property. This debris must result from a Covered Cause of Loss under this Coverage Form. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage. If the sum of the loss or damage and debris removal expenses exceeds the limit of insurance applicable to the property, we will pay an additional amount of debris removal expenses you incur in excess of the limit of insurance applicable to the property up to, but not exceeding the amount shown in the Supplemental Declarations for Debris Removal.

This Additional Coverage does not apply to costs to:

- (1) Extract "pollutants" from land or water; or
- (2) Remove, restore or replace polluted land or water.

No deductible applies to this Additional Coverage.

**d. Back-Up Or Overflow Of Sewers, Drains Or Sumps**

We will pay for loss or damage to Covered Property caused by water that backs up or overflows from a sewer, drain or sump from within the reported location.

The most we will pay under this Additional Coverage is the amount shown in the Supplemental Declarations for Back-Up Or Overflow Of Sewers, Drains Or Sumps.

No deductible applies to this Additional Coverage.

**e. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay for your liability for the fire department service charges which are:

- (1) Assumed by contract or agreement prior to loss or damage; or

# Builders Risk Coverage Form



Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

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

Words and phrases that appear in quotation marks have special meaning. Refer to Section F. **DEFINITIONS**.

Coverage provided by Coverage Form is also subject to all Conditions in the Common Policy Conditions and Commercial Inland Marine Conditions forms.

## A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from any Covered Cause of Loss described in this Coverage Form.

### 1. Covered Property, as used in the Coverage Form, means:

Property which has been installed, or is to be installed in any "commercial structure" or any one to four family dwelling, private garage or other structure that will be used to service the "commercial structure" or one to four family dwelling at the location which you have reported to us. This includes:

- a. Your property;
- b. Property of others for which you are legally responsible;
- c. Paving, curbing, fences and outdoor fixtures;
- d. Trees, shrubs, plants and lawns installed by you or on your behalf;
- e. Completed single family dwelling which is being used as a Model Home when reported to us as such on monthly reports with an amount shown; and
- f. Foundations of buildings and foundations of structures in the course of construction.

### 2. Property Not Covered

Covered Property does not include:

- a. Existing buildings or structures to which an addition, alteration, improvement, or repair is being made, unless specifically endorsed;
- b. Plans, blueprints, designs or specifications, except as provided in paragraph A.4. **Additional Coverage** of this Coverage Form;
- c. Land and water;
- d. "Existing inventory", unless specifically endorsed;
- e. Contractors tools and equipment.

### 3. Covered Cause Of Loss

Covered Cause of Loss means risk of direct physical loss or damage to Covered Property, except those causes of loss listed in Section B. **EXCLUSIONS**.

### 4. Additional Coverages

- a. Collapse

**F. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

# COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

## A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

## B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

## C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

## D. Inspections And Surveys

1. We have the right to:
  - a. Make inspections and surveys at any time;
  - b. Give you reports on the conditions we find; and
  - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

## E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

6. We will not be liable for any part of a loss that has been paid or made good by others.

#### F. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

#### G. Pair, Sets Or Parts

##### 1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

##### 2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

#### H. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

#### I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

#### J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part 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 loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance; or
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you.

This will not restrict your insurance.

#### GENERAL CONDITIONS

##### A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

##### B. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

##### C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

##### D. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

##### E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

##### F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;

## COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

### LOSS CONDITIONS

#### A. Abandonment

There can be no abandonment of any property to us.

#### B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

#### C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.
10. Cooperate with us in the investigation or settlement of the claim.

#### D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

#### E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
2. We will not pay you more than your financial interest in the Covered Property.
3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
5. 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 the terms of this Coverage Part and:
  - a. We have reached agreement with you on the amount of the loss; or
  - b. An appraisal award has been made.





## CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM

Insureds Name	Policy Number	Effective Date	Endorsement Number

**THIS ENDORSEMENT CHANGES YOUR POLICY. PLEASE READ IT CAREFULLY.**

This endorsement modifies your insurance:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
COMMERCIAL UMBRELLA LIABILITY COVERAGE PART

**A. Cap on Losses From Certified Terrorism Losses**

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act ("TRIA"). The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

If aggregate insured losses attributable to one or more "certified acts of terrorism" exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

**B. Application of Other Exclusions**

The terms and limitations of a terrorism exclusion or any other exclusion, or the inapplicability or omission of a terrorism exclusion or any other exclusion, do not serve to create coverage which would otherwise be excluded, limited or restricted under this policy.



ZURICH

THIS DISCLOSURE IS ATTACHED TO AND MADE PART OF YOUR POLICY.

## DISCLOSURE OF IMPORTANT INFORMATION RELATING TO TERRORISM RISK INSURANCE ACT

### SCHEDULE\*

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:

NONE

\*Any information required to complete this Schedule, if not shown above, will be shown in the Declarations.

#### A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

#### B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the insurer retention. The insurer retention equals 20% of the insurer's prior calendar year direct earned premium associated with lines of insurance subject to TRIA. TRIA is scheduled to expire on December 31, 2014.

#### C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a Program Year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

#### D. Availability

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

#### E. Definition of Act of Terrorism under TRIA

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States:

1. to be an act of terrorism;
2. to be a violent act or an act that is dangerous to human life, property or infrastructure;
3. to have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

Policy Number BR70613056

**SCHEDULE OF FORMS AND ENDORSEMENTS**

Named Insured: Avila Brothers Inc. dba Avila Construction Company

Effective Date: 10/05/2011

12:01 A.M., Standard Time

Agent Name: AON RISK INSURANCE SERVICES WEST, INC.

Agent No.: 12706040

FMI70001(04/10), HBIS-91(04/09), U-GU-619-A CW(10/02), U-GU-630-C(12/07), U-GU-767-A(01/08),  
CM0001(09/04), IL0017(11/98), 40471(04/09), HBIS-1(04/09), HBIS-83(04/09), HBIS-84(04/09), IL0003(09/08),  
IL0102(05/05), IL0104(09/07), IL0270(09/08), U-GU-319-F(01/09)

U-GU-619-A CW (10/02)

## BUILDERS RISK COVERAGE SUPPLEMENTAL DECLARATIONS

**Policy Number: BR70613056**

**Policy Type:**  Reporting Forms (continuous policy) OR  One-Shot (non-reporting form/single structure policy)

**ADDITIONAL COVERAGES (COVERAGE FORM)**

**LIMIT OF INSURANCE**

a. Collapse	Included
b. Scaffolding, Construction Forms And Temporary Structures	\$ 20,000
Re-erection Of Scaffolding	\$ 10,000
c. Debris Removal	\$ 20,000
d. Back-Up Or Overflow Of Sewers, Drains Or Sumps	\$ 5,000
e. Fire Department Service Charge	\$ 10,000
f. Valuable Papers And Records	\$ 20,000
g. Pollutant Clean-Up And Removal	\$ 15,000
h. Ordinance Or Law – Direct Damage	Included
Loss To The Undamaged Portion Of The Building	\$
Demolition Cost	\$
Increased Cost Of Construction	\$
Combined Aggregate For Demolition Cost And Increased Cost Of Construction	\$
i. Preservation Of Property	Included
j. Rewards	\$ 10,000
k. Property At A Temporary Storage Location	\$ 10,000
l. Property In Transit	\$ 25,000

**OPTIONAL ADDITIONAL COVERAGES (ENDORSEMENTS)**

<input type="checkbox"/> <b>Business Income (HBIS-95)</b>	\$
Anticipated Project Completion Date	
Monthly Limit Of Indemnity	(fraction)
Deductible Period	days
Civil Authority	Included
<input type="checkbox"/> <b>Business Income And Extra Expense (HBIS-82)</b>	\$
Anticipated Project Completion Date	
Monthly Limit Of Indemnity	(fraction)
Deductible Period	days
Business Income	Included
Extra Expense	Included
Civil Authority	Included
<input type="checkbox"/> <b>Development Or Subdivision Fences, Walls And Signs (HBIS-58)</b>	\$
<input type="checkbox"/> <b>Expediting Expense (HBIS-93)</b>	\$
<input type="checkbox"/> <b>Extra Expense (HBIS-92)</b>	\$
<input type="checkbox"/> <b>Marine Model Home Contents Coverage (<input type="checkbox"/> HBIS-52 -OR- <input type="checkbox"/> HBIS-77)</b>	\$
<input type="checkbox"/> <b>Soft Costs Coverage (HBIS-88)</b>	\$
Anticipated Project Completion Date	
Deductible Period	days
Expense To Mitigate Loss	Included
Civil Authority (coverage extended for 3 additional consecutive weeks)	Included

**OPTIONAL COVERAGE EXTENSION (ENDORSEMENT)**

<input type="checkbox"/> <b>Builders Risk Green Building Coverage Extension (HBIS-96)</b>	\$
Aggregate Limit of Liability	
"LEED® Building Rating"	



## Disclosure Statement



### NOTICE OF DISCLOSURE FOR AGENT & BROKER COMPENSATION

If you want to learn more about the compensation Zurich pays agents and brokers visit:

<http://www.zurichproducercompensation.com>

or call the following toll-free number: (866) 903-1192.

This Notice is provided on behalf of Zurich American Insurance Company  
and its underwriting subsidiaries.

## Disclosure Statement



It is our pleasure to present the enclosed policy to you  
for presentation to your customer.

### INSTRUCTION TO AGENT OR BROKER:

WE REQUIRE THAT YOU TRANSMIT THE ATTACHED/ENCLOSED DISCLOSURE STATEMENT TO THE CUSTOMER  
WITH THE POLICY.

Once again, thank you for your interest, and we look forward to meeting your needs and those of your customers.