

VCSSFA Builder's Risk Coverage Information Sheet

1. Definitions

- a. **Builder's Risk:** The financial interest of the **Covered Party** and an **Other Covered Party** as respects **Real Property** in the course of construction, reconstruction, alteration, renovation, or repair.
- b. **Covered Cause of Loss:** Risks of direct physical loss unless the cause of loss is excluded or limited by the **Ventura County Schools Self-Funding Authority (VCSSFA) Property Coverage Memorandum**.
- c. **Covered Party:** The public agencies named in Schedule 1 of the **VCSSFA Property Coverage Memorandum**.
- d. **Covered Property:** **Real Property** and personal property owned by the **Covered Party**.
- e. **Occurrence:** All loss or damage to **Covered Property**, including any consequential covered loss, caused by a **Covered Cause of Loss** resulting from one event or series of related events during a coverage period.
 - 1) **Wind Occurrence:** All loss or damage to **Covered Property**, including consequential covered loss, caused by wind, resulting from any one event or series of related events within 72 hours.
 - 2) **Discharge of an automatic sprinkler system as a result of earthquake Occurrence:** All loss or damage to **Covered Property**, including consequential covered loss, caused by sprinkler system discharge, resulting from any one event or series of related events within 168 hours.
- f. **Other Covered Party:** Any party the **Covered Party** is obligated by written agreement executed prior to the **Occurrence** to provide coverage for loss or damage as is afforded by the **VCSSFA Property Coverage Memorandum**.
 - 1) Including, but not limited to the general contractor on a project.
- g. **Personal Property of Others:** Personal property belonging to a party other than the **Covered Party** that is in the care, custody, or control of the **Covered Party** or for which the **Covered Party** is legally liable.
- h. **Real Property:** Buildings, attached fixtures, machinery and equipment that constitutes a permanent part of the building and landscaping.
- i. **Valuation:** The cost to repair, rebuild, or replace to include the replacement value of materials and supplies, and reasonable labor and profit.

2. Overview

- a. Insurance for property under construction is called "Builder's Risk" or "Course of Construction" insurance. This protects the interests of both the owner and contractor by covering property under construction as well as equipment and materials to be installed.

- b. Covered Parties of VCSSFA have Builder's Risk coverage as part of their own property coverage program.
- c. There is no need for a contractor to purchase Builder's Risk coverage if the cost of a construction project is under the VCSSFA coverage extension sublimit.
- d. Additional coverage may be purchased if the cost of the construction project exceeds the VCSSFA coverage extension sublimit.
- e. Projects are enrolled by the Covered Party through completing Attachment 1, "Builder's Risk Course of Construction (COC) Application, New Building or New Project" and submitting to VCSSFA.
 - 1) Please attach a copy of the fully executed contract.

3. Limits and Deductibles

a. Coverage Limits

- 1) Replacement cost value including reasonable labor and profit.
- 2) Maximum Builders Risk coverage extension sublimit: \$25,000,000 per Occurrence.
- 3) Other sublimits apply:
 - a) Debris removal: \$10,000,000 per Occurrence;
 - b) Extra Expense: \$5,000,000 per Occurrence;
 - c) Fire Department Service charge: \$100,000 per Occurrence;
 - d) Pollutant cleanup and removal: \$350,000 per Occurrence;
 - e) Discharge of an automatic sprinkler system as a result of earthquake or volcanic eruption: \$5,000,000 per Occurrence;
 - f) Flood occurring in a non-special flood hazard area: \$10,000,000 per Occurrence.
 - g) Water or sewage backup: \$100,000 per Occurrence;
 - h) Ordinance or law: \$20,000,000 per Occurrence:
 - (1) Cost to demolish, remove and repair or replace the undamaged Builder's Risk property;
 - (2) Increased costs to repair or replace to the minimum requirements of applicable ordinances, codes, or laws.
 - i) Utility Services – direct loss: \$1,000,000 per Occurrence;
 - j) Utility Services – consequential loss: \$1,000,000 per Occurrence.

- b. Deductible: The amount for each Covered Party shown in Schedule 2 of the VCSSFA Property Coverage Memorandum for All Other Covered Causes of Loss.

4. What is Covered

- a. Covered Property as defined in the VCSSFA Property Coverage Memorandum

- b. Consequential loss subject to sublimits (see above).
 - c. Other causes of loss subject to sublimits (see above).
 - d. Additional Builders Risk Coverage:
 - 1) Materials, supplies, equipment and machinery, all of which are to be made part of the Real Property,
 - 2) Construction forms, cribbing, scaffolding, and other false work;
 - 3) Temporary structures; and
 - 4) Extra expense and rental income loss as a consequence of direct physical loss or damage arising out of or resulting from a Covered Cause of Loss.
 - e. Direct physical loss or damage to materials and supplies while in transit and at temporary storage sites in the United States and Canada.
5. What is not Covered, including, but not limited to:
- a. Property Coverage Memorandum Exclusions:
 - 1) Earth movement, including earthquake; volcanic eruption; landslide; sink hole; earth sinking, rising, or shifting.
 - 2) Flood in Federal Emergency Management Agency special flood hazard zones
 - 3) Nuclear hazard.
 - 4) War, declared or undeclared, invasion, hostilities.
 - 5) Terrorism
 - 6) Wear and tear, lack of maintenance, gradual deterioration.
 - 7) Dishonest or criminal acts, including theft, by the Covered Party, Other Covered Party, partners, members, officers, managers, directors, trustees, employees, temporary employees, leased employees, volunteers or authorized representatives.
 - 8) Exposure to weather where any business personal property or personal property of others is left in the open and not contained in a building.
 - 9) Machinery breakdown
 - a) Artificially generated electrical current, including arcing,
 - b) Mechanical breakdown, including rupture or bursting,
 - c) Explosion of steam boilers, steam pipes, steam engines or steam turbines.
 - 10) Continuous or repeated seepage or leakage of water, or the presence or condensation, or humidity, moisture, or vapor over a period of time longer than 90 days.
 - 11) Any of the following which are faulty, inadequate, or defective, whether or not by error or omission:
 - a) Planning, zoning, development, surveying, siting, construction, or building codes, ordinances, or building inspections;

- b) Design, specifications, workmanship, repair, renovation, remodeling, grading, or compactions;
 - c) Materials, parts, or equipment used, or to be used, in repair, in construction, renovation, or remodeling.
 - d) Exception: Coverage applies for a Covered Cause of Loss that ensues from any of the above.
- 12) Property which has fallen down, is in danger of falling down, is leaning, settling has caved in, or has lost its structural integrity, or has been condemned by a public entity.
 - a) Certain exceptions apply.
- 13) Pollutants:
 - a) Testing or monitoring for,
 - b) Treatment, detoxifying, or neutralizing,
 - c) Fines, penalties, compensatory damages, punitive damages, or any other damages, awards, or settlements arising from pollutants.
- 14) Any loss due to the suspension, lapse, or cancellation of any license, lease, contract, or order.
- b. Additional Builders Risk Exclusions
 - 1) Tools and equipment owned or used by the Other Covered Party are not covered.
 - 2) Excavation, grading, backfilling, and filling.
 - 3) Underground pipes, flues, and drains.
 - 4) Exception: If included in the Project Limit, coverage is provided for excavation, grading, backfilling, and filling as well as underground pipes, flues, and drains if additional costs are incurred or damage is caused by a Covered Cause of Loss.
- 6. Conditions and Responsibilities
 - a. The project must be enrolled by the Covered Party.
 - b. Once a loss is discovered, the Covered Party must promptly notify the VCSSFA property claims administrator but in no event later than 30 days from the date the loss was discovered.
 - c. Deductible
 - 1) The deductible will be deducted from the adjusted amount of loss or damage to the enrolled and described project in any one Occurrence.
 - 2) If the adjusted amount of loss or damage is less than or equal to the deductible, there is no obligation to pay any portion of the loss or damage under the VCSSFA Property Coverage Memorandum.
 - 3) Covered Parties may contractually transfer the deductible to the Other Covered Party.
 - d. Valuation of a Claim

- 1) The described Project will be valued at the lesser of the cost to repair or replace without deduction for depreciation, provided that the damaged property is actually repaired or replaced within a reasonable period of time following the date of loss.
 - 2) Payment will not exceed the amount actually spent to repair or replace the property.
 - 3) Reasonable overhead costs, including profit, will be included in the valuation of the claim if these costs are included in the maximum Builders Risk coverage extension sublimit.
 - 4) If the damaged property is not repaired or replaced, loss payment will not exceed the actual cash value of the damaged property at the time of the loss or damage.
- e. Coverage begins when the Covered Party has a financial insurable interest in the described project and the project is enrolled.
- f. Coverage ends for each Builders Risk project the earlier of:
- 1) 30 days after the building or structure is occupied or put to its intended use;
 - 2) 30 days after construction is complete and the only party with a financial interest is the Covered Party and any mortgagee or trustee; or
 - 3) The property is abandoned with no intent to complete.

Builder's Risk Course of Construction (COC) Application

NEW BUILDING OR NEW PROJECT

Covered Party (LEA):	
Project Effective Date of Coverage/Change in Coverage:	

General Contractor:	
Contact Information:	

Location Name:	
Street Address:	
City, State, Zip Code:	
Occupancy Type (i.e. Cafeteria, classroom, gym, etc.):	
Project Description:	

REPORTING TYPE (Select One)	
New Construction	
Remodel	

BUILDING INFORMATION	
Number of Stories	
Square Footage	
Year Built	
Alarms (Choose from Below)	
- None - Local Fire - Local Burglar - Local Fire & Burglar - Central Fire - Central Burglar - Central Fire & Burglar	
24 Hour Watchman	
Perimeter Protection (yes or no):	
Active Fire Hydrants (yes or no)	

Class	CONSTRUCTION TYPE (select one)	
A	Non-Combustible	
B	All-Reinforced	
C	Masonry /Wood	
D	All Combustible	
FR	Fire Rest	
M	Mixed	
S	Steal	
U	Unknown	

COMPOSITION DETAILS (if applicable):	
Frame	
Roof	
Floor	
Wall	
Ceiling	

PROPERTY TYPE	VALUE	Earthquake* (Yes or No)	Flood Zone (Yes or No)
Building:	\$		
Contents/Personal Property/Other	\$		
Forms, scaffolding, cribbing, falsework	\$		
Temporary Structures	\$		
Covered Party Vehicles	\$		
TOTAL PROJECT COST:	\$		

Requested by:		Title:	
Signature:			
Date:			

Covered Party (LEA) has not agreed to waive rights of subrogation in the contract with the General Contractor: Yes or No.
Please attach a copy of the fully executed contract.