

UTAH STATE

RISK MANAGEMENT FUND

5120 State Office Building
Salt Lake City, Utah 84114

**Builder's Risk
Policy**

July 1, 2024 through
June 30, 2025

BUILDERS RISK POLICY DECLARATIONS

*The Declarations below are to be provided to Risk with the Application for Builders Risk Coverage, which will be reflected in the Certificate of Insurance provided once the policy is issued.

COVERED ENTITY

[Refer to covered entity]

In the event any covered entity enters into a contract or contracts for new buildings, structures, or construction projects, or for alteration or repair of, or addition to, existing buildings, structures, or improvements, and where the contracts specify that the covered entity shall maintain insurance to protect the interests of the contractors or subcontractors, or sub-subcontractors, this coverage shall extend to cover such interest of the contractors, subcontractors, and sub-subcontractors as additional covered entities, subject to all the conditions of this policy.

COVERAGE PERIOD

The coverage period is considered the life of the construction project. At the time of this document, the project is expected to commence on [MMMM] [YYYY] and be completed by [MMMM] [YYYY]. [You](#) are responsible to inform [us](#) if the coverage needs to be extended.

BUILDING VALUE

The project is covered to the value of \$.00

COVERAGE LIMITS

A property loss will be fully covered if it is no greater than 30% above the covered value. The covered will be responsible to pay the premium difference.

DESCRIPTION OF PROJECT

The property being developed is described as: _____
_____.

DEDUCTIBLE

The deductible is the amount specified in the construction contract or \$5,000, whichever is greater.

Section A - DEFINITIONS

The words **you** and **your** mean the persons or organizations named as the covered in “Named Covered” section above

The words **we**, **us**, and **our** mean the entity providing this coverage (Utah State Risk Management).

Declarations means all pages labeled Declarations, Supplemental Declarations, or Schedules, which pertain to this coverage.

Delay means the period of time between the actual date of completion of the covered project with the exercise of due diligence and dispatch and the date the covered project would have been completed had no Covered Cause of Loss occurred to Covered Property.

Electronic Data means information or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard drives or other computer media such as disks, CD-ROMS, tapes, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This does not apply to pre-packaged software.

Fire Suppression Equipment means equipment that manually or automatically discharges water, inert gas, or chemicals for the purpose of stopping or controlling a fire. The equipment referred to by this definition may be hand-held fire extinguishing equipment, owned by you or others, or permanently installed automatic fire extinguishing systems such as an operating automatic sprinkler system within the covered building or structure.

Fungi means any type or form of fungus, including, but not limited to, yeast, mold, mildew, rust, smut, or mushrooms and any mycotoxins, spores, scents or by-products or substances produced or released by, or arising out of the current or past presence of fungi.

Pre-Existing Building or Structure means a structure or building constructed prior to the inception of your Project and that will undergo improvement, alterations, repairs or additions as part of your Project. An existing building or structure includes only those parts of a structure or a building that are intended to become a permanent part of the completed Project during and after renovation or rehabilitation.

Limit means the amount of coverage shown in the [declarations](#).

Loss shall be understood to mean an accident or occurrence or series of accidents or occurrences arising out of one event.

- (1) As to any loss covered hereunder, each loss occurrence, which involves in whole or in part, the perils of tornado, windstorm, cyclone, hurricane, or hail, shall include all losses wherever occurring occasioned by these perils, which arise out of one atmospheric disturbance during a continuous period of seventy-two (72) hours.

- (2) As to any loss covered hereunder, each loss occurrence which involves in whole or in part, the perils of riot, riot attending a strike and civil commotion, vandalism and malicious mischief, earthquake and flood, shall include all losses whenever occurring (the result of direct damage only) occasioned by these perils which arise during a continuous period of seventy-two (72) hours.
- (3) When filing its proof of loss the covered entity may elect the moment from which each of the seventy-two-hour (72) periods, stipulated in the preceding paragraphs of this article, shall be deemed to have commenced.
- (4) In the event of there being a difference of opinion between the covered entity and Risk Management as to whether or not all tornado, windstorm, cyclone, hurricane and hail losses sustained by the covered entity during an elected period of seventy-two (72) hours arose out of or were caused by a single atmospheric disturbance, the stated opinion of the United States Weather Bureau shall govern as to whether or not a single atmospheric disturbance had continued at the locations involved beyond the elected period of seventy-two (72) hours all loss sustained during such extended period shall be included as a single loss occurrence.
- (5) Should any elected period of seventy-two (72) hours, as referred to in paragraphs B, C, D and E, of this article, extend beyond the expiration date of this agreement, and commence prior to expiration, Risk Management will, nevertheless, pay all losses occurring during such elected period as if such period fell entirely within the currency of this agreement.

Pollutant means:

- (1) Any solid, liquid, gaseous, or thermal irritant or contaminant;
- (2) Electromagnetic (visible or invisible) or sound emission; or
- (3) Waste, including materials to be disposed of as well as recycled, reclaimed, or reconditioned.

Sinkhole collapse means the sudden settlement or collapse of earth supporting the Covered Property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.

Soft Costs means the necessary expenses relating to the construction, erection, or fabrication of Covered Property that are over and above those costs which would have been incurred had there been no [delay](#). These costs are limited to the following:

- (1) Additional interest expense on money [you](#) borrow to finance construction, remodeling, renovation or repair;
- (2) Additional realty taxes and other assessments which [you](#) incur;
- (3) Additional advertising and promotional expenses;

- (4) Additional costs consisting of commissions and administrative expenses, which result from renegotiation of leases, and expediting expenses such as overtime and additional transportation or storage costs.
- (5) Additional fees for accountants, architects, attorneys, consultants, engineers, insurance premiums, franchises, project administration, royalties and watchman or guard services.

Specified perils means aircraft, civil commotion, explosion, falling objects, fire, hail and windstorm, leakage from fire extinguishing equipment: lightning, riot, [sinkhole collapse](#), smoke: sonic boom, vandalism, vehicles, volcanic action, [water damage](#), and weight of (ice, snow, or sleet).

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

Terms means all provisions, limitations, exclusions, conditions, and definitions that apply.

Section B – COVERAGE

COVERED PROPERTY

1. **Buildings and Structures** - [We](#) cover direct physical loss caused by a Covered Cause of Loss to buildings and structures described on the [declarations](#) while in the course of construction, erection, or fabrication. This includes materials and supplies, which will become a permanent part of the buildings or structures, all while located on the premises of the buildings or structures described on the [declarations](#), or within 1,000 feet of such premises. This also includes foundations, excavations, grading and filling.
2. **Scaffolding and Construction Forms** - [We](#) cover direct physical loss, caused by a Covered Cause of Loss, to scaffolding or construction forms provided the scaffolding or construction forms are located at, or within 1,000 feet of, a building or structure described on the [declarations](#) and used to service the described building or structure.
3. **Temporary Structures, Office Trailers and Fences** - [We](#) cover direct physical loss caused by a Covered Cause of Loss to temporary structures, office trailers and fences provided the temporary structures, office trailers and fences are located on the premises of a building or structure described on the [declarations](#) and used to service the described building or structure.

PROPERTY NOT COVERED

1. **Aircraft or watercraft** - [We](#) do not cover aircraft or watercraft.
2. **Automobiles** - [We](#) do not cover automobiles or any self-propelled vehicles that are designed for highway use.
3. **Contraband** - [We](#) do not cover contraband or property in the course of illegal transportation or trade.
4. **Existing Buildings or Structures** - [We](#) do not cover existing buildings or structures to which additions, alterations, improvements, or repairs are being made.
5. **Land** - [We](#) do not cover land including land on which Covered Property is located.
6. **Money and Securities** - [We](#) do not cover accounts, bills, currency, food stamps, or other evidences of debt, lottery tickets not held for sale, money, notes, deeds, or securities.
7. **Trees, Shrubs, Plants and Lawns** - [We](#) do not cover trees, shrubs, plants, and lawns except as provided in [Additional Coverages, 8, Trees, Shrubs, Plants and Lawns](#).
8. **Waterborne Property** - [We](#) do not cover property while water- borne.

9. **Tools and Equipment** - [We](#) do not cover tools or equipment other than scaffolding and construction forms except as provided in [Section B Coverage, Covered Property, 2 Scaffolding and Construction Forms](#).
10. **Plans and Blueprints** - [We](#) do not cover construction plans. Blue-prints, designs or specifications or other construction documents except as provided in [Section B Coverage, Additional Coverages, 11. Plans and Blueprints](#).

COVERED CAUSES OF LOSS

[We](#) cover risks of direct physical loss unless the loss is:

1. Limited by this coverage form: or
2. Caused by an excluded peril.

ADDITIONAL COVERAGES

The following Additional Coverages are in addition to the [limit](#) shown in the [declarations](#).

1. **Debris Removal** - [We](#) pay the cost to remove the debris of Covered Property that is caused by a Covered Cause of Loss. This coverage does not include costs to:
 - a. Extract [pollutants](#) from land or water: or
 - b. Remove, restore, or replace polluted land or water. [We](#) do not pay any more under this coverage than 25 percent of the amount [we](#) pay for the direct physical loss. [We](#) do not pay more for loss to property and debris removal combined than the [limit](#) for the damaged property.

However, [we](#) pay an additional amount of debris removal expense up to \$25,000 when the debris removal expense exceeds 25 percent of the amount [we](#) pay for direct physical loss or when the loss to property and debris removal combined exceeds the [limit](#) for the damaged property.

[We](#) do not pay any expenses unless they are reported to [us](#) in writing within 180 days from the date of direct physical loss to Covered Property.

2. **Emergency Removal** - [We](#) pay for loss to Covered Property while it is moved or being moved to prevent a loss caused by a Covered Cause of Loss. [We](#) pay for any direct physical loss caused by a peril that is not excluded. This coverage applies for up to 30 days after the property is first moved but does not extend past the date on which this policy expires.
3. **Emergency Removal Expenses** - [We](#) pay for [your](#) expenses to move or store covered property to prevent loss caused by a Covered Cause of Loss. The most [we](#) will pay for expenses to move or store covered property to prevent a loss is \$10,000. This coverage does not extend past the date on which this policy expires.

4. **Fire Department Service Charges** - We pay up to \$10,000 to cover your liability, assumed by contract or agreement prior to the loss, or required by local ordinance, for fire department service charges.

This coverage is limited to charges incurred when the fire department is called to save or protect Covered Property from a Covered Cause of Loss. The \$10,000 limit is the most we will pay no matter how many fire departments respond.

No deductible applies.

5. **Fire Suppression Equipment** - The Fund will pay the costs to recharge this equipment which discharges as a result of a cause of loss not otherwise coverage by the Coverage Form.
6. **Pollutant Cleanup and Removal** - We pay your expense to extract pollutants from land or water at a location described on the declarations. If the discharge, dispersal, seepage, migration, release, or escape of the pollutants is caused by a Covered Cause of Loss that occurs during the policy period. The expenses are paid only if they are reported to us in writing within 180 days from the date the Covered Cause of Loss occurs.

We do not pay the cost of testing, evaluating, observing, or recording the existence, level or feels of pollutants. However, we pay the cost of testing which is necessary for the extraction of pollutants from land or water.

The most we pay for each site or location is \$25,000 for the sum of all such expenses arising out of a Covered Cause of Loss occurring during each separate 12 month period of this policy.

7. **Rewards** - We may pay a reward for information which leads to an arson, theft, vandalism or burglary conviction in connection with a loss covered under this policy. The conviction must involve a covered loss under this policy caused by arson, theft or vandalism. The most we will pay is \$5,000.
8. **Fire Extinguisher Recharge** - We pay expenses incurred to recharge a portable fire extinguisher when it has been used to combat a fire covered under this policy. The most we will pay is \$10,000.
9. **Trees, Shrubs, Plants and Lawns** - We pay for direct physical loss to trees, shrubs, plants and lawns if the direct physical loss or damage results from a Covered Cause of Loss.
 - a. The most we will pay is \$10,000 in any one occurrence for each location, but not more than \$500 for any one tree, shrub or plant.
 - b. We do not pay for loss caused by infestation, disease, lack of moisture, insects, animals, rodents, freezing, windstorm, hail or weight of ice or snow.
 - c. This Additional Coverage does not apply to trees, shrubs, plants or lawns that are inside or upon a building or structure.

10. **Fraud and Deceit** - [We](#) cover theft of covered property when [you](#), [your](#) agents, [your](#) employees, customers, or consignees are fraudulently induced to part with the Covered Property:
- a. To persons who falsely represent themselves as the proper persons to receive the property;
 - b. By the acceptance of fraudulent bills of lading or shipping receipts; or
 - c. As a result of, or directly related to, the use of any electronic data processing hardware or software.
 - d. The most we pay in any one occurrence for theft of covered property from fraud and deceit is \$50,000.

11. **Ordinance or Law Coverage for New Construction**

a. **Coverage A - Coverage for Loss to Undamaged Portion of Building**

If a Covered Cause of Loss occurs to covered property shown in the [declarations](#), [we](#) will pay for loss to the undamaged portion of the building caused by 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 buildings, or establishes zoning or land use requirements at the described premises; and is in force at the time of loss.

b. **Coverage B - Demolition Cost Coverage**

If a Covered Cause of Loss occurs to covered Building property [we](#) will pay the cost to demolish and clear the site of undamaged parts of the property caused by enforcement of building, zoning or land use ordinance or law. The Coinsurance Other Condition does not apply to this coverage.

c. **Coverage C - Increased Cost of Construction Coverage**

If a Covered Cause of Loss occurs to covered Building property, [we](#) will pay for the increased cost to repair, rebuild or construct the property caused by enforcement of building, zoning or land use, ordinance or law. If the property is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by zoning or land use, ordinance or law.

However, [we](#) will not pay for the increased cost of construction if the building is not repaired or replaced.

The Coinsurance Other Condition does not apply to this coverage. [We](#) will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires any covered entity 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](#).

[We](#) will not pay under this Additional Coverage until the property is actually repaired or replaced, at the same or another premises and

we will not pay under this Additional Coverage unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

The most we will pay under this Additional Coverage part is \$50,000 in any one occurrence.

12. **Plans and Blueprints** - We pay expenses to research, restore or replace construction plans, blue-prints or other construction **documents** if loss occurs due to direct physical loss from a Covered Cause of Loss at a location described in the declarations. The most we will pay for this Additional Coverage is \$25,000.
13. **Soft Costs** - We pay for soft costs that arise out of a delay caused by a Covered Cause of Loss to Covered Property. The most we will pay for this Additional Coverage is \$25,000.

Section C - EXCLUSIONS

1. We do not pay under this Builder's Risk coverage for loss if one or more of the following exclusions apply to the loss, regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Civil Authority** - We do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

We do pay for loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.
 - b. **Earth Movement** - Under this Builder's Risk coverage, we do not pay for loss caused by:
 - i. Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
 - ii. Landslide, including any earth sinking, rising or shifting related to such an event;
 - iii. Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;
 - iv. Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

- v. But if Earth Movement, as described in Paragraph 2. (a) through (d) above, results in fire or explosion, we will pay for the loss caused by that fire or explosion.
- vi. Volcanic Eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results from fire, building glass breakage or volcanic action, [we](#) will pay for the loss caused by that fire, building glass breakage or volcanic action.
Volcanic action means direct loss resulting from the eruption of a volcano when the loss is caused by:

- 1. Airborne volcanic blast or airborne shock waves:
- 2. Ash, dust or particulate matter; or
- 3. Lava flow

With respect to coverage for Volcanic Action, 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 to the described property.

This Earth Movement exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

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

c. **Water** - [We](#) do not pay for loss caused by:

- i. Flood, meaning the partial or complete inundation of normally dry land areas due to:
 - 1. The unusual or rapid accumulation or runoff of rain or surface waters from any source, or
 - 2. Waves, tidal waters, tidal waves (including tsunami), or
 - 3. Water from rivers, ponds, lakes, streams, or any other body of water that rises above, overflows from, or is not contained within its natural or man-made boundary; and

All of the below items whether driven by wind or not, including storm surge:

- ii. Mudslides or mudflows, which are caused by flooding as defined above in Paragraph 3. (a). Mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.

- iii. Water that has entered and then backs up through and is discharged from a sewer drain, septic system, sump pump system or related equipment; or
- iv. Water under the ground surface pressing on, or flowing or seeping through:
 - 1. Foundations, walls, floors or paved surfaces;
 - 2. Basements, whether paved or not; or
 - 3. Doors, windows or other openings
- v. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (a), (c) or (d) above, or material carried or otherwise moved by mudslide or mudflow as described in Paragraph (2) above.

This exclusion applies regardless of whether any of the above, in Paragraphs (a) through (e), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situations where a dam, levee, seawall or other boundary or containment system fails, in whole or in part, for any reason, to contain the water.

However, if any of the above, as described in Paragraphs (1) through (5) above, results in fire, explosion or sprinkler leakage, [we](#) will pay for that portion of loss caused by that fire, explosion or sprinkler leakage.

- d. **Nuclear Hazard** - [We](#) do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. [We](#) do pay for direct loss by fire resulting from the nuclear hazard.
- e. **Ordinance or Law** - [We](#) do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris except as provided in "Additional Coverages, 10. Ordinance or Law Coverage for New Construction".
- f. **Penalties** - [We](#) do not pay for loss caused by penalties for non-completion or non-compliance with any contract [terms](#) or conditions.
- g. **War and Military Action** - [We](#) do not pay for loss caused by war. This means:
 - i. Declared war, undeclared war, civil war, insurrection, rebellion, or revolution;
 - ii. A warlike act by a military force or by military personnel;

- iii. The destruction, seizure, or use of the property for a military purpose; or
- iv. The discharge of a nuclear weapon even if it is accidental.

2. We do not pay for loss caused by or resulting from the following:

- a. **Fungi, Wet Rot, Dry Rot or Microbes** - We do not pay for loss caused by any form of fungus, however caused, including yeast mold, mildew, smut, mushrooms, spores, mycotoxins, or any substance, product or byproduct produced by, released by or arising as a consequent of the past or current existence of fungus. Any expense to remediate the presence or effects of any of the foregoing shall also be excluded.
- b. **Contamination or Deterioration** - We do not pay for loss caused by contamination or deterioration including corrosion, disease, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in the Covered Property that causes it to damage or destroy itself.
- c. **Criminal, Fraudulent or Dishonest Acts** - We do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
 - i. You;
 - ii. Others who have an interest in the property;
 - iii. Others to whom you entrust the property;
 - iv. Your partners, officers, directors, trustees, joint adventurers; or
 - v. The employees or agents of (1), (2), (3), or (4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by your employees, but we do not pay for theft by employees.

This exclusion does not apply to Covered Property in the custody of a carrier for hire.

- d. **Freezing** - We do not pay for loss caused by water; other liquids; powder; or molten material that leaks or flows from plumbing, heating, air-conditioning systems or appliances other than fire protective systems caused by freezing. This does not apply if you use reasonable care to maintain heat in the building or structure; or you drain the equipment and turn off the supply if the heat is not maintained.
- e. **Loss of Use** - We do not pay for loss caused by or resulting from loss of use, business interruption, delay, loss of market, or consequential use or damage of any nature.
- f. **Missing Property** - We do not pay for missing property where the only proof of loss is unexplained or mysterious disappearance of Covered Property, or shortage of property discovered on taking inventory, or any other instance where there is no physical evidence to show what

happened to the Covered Property. This exclusion does not apply to Covered Property in the custody of a carrier for hire.

- g. **Pollutants** - [We](#) do not pay for loss caused by or resulting from release. Discharge, seepage, migration, dispersal, or escape of [pollutants](#) unless the release, discharge, or escape is caused by a [specified perils](#). [We](#) do pay for any resulting loss caused by a specified peril.
 - h. **Rain, Snow, Ice, Sleet or Frost** - [We](#) do not pay for loss caused by or resulting from rain, snow, ice, sleet or frost to property in the open which is not part of the permanent building or structure. This exclusion does not apply to Covered Property in the custody of carriers for hire.
 - i. **Voluntary Parting** - [We](#) do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense except as provided in 4. Additional Coverages, I. Fraud and Deceit.
 - j. **Computer virus or “system penetration”** - [We](#) do not pay for loss caused by, or resulting from the intentional and malicious use of a computer to obtain unauthorized access to information and resources stored on electronic data processing equipment in the form of electronic data.
3. [We](#) do not pay for loss or damage if one or more of the following exclusions apply to the loss. But if loss by a Covered Cause of Loss results [we](#) do pay for the resulting loss.
- a. **Defects, Errors, and Omissions** - [We](#) do not pay for loss caused by an act, defect, error, or omission (negligent or not) relating to:
 - i. Design, specifications, construction, or workmanship;
 - ii. Planning, zoning, development, siting, surveying, grading, or compaction; or
 - iii. Maintenance, installation, renovation, remodeling, or repair.
 - b. **Electrical Currents** - [We](#) do not pay for loss caused by artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts. or otherwise interferes with any:
 - i. Electrical or electronic wire, device, appliance, system. or network; or
 - ii. Device, appliance, system, or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- i. Electrical current. including arcing;
- ii. Electrical charge produced or conducted by a magnetic or electromagnetic field;
- iii. Pulse of electromagnetic energy; or
- iv. Electromagnetic waves or microwaves.

However, if fire results, [we](#) will pay for loss caused by that fire.

- c. **Mechanical Breakdown** - [We](#) do not pay for loss caused by mechanical breakdown including centrifugal force.
- d. **Settling, Cracking, Shrinking, Bulging, or Expanding** - [We](#) do not pay for loss caused by settling, cracking. Shrinking, bulging, or expanding of pavements, foundations, walls, ceilings, glass, or roofs.
- e. **Temperature/Humidity** - [We](#) do not pay for loss caused by dampness, dryness, or changes in or extremes of temperature.
- f. **Wear and Tear** - [We](#) do not pay for loss caused by wear and tear, marring, or scratching.

BROADENING CONDITIONS

1. Course of Construction Coverage

Coverage for course of construction losses shall be as provided under the excess property policies issued to the State of Utah and any higher layer or replacement policies issued to the State of Utah, subject to the following:

- a. Course of construction coverage may be requested at any point during construction. However, before coverage is effective, the governmental entity seeking coverage must file with Risk Management the "Course of Construction Activation Form" and pay the full premium for the project. The premium will not be prorated. Losses occurring prior to payment of premium will not be covered.
- b. Duties in the event of loss or damage. The covered entity must see that the following are done in the event of loss or damage to Covered Property:
 - i. Notify the police if a law may have been broken;
 - ii. Give Risk Management notice of the physical loss or damage as soon as possible but in no event more than 72 hours after the loss or damage occurs. Include a description of the property involved and a description of how, when and where the loss or damage occurred;
 - iii. 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. Also, if feasible, set the damaged property aside and in the best possible order for examination and/or make no repairs until the Fund has a reasonable opportunity to inspect the damaged property;
 - iv. As often as may be reasonably required, permit the Fund to inspect the property proving the loss or damage and examine your books and records. Also permit the Fund to take samples of damaged and undamaged

property for inspection, testing and analysis, and permit the Fund to make copies from your books and records;

- v. Send us a copy of the signed contract and a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request;
- vi. Cooperate with the Fund in the investigation or settlement of the claim.

2. Earthquake and Flood Coverage

Coverage for earthquake and flood shall be as provided under the excess property policies issued to the State of Utah and any higher layer or replacement policies issued to the State of Utah except that the per loss deductible shall apply per location. Any changes in the provisions of the above referenced policies or any replacement policies automatically amend this coverage in like manner. Coverage under this policy is only for the amount between the deductible hereunder and the higher deductible under the policies referenced above or any replacement policies.

Section D - DEDUCTIBLE

We pay only that part of your loss over the deductible amount indicated on the declarations in any one occurrence.

Section E - LOSS CONDITIONS

1. **Abandonment** - You may not abandon the property to us without our written consent.
2. **Appraisal** - If you and we do not agree on the amount of the loss or actual cash value of Covered Property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, you or we can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss. The appraisers will also determine the value of Covered Property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to us, the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid

equally by [you](#) and [us](#).

3. **Notice** - In case of a loss, [you](#) must:
 - a. Give [us](#) prompt notice including a description of the property involved ([we](#) may request written notice); and
 - b. Give notice to the police when the act that causes the loss is a crime.
4. **Proof of Loss** - [You](#) must send [us](#) within 60 days after [our](#) request, a signed, sworn proof of loss. This must include the following information:
 - a. The time, place, and circumstances of the loss;
 - b. Other policies of insurance that may cover the loss;
 - c. [Your](#) interest and the interests of all others in the property involved, including all mortgages and liens;
 - d. Changes in title of the covered Property during the policy period; and
 - e. Estimates, specifications, inventories, and other reasonable information that [we](#) may require to settle the loss.
5. **Protect Property** - [You](#) must take all reasonable steps to protect Covered Property at and after a covered loss to avoid further loss. [We](#) will pay the reasonable costs incurred by [you](#) for necessary repairs or emergency measures performed solely to protect Covered Property from further damage by a peril covered against if a peril covered against has already caused a loss to Covered Property. [You](#) must keep an accurate record of such costs. However, [we](#) do not pay for such repairs or emergency measures performed on property, which has not been damaged by a peril covered against. This does not increase [our limit](#).
6. **Records** - [You](#) must produce records, including tax returns and bank microfilms of all cancelled checks, relating to value, loss, and expense and permit copies and extracts to be made of them as often as [we](#) reasonably request.
7. **Damaged Property** - [You](#) must exhibit the damaged and undamaged property as often as [we](#) reasonably request and allow [us](#) to inspect or take samples of the property.
8. **Examination** - [You](#) must submit to **examination under oath in matters** connected with the loss as often as [we](#) reasonably request and give [us](#) sworn statements of the answers. If **more than one person is examined**, [we](#) have the right to examine and receive statements separately and not in the presence of others.
9. **Cooperation** - [You](#) must cooperate with [us](#) in performing all acts required by this policy.
10. **Volunteer Payments** - [You](#) must not, except at [your](#) own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects to protecting property from further damage.
11. **Loss Payment**
 - a. **[Our Options](#)** - [We](#) have the following options:

- (1) Pay the value of the loss;
- (2) Pay the cost of repairing or replacing the loss;
- (3) Rebuild, repair, or replace with property of equivalent kind and quality, to the extent practicable within a reasonable time;
- (4) Take all or any part of the damaged property at the agreed or appraised value.

We must give you notice of our intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.

- b. **Insurable Interest** - We do not cover more than your insurable interest in any property.
- c. **Property of Others** - Losses to property of others may be adjusted with and paid to:
 - (1) You on behalf of the owner: or
 - (2) The owner.

If we pay the owner, we do not have to pay you. We may also choose to defend any suits arising from the owners at our expense.

- d. **Your Losses** - We adjust all losses with you. Payment will be made to you unless another loss payee is named in the policy.

A covered loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with you or the filing of an appraisal award with us.

- e. **Loss Settlement Terms** - We pay the lesser of:
 - (1) The amount determined under "Valuation" section;
 - (2) The cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
 - (3) The limit that applies to the Covered Property.

12. **Recoveries** - If we pay you for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:

- a. You must notify us promptly if you recover property or receive payment;
- b. We must notify you promptly if we recover property or receive payment;
- c. Any recovery expenses incurred by either are reimbursed first;
- d. You may keep the recovered property but you must refund to us the amount of the claim paid, or any lesser amount to which we agree; and
- e. If the claim paid is less than the agreed loss due to a deductible or to other limiting terms of this policy,

Section F - OTHER CONDITIONS

1. **Coinsurance** - A property loss will be fully covered if it is no greater than 30% above the covered value. The covered ed will be responsible to pay the premium difference.
2. **Other Insurance / Co-insurance** - If at the time of loss there is other insurance covering such loss, the Fund shall not be liable for any payment hereunder until:
 - a. The liability of such other insurance has been exhausted, and
 - b. Then for only such amount collectible according to the terms of this policy as may exceed the amount due from such other insurance.
3. **Insurance Under More Than One Coverage** - If more than one coverage of this policy insures the same loss, we pay no more than the actual claim, loss, or damage sustained.
4. **Insurance Under More Than One Policy** - You may have another policy subject to the same terms as this policy. If you do, we pay our share of the covered loss. Our share is the proportion that the applicable limit under this policy bears to the limit of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, we pay only for the amount of covered loss in excess of the amount due from that other policy, whether you can collect on it or not. But we do not pay more than the applicable limit.

5. **Benefit to others** - This coverage shall not directly or indirectly benefit anyone having custody of your property.
6. **Conformity With Statute** - When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
7. **Misrepresentation, Concealment, or Fraud** - This coverage is void as to you and any other covered entity if, before or after a loss:
 - a. You or any other covered entity have willfully concealed or misrepresented:
 - i. A material fact or circumstance that relates to this coverage or the subject thereof: or
 - ii. Your interest herein.
 - b. There has been fraud or false swearing by you or any other covered entity with regard to a matter that relates to this coverage or the subject thereof.
8. **Policy Period** - We pay for a covered loss that occurs during the policy period.

9. **Restoration of Limits** - A loss [we](#) pay under this coverage does not reduce the applicable [limits](#).
10. **Subrogation** - If [we](#) pay for a loss, [we](#) may require [you](#) to assign to [us your](#) right of recovery against others. [You](#) must do all that is necessary to secure [our](#) rights. [We](#) do not pay for a loss if [you](#) impair this right to recover.
11. [You](#) may waive [your](#) right to recover from others in writing before a loss occurs.
12. **Arbitration** - Action Against Fund: In the event of any coverage dispute between the Fund and any covered entity, there shall be no right of legal action against the Fund, unless such right is specifically required by law. Coverage disputes between the Fund and the covered entity shall be resolved by binding arbitration upon request of the covered entity. In the event of such a request, the Fund and the covered entity shall each select an arbitrator and the two arbitrators shall select a third arbitrator. Decisions made by a majority of the three arbitrators shall be binding upon the Fund and the covered entity. The Fund and the covered entity shall each pay the costs of their chosen arbitrator. The losing party shall pay the costs of the third arbitrator. The Fund and the covered entity may mutually agree on any alternative arbitration procedure.

If a right of action against the Fund is specifically required by law, no action shall lie against the Fund unless, as a condition precedent thereto, there shall have been full compliance with all of the terms of this policy nor until the amount of the covered entity's obligation to pay shall have been fully determined either by judgment against the covered entity after actual trial or by written agreement of the covered entity, the claimant and Fund. Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the coverage afforded by this policy. No person or organization shall have any right under this policy to join the Fund as a party to any action against the covered entity to determine the covered entity's liability, nor shall the Fund be impleaded by the covered entity or his legal representative. Bankruptcy or insolvency of the covered entity or the covered entity's estate shall not relieve the Fund of any of its obligations hereunder.

13. **Territorial Limits** - [We](#) cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.
14. **Carriers For Hire** - [You](#) may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the replacement cost or actual cash value of the Covered Property.
15. **When Coverage Ceases** - Coverage will end when one of the following first occurs:
 - a. This policy expires or is cancelled;
 - b. The building or structure described on the [declarations](#) is accepted by the owner;
 - c. [Your](#) interest in the Covered Property ceases;
 - d. [You](#) abandon construction with no intent to complete it;
 - e. The building or structure described on the [declarations](#) has been completed for more than 90 days; or

- f. The building or structure described on the [declarations](#) has been occupied in whole or in part, or put to its intended use for 60 days.

16. Mortgage Holders

- a. The term mortgage holder includes trustee.
- b. [We](#) will pay for covered loss of or damage to buildings or structures to each mortgage holder shown on the [declarations](#) in their order of precedence, as interests may appear.
- c. The mortgage holder has the right to receive loss payment even if the mortgage holder has started foreclosure or similar action on the building or structure.
- d. If [we](#) deny [your](#) claim because of [your](#) acts or because [you](#) have failed to comply with the [terms](#) of this coverage form, the mortgage holder will still have the right to receive loss payment if the mortgage holder:
 - i. Pays any premium due under this coverage form at [our](#) request if [you](#) have failed to do so;
 - ii. Submits a signed, sworn proof of loss within 60 days after receiving notice from [us](#) of [your](#) failure to do so; and
 - iii. 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 form 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 form:
 - i. The mortgage holders rights under the mortgage will be transferred to [us](#) to the extent of the amount [we](#) pay; and
 - ii. The mortgage holder's right to recover the full amount of the mortgage holders claim will not be impaired.

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:
 - i. 10 days before the effective date of cancellation if [we](#) cancel for [your](#) nonpayment of premium; or
 - ii. 30 days before the effective date of cancellation if [we](#) cancel for any other reason.
- g. If [we](#) do not renew this policy, [we](#) will give written notice to the mortgage holder at least 10 days before the expiration date of this policy.

17. **Control of Property** - Any act or neglect of any person other than [you](#) beyond [your](#) direction or control will not affect this coverage.
18. **Breach of Conditions** - The breach of any condition of this coverage form 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.
19. **Liberalization** – If, within 45 days prior to the beginning of this Coverage Part or during the policy period, [we](#) make any changes to any forms or endorsements of this Coverage Part for which there is currently no separate premium charge, and that change provides more coverage than this Coverage Part, the change will be considered as included until the end of the current policy period. [We](#) will make no additional premium charge for this additional coverage during the interim.