

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FROM: Economic Development Agency

SUBMITTAL DATE:

November 23, 2011

SUBJECT: Coachella Valley Volunteers in Medicine Facility

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached construction agreement between the County of Riverside and Abboud Diamond Construction, Inc., of Moreno Valley, California, in the amount of \$1,699,900 and authorize the Chairman of the Board to execute the agreement on behalf of the county;
2. Authorize the Assistant County Executive Officer/EDA to administer the agreement in accordance with applicable Board policies;
3. Approve the total project budget of \$2,856,887; and

(Continued)

REVIEWED BY CIP

Christopher Hans

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL
DATA

Current F.Y. Total Cost: \$ 2,856,887
Current F.Y. Net County Cost: \$ 0
Annual Net County Cost: \$ 0

In Current Year Budget: Yes
Budget Adjustment: No
For Fiscal Year: 2011/12

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: Palm Desert Redevelopment Pass-Through Funds
and Reallocation of 2008 A Capital Improvement Projects Bond
Proceeds

Positions To Be
Deleted Per A-30 ☐
Requires 4/5 Vote ☐

C.E.O. RECOMMENDATION:

APPROVE

BY:
Jennifer L. Sargent

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Buster and duly carried, IT
WAS ORDERED that the above matter is approved as recommended.

Ayes: Buster, Stone, Benoit and Ashley
Nays: None
Absent: Tavaglione
Date: December 6, 2011
xc: EDA, CIP, Auditor

Kecia Harper-Ihem
Clerk of the Board

By:
Deputy

Prev. Agn. Ref.: 3.27 of 7/26/11; 3.30 of 1/11/11

District: 4

Agenda Number:

3.37

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
DATE: 11/21/11 BY: Samuel Wang
Department: SAMUEL WANG
FORM APPROVED COUNTY COUNSEL
BY: MARSHAL L. VICTOR

Dep't Recomm.: ☐ Policy ☒ Policy
Per Exec. Ofc.: ☐ Consent ☒ Policy

RECOMMENDED MOTION: (Continued)

4. Delegate project management authority for the project to the Assistant County Executive Officer/EDA in accordance to applicable Board policies; and
5. Approve the reallocation of bond proceeds for the 2008 Series A Certificates of Participation to the Coachella Valley Volunteers In Medicine Facility.

BACKGROUND:

On July 26, 2011, the Board of Supervisors approved the plans and specifications for the Coachella Valley Volunteers in Medicine Facility and authorized the Clerk of the Board to re-advertise for bids.

On August 11, 2011, 12 contractors attended a mandatory job walk for the Coachella Valley Volunteers in Medicine Facility Project. On August 17, 2011, a bid opening was conducted and Abboud Diamond Construction, Inc., was determined to be the lowest, responsive and responsible bidder.

On October 21, 2008, Item 9.1, the Board of Supervisors approved the Issuance of Funds 2008 Series A Certificates of Participation (Capital Improvement Projects) which financed various desert capital projects. The original allocation of bond proceeds was based on the estimated project budgets known at the time of issuance. With the actual projects now complete, additional fund balances remain that can be rallocated to another project.

PROJECT BUDGET:

The approximate allocation of the project budget is as follows:

Real Estate	335,726
Design	353,786
Specialty Inspections and Testing	23,000
Construction	1,759,770
Project Management	184,605
Project Contingency	200,000
TOTAL	\$2,856,887

FINANCIAL IMPACT:

All costs associated with this project will be funded by Palm Desert Redevelopment Pass-Through Funds and 2008 Series A COP (Capital Improvement Projects) Reallocation of Bond Proceeds, thus no net county costs will be incurred.

AGREEMENT FORM

THIS AGREEMENT, entered into this 10th day of December, 2011, by and between ABBOND DIAMOND CONSTRUCTION INC., hereinafter called the "Contractor", and the County of Riverside hereinafter called the "Owner".

WITNESSETH: That the parties hereto have mutually covenanted and agreed as follows:

CONTRACT: The Complete Contract includes all of the Contract Documents, to wit: The Notice Inviting Bids, the Instructions to Bidders, the Contractor's Proposal, Wage Schedule, Payment and Performance Bonds, the Plans and Specifications plus any Addenda thereto, the General Conditions, the Supplementary General Conditions, if applicable and this Agreement. All Contract Documents are intended to cooperate and be complimentary so that any work called for in one and not mentioned in the other, or vice versa, is to be executed the same as if mentioned in all Contract Documents.

STATEMENT OF WORK: The Contractor hereby agrees to furnish all tools, equipment, services, apparatus, facilities, transportation, labor and materials for the **Volunteers In Medicine Clinic FM08110003961**. In strict accordance with the Plans and Specifications dated November 2010 prepared by Urrutia Architects & County of Riverside hereinafter called the "Architect", including Addenda thereto as listed in the Contractor's Proposal, all of which are made a part hereof.

TIME FOR COMPLETION: The work shall be commenced on a date to be specified in a written order of the Architect and shall be completed within three hundred (300) calendar days from and after said date. It is expressly agreed that except for extensions of time duly granted in the manner and for the reasons specified in the General Conditions, time shall be of the essence.

COMPENSATION TO BE PAID TO CONTRACTOR: The Owner agrees to pay and the Contractor agrees to accept in full consideration for the performance of the Contract, subject to additions and deductions as provided in the General Conditions, the sum of ONE MILLION SIX HUNDRED NINETY NINE THOUSAND dollars (\$1,699,900) being the total of the base bid plus the following addenda: , , . The sum is to be paid according to the schedule as provided in the General Conditions.

Pursuant to Labor Code, Section 1861, the Contractor gives the following certification: I am aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Contract.

IN WITNESS WHEREOF, the parties hereto on the day and year first above written have executed this agreement in four (4) counterparts.

Type of Contractor's organization: General Contractor
If other than individual or corporation, list names of all members who have authority to bind firm.

Firm Name: Abbond Diamond Construction Inc.
Address: P.O. Box 16230 Moreno Valley Ca 92554
Contractor's License No.: B-735707

IF OTHER THAN CORPORATION EXECUTE HERE

Signature: _____
Title: _____

IF CORPORATION, FILL OUT FOLLOWING AND EXECUTE

Name of President of Corporation: John C. Abbond
Name of Secretary of Corporation: Basma Abbond
Corporation is organized under the laws of State of California
Signature: _____
Title: President

Owner: COUNTY OF RIVERSIDE
Signature: Bob Buster
Title: Chairman - Board of Supervisors BOB BUSTER

Attest: Clerk - Board of Supervisors Kicia Harper-Thern
By: [Signature]
Title: Deputy

Affix Seal
If
Corporation

* (NINE HUNDRED)

Volunteers in Medicine Clinic
FM08110003961

DEC 06 2011 3.37

FORM APPROVED COUNTY COUNSEL
BY: MA VICTOR 11/16/11
MARSHAL VICTOR DATE

ACORD CERTIFICATE OF LIABILITY INSURANCE		DATE (MM/DD/YYYY) 10/18/2011
PRODUCER MARSHALL C. SCOTT STATE FARM INSURANCE 23020 ATLANTIC CIRCLE MORENO VALLEY, CA 92553		THIS CERTIFICATE IS ISSUED AS MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.
INSURED ABBODD DIAMOND CONSTRUCTION INC DBA DIAMOND CONSTRUCTION PO BOX 6230 MORENO VALLEY, CA 92554-6230		
INSURERS AFFORDING COVERAGE		NAIC #
INSURER A:		
INSURER B:		
INSURER C:		
INSURER D:		
INSURER E:		

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADDP	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	140 8369-B17-75	08/17/11	02/17/12	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN AUTO ONLY: EA ACC \$ AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE \$ RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				IWC STATUTORY LIMITS DTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS
 2005 CHEVROLET C3500 FLATBED, VIN#1GBJC34285E249864

PROJECT - COACHELLA VALLEY VOLUNTEERS IN MEDICINE CLINIC, 82-915 AVENUE 48, INDIO, CA 922101

CERTIFICATE HOLDER

NAMED AS ADDITIONAL INSURED
 COUNTY OF RIVERSIDE - ITS DIRECTORS, OFFICERS, SPECIAL DISTRICTS, BOARD OF SUPERVISORS, EMPLOYEES, AGENTS AND REPRESENTATIVES
 3403 TENTH STREET, SUITE 400
 RIVERSIDE, CA 92501

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 CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

IMPORTANT

If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

Riverside County – Volunteers In Medicine Clinic
82-915 Avenue 48
Indio, CA.
Project #0901.00

Bond 1000841453
Premium: \$31,148.00
Issued in five original counterparts

Premium for contract term and is subject to
adjustment based on final contract price

SECTION 00620
PERFORMANCE BOND

The makers of this Bond, Abboud Diamond Construction Inc., as Principal, and
American Contractors Indemnity Company as Surety, are held and firmly bound unto County of
Riverside, hereinafter called the Owner, in the sum of One Million Six Hundred Ninety Nine Thousand Nine Hundred Dollars
(\$ 1,699,900.00), for the payment of which sum well and truly to be made, we bind ourselves, our heirs,
executors, administrators, and successors, jointly and severally, firmly by these presents.

The condition of this obligation is such, that whereas the Principal entered into a certain contract, hereto
attached, with the Owner, dated October 17th, 2011 for Coachella Volunteers in Medicine Facility / Project No. FM08110003961

Now therefore, if the Principal shall well and truly perform and fulfill all the undertakings covenants, terms,
conditions and agreements of said Contract during the original term of said Contract and any extension
thereof that may be granted by the Owner, with or without notice to the Surety, and during the file of any
guarantee required under the Contract, and shall also well and truly perform and fulfill all the
undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications
of said Contract that may thereafter be made, then this obligation to be void, otherwise to remain in full
force and virtue. Without notice, Surety consents to extension of time for performance, change in
requirements, change in compensation or prepayment under said Contract.

Signed and Sealed this 17th Day of October, 2011.

Abboud Diamond Construction Inc.

(Firm Name - Principal)

PO Box 6230, Moreno Valley, CA 92555

(Business Address)

By: 

(Signature - Attach Notary's Acknowledgment)

(Title)

American Contractors Indemnity Company

(Corporation Name - Surety)

625 The City Drive South #130, Orange, CA 92868

(Business Address)

By: Shaunna Rozelle Burchfiel

(Signature - Attach Notary's Acknowledgment)

Shaunna Rozelle Burchfiel, Attorney-in-Fact

ATTORNEY-IN-FACT

(Title-Attach Power of Attorney)

Affix Seal
if
Corporation

Affix
Corporate
seal

Performance Bond
Volunteers in Medicine Clinic
FM08110003961

CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Riverside } SS.

On 10/25/11 before me, Camille M Mallard Notary Public
(Date) (Name and Title of the Officer)

personally appeared Johnny Chafi Abboud who proved to
(Name(s) of Signer(s))

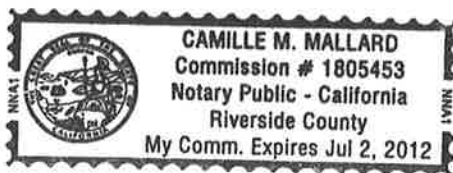
me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Camille M Mallard

Signature of Notary Public in and for said State



Notary Seal

OPTIONAL INFORMATION

Description of Attached Document Performance Bond
Number of Pages 1
Document Date 10/17/2011

Right Thumbprint of Signer
(Optional)

ACKNOWLEDGMENT

State of California

County of Orange

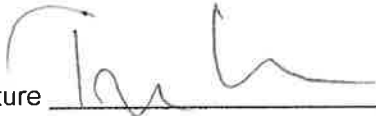
On October 17th, 2011 before me, Traci Larson, Notary Public
(insert name and title of the officer)

personally appeared Shaunna Rozelle Burchfiel, Attorney-in-Fact,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



Riverside County - Volunteers In Medicine Clinic
82-915 Avenue 48
Indio, CA
Project #0901.00

Bond 1000841453
Issued in five original counterparts
Premium included in performance bond

Premium for contract term and is subject to
adjustment based on final contract price

SECTION 00810
PAYMENT BOND

(Public Work - Civil Code Section 3247 et seq.)

The makers of this Bond are Abboud Diamond Construction Inc. as Principal and Original Contractor and American Contractors Indemnity Company, a corporation, authorized to issue Surety Bonds in California, as Surety, and this Bond is issued in conjunction with that certain public works contract dated October 17th, 2011 between Principal and County of Riverside, a public entity, as owner, for One Million Six Hundred Ninety Nine Thousand Nine Hundred dollars (\$ 1,699,900.00) the total amount payable. THE AMOUNT OF THIS BOND IS 100% OF SAID SUM. Said contract is for public work of: Coachella Volunteers in Medicine Facility / Project No. FM08110003961

The beneficiaries of this Bond are as is stated in 3248 of the Civil Code and the requirements and conditions of this Bond are as is set forth in Sections 3248, 3249, 3250 and 3252 of said Code. Without notice, Surety consents to extension of time for performance, change in requirements, amount of compensation, or prepayment under said Contract.

Signed and Sealed this 17th Day of October 2011.

Abboud Diamond Construction Inc.
(Firm Name - Principal)

PO Box 6230, Moreno Valley, CA 92555
(Business Address)

By: [Signature]
(Signature - Attach Notary's Acknowledgment)

(Title)

American Contractors Indemnity Company
(Corporation Name - Surety)

625 The City Drive South #130, Orange, CA 92868
(Business Address)

By: Shaunna Rozelle Burchfiel
(Signature - Attached Notary's Acknowledgment)
Shaunna Rozelle Burchfiel, Attorney-in-Fact
ATTORNEY-IN-FACT
(Title-Attach Power of Attorney)

Affix Seal
If
Corporation

Affix
Corporate
Seal

Payment Bond
Volunteers In Medicine Clinic
FM08110003961

CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Riverside } SS.

On 10/25/2011 before me, Camille M Mallard Notary Public,
Date (Name and Title of the Officer)

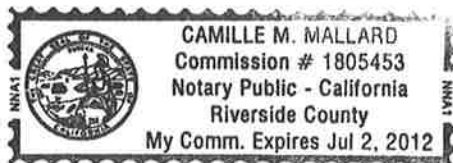
personally appeared Johnny Chafi Abboud who proved to
Name of Signer(s)

me on the basis of satisfactory evidence to be the person(s) whose names(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed
the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on
the instrument the person(s), or the entity upon behalf of which the person(s) acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Camille M Mallard
Signature of Notary Public in and for said State



Notary Seal

OPTIONAL INFORMATION

Description of Attached Document Payment Bond
Number of Pages 1
Document Date 10/25/2011

Right Thumbprint of Signer
(Optional)

ACKNOWLEDGMENT

State of California

County of Orange

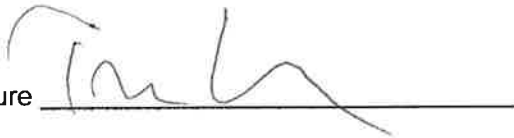
On October 17th, 2011 before me, Traci Larson, Notary Public
(insert name and title of the officer)

personally appeared Shaunna Rozelle Burchfiel, Attorney-in-Fact,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same in
his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing
paragraph is true and correct.

WITNESS my hand and official seal.

Signature



(Seal)



POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, United States Surety Company, a Maryland corporation and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

George Burchfiel, Shaunna Rozelle Burchfiel or Catherine Denise Burchfiel of Tustin, California

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed *****Three Million***** Dollars (\$ **3,000,000.00**).

This Power of Attorney shall expire without further action on December 8, 2012. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 15th day of June, 2009.

AMERICAN CONTRACTORS INDEMNITY COMPANY UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals



By:

Daniel P. Aguilar, Vice President

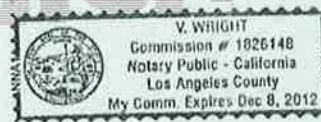
State of California

County of Los Angeles SS:

On this 15th day of June, 2009, before me, V. Wright, a notary public, personally appeared Daniel P. Aguilar, Vice President of American Contractors Indemnity Company, United States Surety Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct. WITNESS my hand and official seal.

Signature V. Wright (Seal)



I, Jeannie J. Kim, Assistant Secretary of American Contractors Indemnity Company, United States Surety Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 17th day of October, 2011.

Corporate Seals

Bond No. 1000841453
Agency No. 10113



Jeannie J. Kim
Jeannie J. Kim, Assistant Secretary



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

10/18/2011

PRODUCER
MARSHALL C. SCOTT STATE FARM INSURANCE
23020 ATLANTIC CIRCLE
MORENO VALLEY, CA 92553



INSURED
ABBOUD DIAMOND CONSTRUCTION INC
DBA DIAMOND CONSTRUCTION
PO BOX 6230
MORENO VALLEY, CA 92554-6230

THIS CERTIFICATE IS ISSUED AS MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE**NAIC #**

INSURER A:

INSURER B:

INSURER C:

INSURER D:

INSURER E:

COVERAGES

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. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
		GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC		!! FORMTEXT		EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/PO/AGG \$
		AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input checked="" type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS	140 8369-B17-75	08/17/11	02/17/12	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		GARAGE LIABILITY <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC \$ AUTO ONLY: AGG \$
		EXCESS/UMBRELLA LIABILITY <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$ \$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
		OTHER				

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

2005 CHEVROLET C3500 FLATBED, VIN#1GBJC34285E249864

PROJECT - COACHELLA VALLEY VOLUNTEERS IN MEDICINE CLINIC, 82-915 AVENUE 48, INDIO, CA 922101

CERTIFICATE HOLDER

NAMED AS ADDITIONAL INSURED
COUNTY OF RIVERSIDE -ITS DIRECTORS, OFFICERS, SPECIAL DISTRICTS, BOARD OF SUPERVISORS, EMPLOYEES, AGENTS AND REPRESENTATIVES
3403 TENTH STREET, SUITE 400
RIVERSIDE, CA 92501

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 CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

6196A.1 WAIVER OF OUR RIGHT TO RECOVER OUR PAYMENTS

This endorsement is part of *your* policy. Except for the changes it makes, all other terms of the policy remain the same and apply to this endorsement. It is effective at the same time as *your* policy unless a different effective date is specified by us in writing.

In consideration of the premium charged for *your* policy we agree that under Condition 3 – **Our Right to Recover Our Payments** we will not exercise the right to recover our payments as respects

Exception to condition #3 – Waiver of Subrogation as respects coverage A only in favor COUNTY OF RIVERSIDE, ITS DIRECTORS, OFFICERS, SPECIAL DISTRICTS, BOARD OF SUPERVISORS, AGENTS, 3403 TENTH STREET, STE 400, RIVERSIDE CA 92501.

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

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).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.



STATE FARM INSURANCE COMPANIES®

900 Old River Road
Bakersfield CA 93311-9501

DATE OF NOTICE: OCT 20 2011

CODE:

AT1

23

43A

A

000646 0093
COUNTY OF RIVERSIDE, ITS
DIRECTORS, OFFICERS, SPECIAL
DISTRICTS, BOARD OF
SUPERVISORS, AGENTS
3403 10TH ST STE 400
RIVERSIDE CA 92501-3658

NOTE: PLEASE NOTIFY STATE FARM AT THE
ADDRESS LISTED AT THE TOP, LEFT CORNER
OF THIS PAGE REGARDING ANY CHANGE OF
ADDRESS INFORMATION.

0101-ST-400-08

ADDITIONAL INSURED'S NOTICE OF COVERAGE

State Farm Mutual Automobile Insurance Company

8165-F420-M

NAMED INSURED:

ABBOUD DIAMOND CONSTRUCTION
INC DBA DIAMOND CONSTRUCTION
PO BOX 6230
MORENO VALLEY CA 92554-6230

POLICY NO:

140 8369-B17-75B

YR/MAKE/MODEL:

2005 CHEVROLET FLATBED

VIN/CAMPER:

1GBJC34285E249864

AGENT NAME:

MARSHALL SCOTT

AGENT PHONE:

(951)242-4411

ENDORSEMENT NO:

6028AU

COVERAGE:

BI AND PD LIABILITY
\$ 1 MIL
\$500 DED. COMP.
\$500 DED. COLL.

POLICY EFFECTIVE

OCT 18 2011 UNTIL TERMINATED

POLICY MESSAGES: This policy shown above supersedes policy# 1408369-75A.

The policy includes a loss payable clause protecting the additional insured's interest in the described car to the extent of the insurance provided and subject to all policy provisions. The additional insured will be given 20 days notice if the policy is terminated. Until such notice is provided, it shall be presumed that the required renewal premiums have been paid. The additional insured must notify us within 10 days of any change of interest or ownership coming to their attention. Failure to do so will render this policy null and void.

130-52357 (a0821e) Rev. 11-2004

43A 140 8369 75 000646 OCT 19 2011 0093 23 IPPD



P.O. BOX 420807, SAN FRANCISCO, CA 94142-0807

CERTIFICATE OF WORKERS' COMPENSATION INSURANCE

ISSUE DATE: 09-29-2011

GROUP: 000713
POLICY NUMBER: 0022277-2010
CERTIFICATE ID: 26
CERTIFICATE EXPIRES: 01-01-2012
01-01-2011/01-01-2012

COUNTY OF RIVERSIDE
ECONOMIC DEVELOPMENT AGENCY
3403 10TH ST STE 400
RIVERSIDE CA 92501-3658

SJ

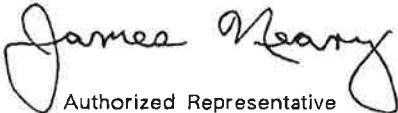
JOB: VOLUNTEERS IN MEDICINE CLINIC
82915 AVENUE 48
INDIO
CA 92201

This is to certify that we have issued a valid Workers' Compensation insurance policy in a form approved by the California Insurance Commissioner to the employer named below for the policy period indicated.

This policy is not subject to cancellation by the Fund except upon 30 days advance written notice to the employer.

We will also give you 30 days advance notice should this policy be cancelled prior to its normal expiration.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or to which it may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions, and conditions, of such policy.


Authorized Representative


President and CEO

EMPLOYER'S LIABILITY LIMIT INCLUDING DEFENSE COSTS: \$1,000,000 PER OCCURRENCE.

ENDORSEMENT #1600 - JOHN ABBOUND PRES, SEC, TRES - EXCLUDED.

ENDORSEMENT #2065 ENTITLED CERTIFICATE HOLDERS' NOTICE EFFECTIVE 01-01-2009 IS ATTACHED TO AND FORMS A PART OF THIS POLICY.

ENDORSEMENT #2570 ENTITLED WAIVER OF SUBROGATION EFFECTIVE 2011-09-29 IS ATTACHED TO AND FORMS A PART OF THIS POLICY. THIRD PARTY NAME:
COUNTY OF RIVERSIDE

EMPLOYER

ABBOUD DIAMOND CONSTRUCTION, INC.
PO BOX 6230
MORENO VALLEY CA 92554

SJ

[DR5,CS]

PRINTED : 09-29-2011



CERTIFICATE OF LIABILITY INSURANCE

OP ID: MP

DATE (MM/DD/YYYY)

10/03/11

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).

PRODUCER RMI Insurance Services, Inc. 24461 Ridge Route, #A-220 Laguna Hills, CA 92653		949-701-4800 949-701-4801	CONTACT NAME: PHONE (A/C, No, Ext): FAX (A/C, No): E-MAIL ADDRESS: PRODUCER CUSTOMER ID # DIAMO-1
INSURED Diamond Construction, Inc. P O Box 6320 Moreno Valley, CA 92555		INSURER(S) AFFORDING COVERAGE INSURER A: Navigators Insurance Company INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:	

COVERAGES**CERTIFICATE NUMBER:****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.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY	X	X	0410133757	01/22/11	01/22/12	EACH OCCURRENCE \$ 1,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000
	<input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person) \$ 5,000
							PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER						GENERAL AGGREGATE \$ 2,000,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC						PRODUCTS - COMP/OP AGG \$ 2,000,000
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident) \$
	<input type="checkbox"/> ANY AUTO						BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS						
	<input type="checkbox"/> NON-OWNED AUTOS						
	UMBRELLA LIAB						EACH OCCURRENCE \$
	<input type="checkbox"/> EXCESS LIAB						AGGREGATE \$
	<input type="checkbox"/> DEDUCTIBLE						
	<input type="checkbox"/> RETENTION \$						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY						<input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	N/A				E.L. EACH ACCIDENT \$
	If yes describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$
							E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

The County of Riverside, its directors, officers, special districts, board of supervisors, employees, agents or representative are additional insured on the General Liability, per ANF-ES 043 05/2006. Waiver of subrogation applies. RE:Riverside County Volunteers in Medicine Clinic, 82-915 Avenue 48, Indio, CA Project 0901.00 *30 day notice of cancellation

CERTIFICATE HOLDER**CANCELLATION****COUNTY**

County of Riverside
Economic Development Agency
3403 Tenth Street Suite 400
Riverside, CA 92501

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

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BLANKET ADDITIONAL INSURED- OWNERS, LESSEES OR CONTRACTORS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART SCHEDULE

Policy Number: 04-10133757	Endorsement Effective: 1/22/2011 12:01 a.m.
Named Insured ABBOUD DIAMOND CONSTRUCTION INC, DBA: ABBOUD DIAMOND CONSTRUCTION INC	Countersigned By: <i>Lisa Erickson</i>

SCHEDULE

Name of Person or Organization:

Any person or organization that the named insured is obligated by virtue of a written contract or agreement to provide insurance such as is afforded by this policy.

Location:

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

- A. Section II - Who is An Insured is amended to include as an insured the person or organization shown in the Schedule, but only to the extent that the person or organization shown in the Schedule is held liable for your acts or omissions arising out of your ongoing operations performed for that insured.
- B. With respect to the insurance afforded to these additional insureds, the following exclusion is added:
2. Exclusions
- This insurance does not apply to "bodily injury" or "property damage" occurring after:
- (1) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the site of the covered operations has been completed; or
 - (2) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.
- C. The words "you" and "your" refer to the Named Insured shown in the Declarations.
- D. "Your work" means work or operations performed by you or on your behalf; and materials, parts or equipment furnished in connection with such work or operations.

Primary Wording

If required by written contract or agreement: Such insurance as is afforded by this policy shall be primary insurance, and any insurance or self-insurance maintained by the above additional insured(s) shall be excess of the insurance afforded to the named insured and shall not contribute to it.

Waiver of Subrogation

If required by written contract or agreement: We waive any right of recovery we may have against an entity that is an additional insured per the terms of this endorsement because of payments we make for injury or damage arising out of "your work" done under a contract with that person or organization.

BUILDERS RISK COVERAGE DECLARATIONS

The Declarations, Supplemental Declarations, Common Policy Conditions, Commercial Inland Marine Conditions, Coverage Form(s) And Endorsement(s), if any, issued to and forming a part thereof, complete the Commercial Insurance Policy numbered as follows:

American Zurich Insurance Company
A Stock Company
Administrative Office: 1400 American Lane
Schaumburg, IL 60196

THIS IS A COINSURANCE CONTRACT

Please read your policy.

- ☒ **New Policy** **BR70693264**
☐ **Renewal of**
☐ **Rewrite of**

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

1. Named Insured and Mailing Address:

Aboud Diamond Construction, Inc dba: Diamond
 Construction, Inc
 P O Box 6320
 Moreno Valley, CA 92555

2. Producer Information:

- A Name: RMI INSURANCE SERVICES INC
 24461 RIDGE ROUTE DR STE 220
 LAGUNA HILLS, CA 92653-1686
 #12659744
 B Telephone # 949-701-4800
 C Fax # 949-701-4801
 D Zurich Producer # 12659744
 E Field Office Name SOUTHERN CALIFORNIA
 F Field Office Code Z2

- 3. Policy Period – From:** 11/10/2011 **To:** 11/10/2012
 12:01 a.m. at your mailing address above.

- 4. Form of Business:** ☐ Individual ☐ Partnership ☒ Corporation ☐ Joint Venture ☐ Other
5. Limits of Insurance (either One-Shot or Reporting Form as indicated below)

☒ **SUPPLEMENTAL DECLARATIONS**

(If this box is checked, Supplemental Declarations is attached to and forms a part of this policy)

- ☐ **Reporting Form (continuous policy)**
☐ **Annual Rate** ☐ **Monthly Rate (HBIS – 4)**

- A) Any one building or structure \$
 B) All covered property at all locations \$
 C) Rate Per Report
 D) Premium Per Report
 E) Total Taxes and Surcharges Per Report
 (per attached endorsement – N/A in NY)
 F) **Total Fully Earned Policy Premium** Per Report

- ☒ **One-Shot (non-reporting form/single structure policy)**
☐ **1-4 Family Dwelling** ☒ **Commercial Structure**

Property Location

82-915 Avenue 48
 Indio, CA 92201

New Construction

- A) Any one building or structure \$ 1,300,000
 B) All covered property at all locations \$ 1,300,000
 (same as A unless otherwise noted)

Remodeling

- D) Renovations and improvements \$
 E) Existing buildings or structures \$
 F) Rate \$ 0.288
 G) Premium \$ 3,744.00
 H) Total Taxes and Surcharges \$ 0.00
 (per attached endorsement)

- I) **Total Fully Earned Policy Premium** \$ 3,744.00
 (minimum premium applicable)

- 6. Deductible:** ☐ \$500 ☐ \$1,000 ☐ \$2,500 ☒ \$5,000 ☐ Other

7. Forms Applicable To This Coverage Part:

SEE SCHEDULE OF FORMS AND ENDORSEMENTS

Countersigned: _____ Date: _____ By: _____ Authorized Representative

BUILDERS RISK COVERAGE SUPPLEMENTAL DECLARATIONS

Policy Number: BR70693264

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	\$ 1,000,000
Demolition Cost	\$ 1,000,000
Increased Cost Of Construction	\$ 1,000,000
Combined Aggregate For Demolition Cost And Increased Cost Of Construction	\$ 1,000,000
i. Preservation Of Property	Included
j. Rewards	\$ 10,000
k. Property At A Temporary Storage Location	\$ 32,500
l. Property In Transit	\$ 65,000

OPTIONAL ADDITIONAL COVERAGES (ENDORSEMENTS)

<input type="checkbox"/> Business Income (HBIS-95)	\$
Anticipated Project Completion Date	
Monthly Limit Of Indemnity	(fraction)
Deductible Period	days
Civil Authority	Included
<input type="checkbox"/> Business Income And Extra Expense (HBIS-82)	\$
Anticipated Project Completion Date	
Monthly Limit Of Indemnity	(fraction)
Deductible Period	days
Business Income	Included
Extra Expense	Included
Civil Authority	Included
<input type="checkbox"/> Development Or Subdivision Fences, Walls And Signs (HBIS-58)	\$
<input type="checkbox"/> Expediting Expense (HBIS-93)	\$
<input type="checkbox"/> Extra Expense (HBIS-92)	\$
<input type="checkbox"/> Marine Model Home Contents Coverage (<input type="checkbox"/> HBIS-52 –OR– <input type="checkbox"/> HBIS-77)	\$
<input type="checkbox"/> Soft Costs Coverage (HBIS-88)	\$
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"/> Builders Risk Green Building Coverage Extension (HBIS-96)	
Aggregate Limit of Liability	\$
"LEED® Building Rating"	

Policy Number BR70693264

SCHEDULE OF FORMS AND ENDORSEMENTS

Named Insured: Abboud Diamond Construction, Inc dba: Diamond Constructi Effective Date: 11/10/2011

12:01 A.M., Standard Time

Agent Name: RMI INSURANCE SERVICES INC

Agent No.: 12659744

**FM170001(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)

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.



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.

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.

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;

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.

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.

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.



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**

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

(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.

(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 Coverage
- for 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.

- (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

- (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.

- [illegible]

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

- 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

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.

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

- 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;

- 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.



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

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

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.



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.



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.

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.

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.

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:

- 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 – 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.

- (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.

- 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.

- 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%.



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

David K. Kennedy

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