



March 23, 2022

**RE: Bockstael Construction Limited - Minimum Standards of Coverage and Deductibles for Builders Risk and Wrap-Up Insurance**

To carefully manage risk, Bockstael Construction Limited (Bockstael) prefers to place project insurance. As risk of loss is contractually assumed by Bockstael, insurance is a critical tool to managing and mitigating potential project losses. Through decades of project insurance experience, Bockstael has benchmarked minimum standards of coverage, sublimits and deductibles when placing Builders Risk and Wrap-Up Insurance. If the project Owner chooses to take on the project insurance, Bockstael expects that certain standards are maintained.

Bockstael's minimum standards for **Builders' Risk** policies consists of the following;

The most current version of Canadian Construction Documents Committee CCDC 41 is required as the minimum standard for all policies, which further states that coverage shall not be less than current version of IBC Form 4042 and IBC Form 4047. In addition to CCDC 41, Bockstael expects the following coverage and allows for the following changes:

- Deductible can be increased from \$10,000 to a maximum of \$25,000 for any loss, other than \$50,000 Flood and 3%/\$100,000 minimum Earthquake
- Appropriate and reasonable additional coverage (unless specifically insured elsewhere) to make Bockstael and the Owner whole in the event of a loss, including but not limited to the following (Limits are subject to discussion and are based on project values in excess of \$20 million);
  - Defective Design Exclusion endorsement – DE4 Minimum
  - \$250,000 Contamination/ Cleanup Expenses
  - \$250,000 Fungi and Spores
  - \$500,000 Professional Fees
  - \$1,000,000 Transit
  - \$1,000,000 Off Site
  - \$1,000,000 Extra Expense and Expediting Expense
  - \$1,000,000 By-Laws
  - \$1,000,000 Debris Removal
  - Equipment Breakdown Insurance
  - Soft Costs (unless specifically insured elsewhere)
  - Existing Structures (unless specifically insured elsewhere)
  - Construction Project General Conditions
- The Owner shall consider placing appropriate additional coverage for their potential losses including Delayed Start Up (DSU) and other related expenses. In any event the Owner will indemnify Bockstael of Owner costs related to a loss that are not covered by project insurance.
- Warrantees must be reasonable and within industry standards. The accommodation of all Warrantees shall be considered a reimbursable Cost of the Work and included in the Project

Cost or added via Change Order. Warrantees shall be identified by the Owner's representative prior to commencement of Work.

Bockstael's minimum standards for **Wrap-Up Liability** policies consists of the following;

The most current version of Canadian Construction Documents Committee CCDC 41 is required as the minimum standard for all policies. Bockstael expects the following coverage and allows for the following changes:

- Deductible can be increased from \$10,000 to a maximum of \$25,000 for any loss, other than \$100,000 Contractors' Rework
- Appropriate and reasonable additional coverage (unless specifically insured elsewhere) to make Bockstael and the Owner whole in the event of a loss, including but not limited to the following (Limits are subject to discussion and are based on project values in excess of \$20 million);
  - \$100,000 Damage to Hired Automobiles
  - \$250,000 Contractors' Rework
  - \$1,000,000 Limited Fungi
  - \$5,000,000 Prairie or Forrest Fire Fighting Expenses
  - \$5,000,000 Sudden & Accidental Pollution (240 hours reporting)
  - \$5,000,000 Tenant Legal Liability
  - Professional Liability Exclusion with 2280 Endorsement (for Design/ Build projects)
  - 24 Months Completed Operations
- Warrantees must be reasonable and within industry standards. The accommodation of all Warrantees shall be considered a reimbursable Cost of the Work and included in the Project Cost or added via Change Order. Warrantees shall be identified by the Owner's representative prior to commencement of Work.

If for some reason the Owner or party placing the insurance cannot meet these requirements, Bockstael requests one of the following options:

1. Bockstael takes over the placement of Builder's Risk and Wrap-Up Insurance on behalf of the Owner, or
2. The contract is amended to include an indemnification clause as follows:

*....."Bockstael holds harmless and will indemnify and defend the Owner in the event of a loss, except for the event insurance claims arising out of the placement of insurance by the Owner's representative where minimum standards are not met to which Bockstael is accustomed to securing in the marketplace, and to which those coverages and deductible levels are commercially available at the time of placement of the project-specific insurance. Bockstael will make every effort to expedite and assist the claims process; however, shall not be responsible for costs in excess of coverage and shall not be responsible for delays caused by delays in insurance claim resolution"*

Yours truly,

**Bockstael Construction Limited**



Nick Bockstael, P. Eng., Vice President