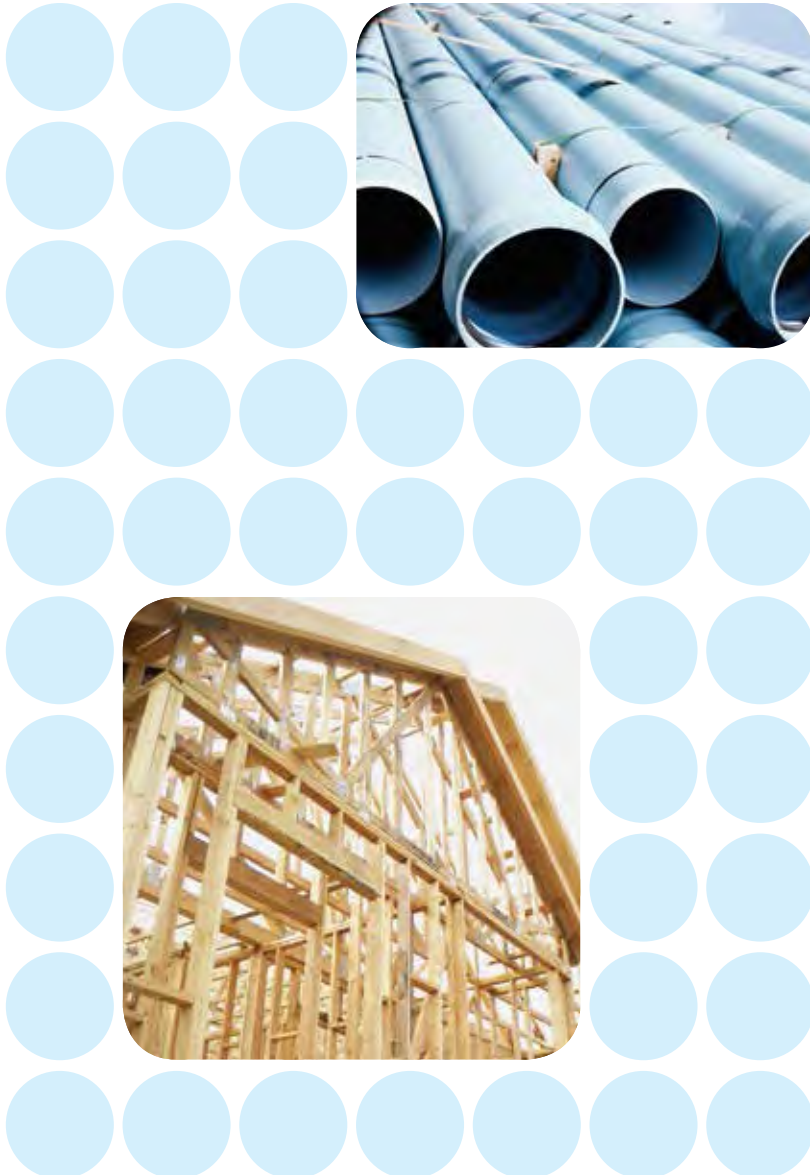


Reporting Form policy guidelines

Builders Risk Plan
Available through US Assure



Builders Risk Plan Reporting Form Policy

Insured by Zurich and available through US Assure

The Reporting Form policy makes it easy for customers to manage their Builders Risk coverage.

Reporting Form policies are available for residential and certain commercial structures. Construction customers who build more than five homes per year or build multiple commercial structures of the same type each year typically enjoy the convenience of a Reporting Form policy. As the agent or broker, you benefit by only having to issue the policy once, and you avoid the unnecessary time and expense associated with renewals.

As the agent or broker of record, it is your responsibility to make sure the insured fully understands the procedures associated with this type of policy, which includes completing the reporting form accurately and submitting premium payment on time to ensure no lapses in coverage occur. Proper reporting helps to ensure that your customers will be covered by the Builders Risk Plan in the event of a loss.

You also have the responsibility to rescind the certificate of insurance should the policyholder fail to report starts by month end of the certificate's issued date. A weekly starts report is provided to you by US Assure for the purpose of tracking Reporting Form activity and issuing or rescinding certificates when needed.

When you issue the policy, please be sure to clearly review the underwriting guidelines with the insured, including the restrictions and conditions relating to what projects are covered without underwriting approval. To ensure that all structures are properly covered in the event of a loss, we have outlined the steps for proper reporting. Please be sure to share these with your customer.

When coverage begins

A new start is considered covered under the Builders Risk Plan when **all** of the following three conditions are met:

1. The start is reported properly,
2. The start is reported on time, and
3. The premium due accompanies the report and is received at the address designated in our form by the due date.

The start must be reported properly

The completed reporting form and premium due must be received in US Assure's Builders Risk Plan lockbox by the due date to ensure continuous coverage. There are two rate options available under the Reporting Form policy – annual or monthly.

Annual rate: The insured must report each location started during the previous month. Under this option, any start will not be reported more than once per year. Any change in project value should be reported at the time of change. This option is ideal for large custom homes or other structures that will be in inventory for more than six months.

Monthly rate: If the insured reports correctly and on time, all structures in inventory that were reported the previous month are listed on the form. Strike through structures no longer in inventory and list any new starts. All structures in inventory must be reported every month. This option is ideal for structures built and sold in less than four to six months, depending on state rates.

The reporting option selected by you and your customer at policy inception should be used on the first start and any subsequent starts reported thereafter. For instance, if you choose the monthly rate, all subsequent starts should be rated using the monthly rate.

Remember, the Reporting Form policy covers only new starts beginning during the policy period. However, coverage can be extended to pre-existing structures if reported within five days of the policy's effective date or if the underwriter has granted approval to report the pre-existing inventory as new starts on the first scheduled report. The report must show pre-existing inventory (PE) by the specified start in order for the structures to be covered.

Model homes and model home contents can be reported either monthly or annually depending on the reporting frequency of the policy selected by the insured.



The start must be reported on time

Once the Builders Risk Plan policy is issued, the insured will receive a reporting form around the middle of each month. This form should be used to report all inventory during the month and any new "starts" which occurred before the month ending date shown. This form must be received by US Assure, along with the premium payment, by the due date printed on the form. Once material which will be part of the completed structure is delivered to the construction site (including foundation), it is considered a "start." Refer to the Reporting Provisions section for further explanation.

Premium payment

Your customer is responsible for calculating the proper premium payment. To determine the premium, divide the total estimated completed value of the structure by \$100. (Total estimated completed value of each structure excludes the value of the land, but may include a reasonable amount of builder profit.) Multiply this result (the number of \$100 units) by the appropriate premium rate as listed on the reporting form. A separate premium must be computed for each start.

Reporting Form policies are written on a completed value form. To avoid co-insurance penalties, the appropriate structure values must be reported and proper premium paid using the rate listed on the reporting form. Insureds should be reminded to adjust reported values to reflect change orders, if applicable.

The premium along with the completed reporting form should be mailed to US Assure's Builders Risk Plan lockbox at the following address:

**US Assure - Builders Risk Plan
P.O. Box 931795
Atlanta, GA 31193-1795**

The Builder Risk Plan lockbox is the only lockbox authorized to receive and process Builders Risk reporting forms and premium payments. Reporting forms and premium for the Builders Risk Plan should not be sent to any other location.

Our Reporting Form policy is a convenient option for customers with five or more new construction projects a year.



Reporting provisions

Annual Reporting Form Policies

- Refer to the Builders Risk coverage form 40471 for complete description - a copy may be found on our website under the Forms section
- Every month, the insured must report each location started during the previous month.
- 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 the policy nor stop us from asserting any right we have under the terms of the policy.
- The premium charge is fully earned.
- A dwelling being used as a Model Home must be reported and identified as a Model Home by indicating "MH" initials by the specified start.
- If at the end of 12 months from the time first reported to us by the insured a start is still in inventory, the insured may report that start to us a second time. If at the end of the second 12 months from the time the insured first reported a start to us and the start is still in the insured's inventory, the insured may report that start to us a third time but at an increased rate known as the 3rd year or Y3.

Monthly Reporting Form Policies

- Refer to the Builders Risk coverage form HBIS-4 complete description – a copy may be found on our website under the Forms section
- Every month, the insured must report each location started during the previous month.
- If reports are late, missing or incomplete, coverage will be applied as follows:
 - o New Start - if the first completed report is received more than 30 days from the end of the month in which the new start began, then coverage will be effective on the date the first complete report of the new start is received.
 - o Missing report penalty - if at the time of loss or damage to a location one or more completed reports for that location is missing, the insured will bear a portion of the covered loss equal to the proportion that the number of missing reports bears to the number of reports that would have been received had you property reported the location pursuant to these reporting provisions.
- A dwelling being used as a Model Home must be reported and identified as a Model Home by indicating "MH" initials by the specified start.

- If at the end of 12 months from the time first reported to us by the insured a start is still in inventory, the insured may report that start to us a second time. If at the end of the second 12 months from the time the insured first reported a start to us and the start is still in the insured's inventory, the insured may report that start to us a third time but at an increased rate known as the 3rd year or Y3.

Definitions

- *Pre-Existing* - any start that was prior to the policy's effective date is considered a pre-existing structure. Coverage can be extended to pre-existing structures if reported within five days of the policy's effective date or if the underwriter has granted prior approval to report the pre-existing inventory as new starts on the first scheduled report. The report must show pre-existing inventory (PE) by the specified start in order for the structures to be covered.
- *Total Estimated Completed Value* - all costs associated with the building and designing of the covered property including labor, overhead and materials and if included, profit.
- *Model Home* - any start that has been completed and staged with furnishings and/or used as a sales office. Starts that are complete and for sale are not considered model homes.
- *Model Home Contents* - the furnishings located within the model home. To begin coverage for model home contents, the insured must report the value of the contents for each specified model home.
- *Existing Inventory Exclusion* - buildings or structures in the course of construction that are more than 30 percent complete prior to the inception date of the policy. For structures over than 30 percent complete, underwriting approval is required.

Additional resources

Annual and Monthly Reporting Form brochures detailing these instructions are available for your builders and can be ordered by contacting a member of our team at (800) 800 - 3907. These brochures are included in our Job Site Safety kits, which are distributed to every insured at the time a new Reporting Form policy is issued. Copies of blank Monthly and Annual Reporting Forms may be printed from our website by accessing the Reporting Form section under the Builders Risk link on our homepage.

Should you have questions about the reporting form process, our dedicated team of underwriters and service representatives is available at (800) 800 - 3907.



P.O. Box 10197, Jacksonville, Florida 32247-0197
800 800 3907 www.usassure.com

US Assure is an independent, third-party administrator managing policy processing for certain builders risk policies issued by Zurich and its affiliated companies.

This is intended as a general description of certain types of insurance and services available to qualified customers through the companies of Zurich in North America. Your policy is the contract that specifically and fully describes your coverage. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy.

Insurance coverages underwritten by member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages not available in all states. Some coverages may be written on a nonadmitted basis through surplus lines brokers.

©2011 Zurich American Insurance Company

