

CIS BUILDER'S RISK REPORTING FORM
(Including Windstorm Coverage)

<u>BUILDING LIMITS:</u>	\$1,500,000	Any One Structure
	10,000	Property Temporarily At Any Other Premises
	25,000	Property in Transit
	5,000,000	All Covered Property At All Locations

BUILDING RATES: (Rates are for new construction only, and are per \$100 of completed value.)

Deductibles for Protection Class 2-8 (Deductible)	Pasco Hernando & Remainder of State (1% Wind)	Pinellas, Manatee, Bay, Charlotte, Glade, Gulf, Hendry, Franklin, Walton Martin, Okaloosa, Escambia, St.Lucie, Santa Rosa, Sarasota, (3% Wind)	Collier Hillsborough, & Lee (3% Wind)	Broward, Dade Monroe, Palm Bch (3% Wind)
\$1,000	.32	.40	.55	.63
\$2,500	.298	.38	.523	.599
\$5,000	.288	.36	.495	.567

MODEL HOME CONTENTS RATES:

Reporting Form: rate is \$1.00 per \$100 of completed value, fully earned.

DEDUCTIBLES: (Applies per building, higher deductible are available upon request)

1. **Remainder of State (noted above): 1% mandatory Windstorm Deductible applies, \$1,000 Standard Deductible for all Other Perils including theft.**
2. **Pinellas...Sarasota Counties (as noted above): 3% mandatory Windstorm Deductible applies, \$1,000 Standard Deductible for all Other Perils including theft.**
3. **All other Counties noted above: 3% mandatory Windstorm Deductible applies for Hillsborough, Collier, Lee, Broward, Dade, Monroe & Palm Beach; and \$1,500 Standard Deductible all Other Perils including theft.**

REMEMBER: Reports must be received in the Jacksonville office by the last business day of the month.

IMPORTANT :

1. Program requires builder have two years or more experience.
2. Premiums are annual, fully earned at inception. No cancellation is required and no refunds are given.
3. \$1,000 deductible is standard, \$1500 for Hillsborough, Collier, Lee, Broward, Dade, Monroe & Palm Beach. Other optional deductibles available upon request.
4. Any building site with total limits at risk exceeding \$3,000,000 requires prior approval (includes all covered buildings under construction located within 100 feet of each other). Please notify us in writing to arrange approval.
5. Multi-family structures with more than four (4) units are considered to be commercial structures and not eligible under this policy. Please notify us so a separate policy can be arranged.
6. Underwriting approval is required if construction is not to start within 60 days from the policy inception.
7. Commercial structures in excess of \$1,000,000 estimated completed value are not eligible for this policy.
8. Any structure exceeding \$500,000 in Broward, Dade, Monroe and Palm Beach counties or \$1,500,000 in all other coastal and beach areas requires prior written approval.
9. Any structure exceeding \$1,000,000 in protection classes 9 and 10 requires prior written approval.
10. Any structure more than 30% complete at the time of the coverage effective date requires prior written approval.

This is only a summary of insurance coverage's and does not constitute a policy, contract or legal evidence of insurance. For complete policy terms, conditions, limitations and exclusions refer to the policy. I acknowledge these coverages offered.

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11. Modular homes require prior written approval, please submit manufacture's brochure or website.
12. It is important that you report to us immediately any change orders or increased cost of construction that will modify the completed value of the building during the construction period. Failure to do so could result in a coinsurance penalty at time of claim.
13. If coverage is to be continued on a spec home or model, it must be reported again one year after construction began, identified as a spec home or model, and premium paid for a second year, based on replacement cost.
14. No dwellings may be insured which are located within 1000 feet of tidal waters.
15. Coverage on each dwelling ends one year from the date reported or when the dwelling is sold or occupied, if earlier.
16. By the last day of each month you will report to us the total estimated completed values of all buildings you started during the previous month. It is necessary to submit a report each month even though no new structures were begun. This report is to be made on the form we provide for this purpose and must include the total estimated completed value including labor, overhead, materials and, if coverage is desired, you may include a value for your profit, in case you had to rebuild the home a second time and you wish to insure a profit both times.
17. Failure to report a start voids coverage for that unit. Failure to send in your monthly reports will result in cancellation of the policy.
18. The starting date for the purpose of the report is the date when you first put the building materials on the construction site.
19. Dwelling being used as a Model Home should be reported and identified as a Model Home.
20. If at the time of loss you have not made the report as required in this provision, we cover only those starts previously reported.
21. You must pay premiums based on the total estimated completed value of each building using the rate we furnish. Premium payment must accompany the report in order for the reported building to be covered.
22. You should 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.
23. If at the end of the 12 months from the time you first reported a start to us, the building is still under construction or you still have that building in your inventory, you must report and pay the premium for that building a second time if you wish to extend coverage another 12 months.
24. Our acceptance of a report of value 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.

OTHER COVERAGE OPTIONS:

1. Pre-existing inventory at the time of reporting form policy inception must be reported within five (5) days. Pre-existing inventory can be covered for 12 months only at the annual rate.
2. Builders Risk Excluding Windstorm – Windstorm coverage will not be written on any risk within 1,000 feet from the ocean, gulf or sea coastline. Builder should purchase wind and hail coverage through the pool for an equal amount. Risks eligible for the windstorm pool must be written excluding wind and for eligible risks, a 35% rate credit is applicable. If structure is within 1,000 feet from ocean, gulf or sea coastline or on a barrier island, but not eligible for wind pool, Builders Risk cannot be written on this policy.
3. Remodelers - For structures with completed values up to \$1,500,000 (total of existing structure and renovations/remodeling), and \$500,000 in Broward, Dade, Monroe and Palm Beach counties, that are less than 75 years of age, and without structural changes, the following guidelines apply: Collier and Lee counties annual rate is .60 per \$100 of completed value. Broward, Dade, Monroe and Palm Beach counties

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annual rate is .68 per \$100 of completed value. Remainder of state annual rate is .50 per \$100 of completed value. The single shot policy must be used for all remodeling and renovation risks and premiums are fully earned and subject to a \$400 minimum. If you wish existing structure coverage you must request it in writing and receive prior approval.

Recommendation that Builder provides Builders Risk coverage.

It has come to our attention that when a builder allows a buyer to provide the builders risk insurance on the home, that the builder is exposed to suits from the buyer and/or their insurer for damages to the home, and you have no insurance to protect you. Example: Buyer purchases builders risk policy with State Farm (or any insurer), during construction a fire occurs causing \$40,000 damage. State Farm pays the claim and then subrogates (sues) the builder alleging the fire was due to faulty wiring by the electrician (you can try and get your sub to step in, but the builder is first in line). Your General Liability excludes damage to property while in the construction phase (this is why you normally purchase builders risk), leaving you defend and pay the claim out of pocket. We recommend that the builder always provides the builders risk policy, and we will list the buyer as an addition insured on your policy. If your buyer insists on providing the policy, then we recommend you demand that: 1. The builder must be listed as an "additional named insured" on their policy, 2. The buyer and insurer must "waive subrogation rights" against the builder (must be received in writing), 3. The buyers contract specify these requirements along with wording that the buyer agrees that if these provisions are not met they agree to allow the builder to provide the builders risk policy. We have found that many insurers will not agree to these conditions.

Leaseback Models: Are you properly covered?

When you lease back a model, it is recommended that you provide the insurance on the completed model in lieu of the owner. This prevents you from being sued by the owners insurance company for damages for which you are negligent. If requested, you can list the buyer as an additional insured with respects to that specific model. We recommend that the builder always provide the insurance on lease back models, and we will list the buyer as a additional insured on your policy. If your buyer insists on providing the policy, then we recommend you demand that: 1. The builder must be listed as an "additional named insured" on their policy, 2. The buyer and insurer must "waive subrogation rights" against the builder (must be received in writing), 3. The buyers contract specify these requirements along with wording that the buyer agrees that if these provisions are not met they agree to allow the builder to provide the insurance coverage. We have found that many insurers will not agree to these conditions.

Proper valuation of completed values.

"Total Estimated Completed Value" should include all costs associated with the building and designing of the property covered including labor, "overhead" and materials and if coverage is desired, "profit". "Overhead" should include those business expenses, other than materials and labor, incurred either directly or indirectly due to the construction of a dwelling or structure. "Profit" should include the difference between the value of the completed structure (selling price of that property and structure, including labor) and your financial interest in the property and the completed structure. If you do not have a signed contract for the sale of the completed structure and property, the allowance for "profit" will be limited to no more than 20% of the cost of the property and completed structure.

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