PARTNERSHIP FOR COMMERCIAL INSURANCE & RISK MANAGEMENT

USI BUILDER'S RISK PROGRAM

THE USI ONE ADVANTAGE®

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USI BUILDER'S RISK PROGRAM

Executive Summary

USI's proprietary Builder's Risk Program offers broader coverage with competitive pricing.

CONTROL + COST + COVERAGE

Why is it Important

- The USI Builders Risk program is only available to USI and their clients/prospects.
- Access to technical expert team and dedicated carriers.
- Standard builders risk programs do not provide adequate protection for construction risks in most cases.
- Built in extension terms for projects that may exceed their original timeline.

Impact and Benefits to Clients

- Protect against under/uninsured losses up to 50% of total project value.
- Broad terms and conditions protecting owner, general contractor and all subcontractors with a vested financial interest in project.
- Highly competitive rate structure and capacity vs. standard carriers in the domestic marketplace.
- Asset protection for all project stakeholders (lenders, investment partners, etc.).

USI BUILDER'S RISK PROGRAM

USI Builder's Risk Program Highlights*

Core Areas of Improvement: Broader Coverage | Limits | Increased or Eliminated Sublimits

Builder's Risk Program Highlights	USI Builder's Risk Program	Unendorsed Builder's Risk Program	Difference
COVERAGE ENHANCEMENTS			
Water infiltration	Project limit	$100,000	**$124,900,000**
London Engineering Group (LEG) 3 – Full Defective Work and Ensuring Damage	Option provided; Ensuing Damage automatically included	Ensuing Damage only	**$125,000,000**
Damage to existing facilities	**$25,000,000 up to 25% of total policy limit**	Not covered	Existing building value up to **$25,000,000**
SUBLIMITS			
Claims Preparation Costs	Lessor of $100,000 or 25% of loss or damage	$25,000	**$75,000**
Project Escalation Clause	10%	Not offered	**$12,500,000**
Ordinance and Law	$5,000,000 or 10% of ECV whichever is less	$1,000,000	**$4,000,000**
Off-site Storage and Transit	$10,000,000	$1,000,000	**$9,000,000 each**
DELAY IN OPENING/SOFT COSTS (As declared in budget and agreed to by underwriter)**			
Architect & Engineering Fees	$2,500,000	$100,000	**$2,400,000**
Supplier/Recipient Extension	$2,500,000	Not offered	$2,500,000
Service Interruption Extension within 500 meters	$2,500,000	Not offered	$2,500,000
PROJECT LIMIT CAPACITY			
Fire Resistive/Non-Combustible/ Masonry Non-Combustible	$200,000,000	$100,000,000	**$100,000,000**
Joisted Masonry	$200,000,000	$100,000,000	**$100,000,000**
Wood Frame	$60,000,000*	$40,000,000	**$20,000,000**

* Figures above assume a $125,000,000 non-combustible project

**Excess of a 21-day deductible .

Expands and Optimizes Core Coverages Provided by Standard Domestic Market

Click on a coverage to learn more

- Water Infiltration
- Ensuing Damage for Faulty Workmanship
- Damage to Existing Facilities
- Claim Preparation Costs
- Project Escalation Clause
- Ordinance and Law
- Offsite Storage and Transit Sublimits
- Architect/ Engineering Fees

Next Steps

Information Needed to Obtain a Proposal:

Full completed USI Builders Risk Application with all required listed underwriting information and the following:

- Loss information on previous five (5) years of projects (or as far back as available)
- Builder profile
- Construction budget and timeline should be detailed:
  - Line item hard and soft cost
  - Detailed accounting on loss of income/rents (if delay in opening needed)
  - Our program requires Central Station CCTV Protection

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Builders Risk Examples – Financial Impact

Water Infiltration

USI Builder's Risk program does not have an exclusion for sand, snow, sleet, hail, or wind driven rain that enters the building during construction from a covered cause of loss.

Standard Market Coverage

Standard Policy with Wind Driven Rain Exclusion provides no coverage.

USI's Approach

In USI's Builder's Risk Policy, Wind Driven Rain is included.

Financial Impact

For a loss amount of $1 million, USI covers **entire $1 million**.

Coverages

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Builders Risk Examples – Financial Impact

Ensuing Damage for Faulty Workmanship

USI Builder's Risk program includes the **option** to purchase coverage for damage caused due by faulty workmanship and materials.

Standard Market Coverage

Most builders risk policies have exclusions for damage due to faulty workmanship and materials.

USI's Approach

Our USI Builders Risk program covers ensuing damage as well as the faulty item itself (LEG 3).

Financial Impact

For a loss amount of $750,000, USI Program covers **entire $750,000**.

Coverages

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Builders Risk Examples – Financial Impact

Damage to Existing Facilities

USI Builder's Risk program can be extended to cover damage to existing building during renovations or additions.

Standard Market Coverage

Standard Policies **exclude** Damage to Existing Facilities.

USI's Approach

In USI's Builder's Risk Policy, Damage to Existing structures can be **included** up to $25,000,000 or 25% of the total project value.

Financial Impact

For a loss amount of $2 million, USI covers **entire $500,000**.

Coverages

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Builders Risk Examples – Financial Impact

Claim Preparation Costs

USI Builder's Risk program can cover the cost to investigate and prepare the proof of loss accurately to maximize claim recovery.

Standard Market Coverage

Standard builder's risk policies do not include a sublimit to investigate a loss and prepare a proof of loss, such as professional services (i.e., forensic accountant) necessary to substantiate the amount of a claim.

USI's Approach

In USI's Builder's Risk Program, a sublimit is included.

Financial Impact

For a loss amount of **$2 million**, USI's policy covers **$100,000**.

Coverages

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Builders Risk Examples – Financial Impact

Project Escalation Clause

USI Builder's Risk program automatically extends an additional limit to the total project insured amount for cost escalation.

Standard Market Coverage

Standard Policies **do not include** provisions for cost escalations in the event of a covered loss resulting in $0 additional recovery.

USI's Approach

USI Builder's Risk Policy provides an additional 10% limit to the insured amount for cost escalation for the hard costs of the project in the event of a covered loss.

Financial Impact

For an insured project of $125,000,000, USI's program provides project escalation coverage up to **$137,500,000**.

Coverages

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Builders Risk Examples – Financial Impact

Ordinance and Law

USI Builder's Risk program can be extended to cover (A) loss of value of undamaged part of project, (B) cost of demolition of undamaged parts, and (C) increased cost of construction when caused by enforcement of any law.

Standard Market Coverage

In a standard policy, Ordinance or Law is excluded.

USI's Approach

Ordinance or Law in USI's Builder's Risk Policy can be covered up to the greater of \$5,000,000 or 25% of the project value.

Financial Impact

Ordinance or Law:

\$5,000,000 Maximum

Coverages

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Builders Risk Examples – Financial Impact

Offsite Storage and Transit Sublimits

USI Builder's Risk program can be extended to cover material stored in offsite facilities as well as during transit to the project site.

Standard Market Coverage

Standard Offsite Storage and Transit policies offer low sublimits.

USI's Approach

Offsite Storage and Transit sublimits set at higher than standard sublimit to accommodate larger values of transported material.

Financial Impact

$10M Offsite and Storage Transit loss:
Standard recovery is $250,000

USI recovery:
$10 million

Coverages

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Builders Risk Examples – Financial Impact

Architect/Engineer Fees

USI Builder's Risk program can be extended to coverage necessary and reasonable costs incurred for architects' and engineers' services incurred as a result of covered loss.

Standard Market Coverage

Standard Policies **provide low limits for** Architect and Engineering Fees.

USI's Approach

Architect and Engineering Fees are covered to a high sublimit.

Financial Impact

Architect/ Engineering Fees: **$2.5 million**

Coverages