WISCONSIN HOUSING AND
ECONOMIC DEVELOPMENT
AUTHORITY >WWW.WHEDA.COM

201 West Washington Avenue
Suite 700 | P.O Box 1728
Madison, Wisconsin 53701-1728

T 608.266.7884 | 800.334.6873
F 608.267.1099

INSURANCE SPECIFICATIONS
FOR
DEVELOPMENTS IN THE COURSE OF CONSTRUCTION

INTRODUCTION

The insurance coverage listed below represents the minimum requirements for projects financed by the Wisconsin Housing and Economic Development Authority (the "**Lender**"). Lender does reserve the right to require additional coverage or increased limits if the Lender deems such additional coverage or increased limits are necessary for a particular project or project participant. Lender must be given an opportunity to review the appropriate insurance policies prior to the commencement of a project.

GENERAL REQUIREMENTS

1. Lender will require a **Certificate of Liability Insurance**, **Evidence of Property Insurance**, or **Builder's Risk (if appropriate)**, as evidence of coverage at closing. Borrower will provide Lender with such evidence and a copy of the policy on **an annual basis** for as long as Lender has a construction mortgage on the Borrower's property and the construction has not been completed. ACCORD 27, 25S or 75S are acceptable forms of temporary evidence for property/liability insurance. **The Certificate of Liability Insurance and Evidence of Property Insurance shall include the dates of coverage, dollar amount, property(s) covered, name of the issuing insurance company, policy number, name of the agent who procured the insurance for the mortgagor and Lender as an additional insured**.

2. The insurance policies issued for Lender-financed projects must be issued by companies licensed to do business in the State of Wisconsin or by companies which have been approved by the Wisconsin Commissioner of Insurance as a Surplus Lines Insurer. Lender will only accept those companies with an A.M. Best rating of A-, VII or better.

3. Builders Risk insurance must cover the following:

    1. Name Insured - Project Owner (if applicable).

    2. Additional insured as their interest may appear:

        a. Wisconsin Housing and Economic Development Authority.

        b. The Project Owner (if the General Contractor obtains the Builders Risk policy).

4. Additional Insurance. Lender may require the Project Owner to provide additional insurance if Lender determines additional insurance is necessary to cover any additional hazards involved in construction of the project.

5. Each policy must have the following endorsement "the policy will not be materially changed, canceled or nonrenewed without 30 days' written notice to Lender" and mailed to:

GENERAL COUNSEL
WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY
PO BOX 1728
MADISON WI 53701-1728

"**Materially changed**" means: Any change in the type of coverage, any change in the amount of coverage, or any change in the names of the parties with an insurable interest in the insurance coverage. If the insurance carrier is unwilling to issue such endorsement, Lender will accept, in writing, the insurance agent's willingness to provide such notification requirement to Lender.

THE PROJECT OWNER, GENERAL CONTRACTOR, PROPERTY MANAGER AND/OR ARCHITECT MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE, AS APPLICABLE:

A. COMMERCIAL GENERAL LIABILITY INSURANCE REQUIREMENTS

1. General Aggregate Limit (other than Products and Completed Operations) $2,000,000

1. A .Products/Completed Operations Aggregate $2,000,000

2. Each Occurrence - Bodily Injury, Property Damage, Personal Injury $1,000,000

3. Addition: "Amendment - Aggregate Limits of Insurance - Per Location"

4. Coverage must be provided for property damage arising out of explosion, collapse, or damage to underground property.

THE DESIGN ARCHITECT AND SUPERVISORY ARCHITECT MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE:

B. PROFESSIONAL LIABILITY INSURANCE REQUIREMENTS

1. Limits: 4 stories or greater per occurrence $1,000,000
   3 stories or less - discretion of Lender annual aggregate $1,000,000

2. The policy showing proof of coverage should be provided prior to loan closing and be valid during the course of construction. If the policy is issued on a "claims made" basis, the Extended Reporting Period for the development to which the policy applied shall extend 5 years after obtaining an occupancy permit.

THE PROJECT OWNER, GENERAL CONTRACTOR, PROPERTY MANAGER AND/OR ARCHITECT MUST PROVIDE EVIDENCE OF THE FOLLOWING INSURANCE COVERAGE, AS APPLICABLE:

C. BUILDERS RISK (IF APPROPRIATE)

1. Limits. The amount of insurance under this policy shall be equal to 100% of the development's Mortgage Amount at completion.

2. Coverage Provisions

   a. Special Causes of Loss Form subject to exclusions, including coverage for claims caused by the following perils:

      1) Flood and Surface Water

      2) Back-up of Sewer and Drains (Limit must be provided at a minimum of $50,000 per occurrence)

      3) Subsidence

   b. Policy **must** contain the following wording:
      "This policy does not insure the cost of making good faulty workmanship, construction, or design, but this exclusion shall not apply to the damage resulting from such faulty workmanship, construction, or design."

   c. Policy **must** contain the following waiver of subrogation language:
      "This policy shall waive all rights of subrogation against any insured and allow the insured to waive rights against others before a loss occurs."

   d. Property to be covered:

      1) All materials and supplies owned by the named or additional insured and used in the construction of the buildings while in or on the described buildings, or in the open on the development's premises or job site.

      2) Foundations and fixtures.

      3) Excavation, grading and labor charges associated with the construction project.

      4) Temporary structures used in, or incidental to, the construction fabrication, installation, or completion of the project.