

Zurich Builders Risk Guidelines

Basic Eligibility

- The Builders Risk Residential / Small Commercial Coverage Form provides coverage for residential and commercial structures with values up to \$10 million.
- Commercial structures with values over \$10 million can be written on the Builders Risk Large Commercial Coverage Form. The Large Commercial Coverage Form can be used for structures of any value. All policies are subject to certain underwriting guidelines and restrictions.
- Remodeling, renovation and restructuring coverage available.
- Catastrophic limit is up to \$5 million on reporting form policies (higher limits may be available with underwriting approval) and up to \$10 million on one shots.
- Builders must have two years experience unless otherwise qualified. Three years experience is required when requesting coverage for commercial structures with total estimated completed values over \$3,000,000.
- Policy may be issued in the name of the homeowner if the builder qualifies.

Underwriting Guidelines

- Structures with total estimated completed value greater than \$1,000,000 located in protection class 9 and 10 require prior approval.
- Structures exceeding \$3,000,000 may require a Protective Safeguard Warranty signed and attached to the policy.
- Any fire site with total limits at risk exceeding \$3,000,000 requires prior underwriting approval for all structures within that fire site (includes all covered buildings located within 100 feet of each other).
- Construction cannot be more than 30% complete at time of the policy's effective date. Special coverage may be available for structures that are more than 30% complete. See Remodeler section below.
- Construction must begin within 60 days from the policy inception date.
- Property located on barrier islands may be referred for coverage if wind and hail is placed in a wind pool. The states that provide wind and hail pools are Florida, Georgia, Mississippi, North Carolina and South Carolina.
- Coverage on property located within 1,000 feet of tidal water or on a barrier island cannot be written unless eligible for a wind pool.

Other Important Information

- New construction policies can be issued on a reporting form (annual or monthly), one shot, or deposit premium/installment basis.
- Remodeler policies must be written on a one shot or annual reporting form basis.
- Residential and Small Commercial one shot policies are written on an annual basis and may be renewed for up to an additional two years. Large Commercial policies may be written with customized policy terms.
- \$1,000 deductible is standard on all policies.
- Premiums are fully earned on the first year term for residential/small commercial policies. Pro-rata cancellation is provided on projects of \$1,000,000 or greater during the second policy year. Large commercial policies may be cancelled pro-rata subject to a minimum premium.

- Coverage for remodelers, purchasers under contract, model homes, model home contents, tools and equipment, trade ins, and unsold dwellings is available.
- Business income coverage and waiver of coinsurance are available for commercial structures.

Remodelers

The Remodelers Program allows most all types of renovations and improvement work, including structural changes. Remodeling coverage options are divided into the following three eligibility categories.

- **Basic Remodeling** - remodeling of interior finishes, replacement of interior fixtures, cabinets, flooring, etc. (no changes made to the exterior structure)
- **Minor Structural Remodeling** - remodeling work as listed above, which includes minor changes to the exterior structure, such as doors, windows, skylights and non-structural changes like HVAC, plumbing and electrical
- **Restructuring**- remodeling work that includes repair, replacement or removal of any load bearing walls or foundation or the addition of stories, stairways and elevators. (These risks will require scope of construction documentation and a structural engineering report to be submitted to Underwriting for consideration.)

To allow greater flexibility for remodelers, we offer a variety of policy term options for this coverage. Three, six, nine and twelve-month policy options are available and can each be extended with underwriting approval. (Short-term policies not available in all states)

Basic Eligibility Guidelines:

- Remodelers insurance may be written for contractors, owners who act as investors and owners who purchased the structure for primary residence. Two years experience as a remodeler or as an acting general contractor overseeing a remodeling project is required.
- Improvements or renovation must represent 20 percent of the existing structure value.
- All policies are issued on a one shot basis.
- Occupancy is allowed if the structure is occupied by the owner, who is also performing the renovations.
- Structures up to 75 years old (non coastal) or not more than 40 years old (coastal) are eligible.
- Existing structure coverage is on an actual cash value basis.
- If 60 consecutive days pass with no work done to the structure, coverage can be denied or limited
- Coinsurance applies to the policy.
- The Change Order Endorsement, covering increases in the cost of labor and materials or changes in construction specifications, is available.
- Short Term Policies are available.

Basic Underwriting Approval Required For:

- Structures more than 75 years old (non coastal) or more than 40 years old (coastal)
- Structural Changes
- Fire Restoration properties
- Values greater than \$1,000,000 located in protection classes 9 or 10
- Values greater than \$1,500,000 located in protection classes 1 through 8

Contractors Equipment

Contractors own and lease complex and expensive equipment, and it's important to have the proper insurance coverage in place in case of a loss. With more than 30 years' experience in the construction insurance industry, Zurich understands contractors' exposures and insurance needs

Basic Eligibility

The Contractors Equipment Coverage Form offers broad coverage for contractors' tools and equipment.

Contractors Equipment policies can be written for contractors, municipalities, manufacturers, wholesalers, retailers or any other type of commercial risk owning mobile machinery and equipment. Covered equipment may be owned, rented, leased or borrowed.

Items typically insured under a Contractors Equipment policy are cranes, bulldozers, power shovels, loaders, graders, backhoes, forklifts, pavers, compressors, pumps and numerous other items of a mobile or portable nature.

Available Limits of Insurance

- Total schedule limit up to \$10 million
- Any one item limit up to \$500,000
- Total schedule of tools and related equipment limit up to \$5,000
- Any one item for tools and related equipment limit up to \$500
- Rental expense reimbursement per day limit up to \$250
- Rental expense reimbursement total policy limit up to \$5,000
- Limits greater than the amounts listed above are available with underwriting approval

Underwriting Guidelines

- Coverage can be scheduled or blanket
- No covered property is to be leased, loaned or rented **to** others
- No property is to be waterborne
- Any previous contractor's equipment loss experience prior to our policy will be referred to underwriting
- Transporting oversized loads requires being routed by the Department of Transportation, and an escort vehicle(s) must be used
- Replacement cost option available with underwriter approval
- Replacement costs is limited to newer equipment five years old or less
- Additional underwriting consideration required for equipment that will be used or located underground

- Additional underwriting consideration required for all cranes with booms exceeding 25 feet in length
- If cranes are to be insured under our policy, three years' experience is required
- Coverage for optional attachments is not automatic; these items must be included in the description and the limit of insurance to activate coverage

Jewelers Block Insurance

The Jewelers Block Program from Zurich provides access to a more comprehensive policy for jewelry retailers and combines with our Precision Policy for the business operations to offer broader protection for the retail business owner.

Product Highlights:

- Available for Retail Jewelers
- Policy Limits up to \$5,000,000 per location are available (Higher limits may be considered.)
- A \$1,000 annual Minimum Premium applies
- Deductible options: \$1,000 - \$100,000

Coverage Highlights:

- Special Causes of Loss (fire and crime) coverage at the jeweler's premises whether open or closed for business
- Jeweler's stock
- Owned inventory
- Memo goods and customer goods

Optional Coverages include:

- Property at trade shows and exhibitions
- Property off-premises while the insured travels
- Property in show windows and showcases off-premises
- Goods in custody of another jewelry dealer
- Goods being shipped, including by registered mail and courier services

Product Eligibility:

- Financial condition should equal the industry median with a Jeweler's Board of Trade (JBT) rating of 1, 2 or 3.
- The insured must have at least three years of successful operation under the same ownership
- Prior five years loss experience is required
- Prior three years premium history is required
- All risks are subject to a physical inspection for fire, crime and G.L. (if applicable)

Ineligible Risks include:

- Antique Stores
- Coin Dealers
- Combination Jewelry and Discount/Liquor/Drug/Dept Store
- Flea Markets
- Jewelry Dealers with no business location (traveling salespeople, booths)
- Manufacturers

- New Ventures (less than 3 years in business)
- Pawnbrokers
- Wholesalers

Underwriting Requirements:

- Inspection and Survey
 - Each account that is bound will be surveyed by Zurich using an independent surveyor at least once every three to five years, depending on the nature of the account. Changes in physical location, size of inventory, security or change in ownership may warrant that a new survey be conducted immediately.
 - All multiple location accounts belonging to a single insured will be surveyed.
 - The survey will focus primarily on security and inventory/recordkeeping practices; however, standard fire, construction and property information will be included.
 - The surveying company directly communicates with the insured. A copy of all recommendations and requirements is sent to the agent.
 - We have the right to inspect any risk at the discretion of underwriting.
- Safe and Premises Alarm Guidelines
 - Alarm and safe requirements will vary greatly depending on risk characteristics. Size and nature of inventory, location of account, types of safes or vaults and other physical features will determine adequacy. Each risk must be evaluated individually.