

The 2005 World Exposition, Aichi, Japan
“EXPO 2005”

Guideline for Construction and Erection
Insurance

September 2003

The Japan Association for the 2005 World Exposition
“EXPO2005” Property Insurance Underwriters

Introduction

The construction and erection insurance described in this Guidebook covers nearly all kinds of construction-related risks throughout the period of EXPO2005 civil engineering, construction and erection work.

Special Regulation No. 8 concerning insurance (hereinafter “SPECIAL REGULATION”) of EXPO2005 stipulates that all participants (*) are required to take out insurance for property damages. (Articles 5 and 13, SPECIAL REGULATION)

It is also stipulated that, in the event of any accident, participants and the Japan Association for the 2005 World Exposition (hereinafter the “Association”) shall waive their respective rights to claim damages from each other, so as to avoid disputes between and among parties involved in the Exposition, for the smooth operation thereof. (Article 6, SPECIAL REGULATION)

Accordingly, under this EXPO2005 construction and erection insurance, the insurer also waives claim for damages by subrogation it will acquire through payment of insurance claims for any accident for which the insured waives the right to claim for damages in accordance with these waiver provisions.

* As used in this Guidebook, the term “participants” shall mean official participants in the Exposition and other persons who conduct activities related to the Exposition on behalf of such official participants, in accordance with Article 2. 2 of SPECIAL REGULATION.
In accordance with this definition, constructors are regarded as “participants,” i.e. contractors and subcontractors who construct and erect buildings, structures and equipment under contract on behalf of the Association or participants.
Therefore, each official participant must ensure that all of its contractors have taken out this insurance.

This EXPO2005 construction and erection insurance is exclusively designed to meet the requirements specified in SPECIAL REGULATION. This insurance is outlined below.

- Attention -

This Guidebook outlines only the construction, assembly, and civil engineering work insurance specified in the SPECIAL REGULATION. For details, read the general clauses of the insurance and its endorsements. General conditions will be distributed around spring 2004.

I. Subject work

Subject work:

All works related to Exposition site buildings, structures and equipment constructed/erected by order of each official participant

Insured properties:

The following properties controlled by each participant on the Exposition must be covered by this insurance.

(Article 13. 2. 1, SPECIAL REGULATION)

- (1) Deliverables of the work
- (2) Materials used in the work
- (3) Temporary molds, scaffolds, on-site office, worker quarters and other temporary installations for the work

* Work performed in disassembly, dismantlement and removal are not covered by this insurance. (Even in work coverable by this insurance, that portion falling under this category is excluded from coverage.)

II. Duration of insurance

The insurance must be effective from the scheduled work commencement date until the delivery of deliverables of the work to the owner. (Article 13. 2. 3, SPECIAL REGULATION)

III. Insured amount

The insured amount will be set at the estimate value of completed deliverables of the work.

(Article 13. 2. 2, SPECIAL REGULATION)

- * If the owner supplies materials to the contractor, the cost of such materials should be added.)
- * If it is found after the conclusion of an insurance contract that the estimated value of completed deliverables is higher than the insured amount agreed to under the contract, the insured amount should be increased to the estimated value of completed deliverables.

In order for the insurers to determine the premium for this insurance, you must submit the following documents:

☛ Documents to be submitted for calculation of a premium:

- A copy of the construction contract
- Work schedule
- Scheme of execution
- Breakdown of construction costs
- Construction specifications
- Working drawings (plans, side elevation, etc.)

* Other documents may be required depending on individual cases.

Regarding the calculation of premium and contact office, see the next section.

IV. Procedure for taking out insurance

This construction and erection insurance is offered by the “EXPO2005” Property Insurance Underwriters, consisting of property insurance companies selected by the Association (Organizer) through public invitation and examination from among insurers licensed to conduct insurance business in Japan to undertake insurance and handling of claims related to EXPO2005. The managing leading underwriter is Aioi Insurance Company, Limited.

To take out this insurance, official participants must enter necessary information in the Official Participant’s Application Form for Insurance (attached to the Outline of Insurance for Official Participants), and submit it to the Insurance Team, Finance Group of the Japan Association for the 2005 World Exposition. Applications will be handed to the Underwriters, who will then issue appropriate policies to the applicants.

Contact:

“EXPO2005” Property Insurance Underwriters

Leading underwriter for constructor’s all risks/erection all risks/civil engineers’ all risks insurance

Aioi Insurance Company, Limited

Sales Department, Nagoya Financial Institution

5-15-18, Sakae, Naka-ku, Nagoya City, 460-8450 Japan

Telephone +81-52-252-2535

Facsimile +81-52-252-7129

Inquiries regarding premiums must also be directed to the contact section specified above.

V. Damages covered by this insurance

This is all-risk insurance that pays insurance money for any physical damage caused to insured properties by any casual accident, excepting cases specified in the next section, “Damages not covered by this insurance.”

- * General liability related to construction works will be comprehensively covered by the blanket comprehensive general liability insurance to be taken out by the Association for itself and all participants (Articles 5 and 10, SPECIAL REGULATION)

VI. Damages not covered by this insurance

Although this insurance covers almost all risks related to construction work, the following damages will not be covered:

- Damage caused by willful act, gross negligence or illegal act of the policyholder, the insured or the supervisor of the construction site
 - Damage caused by blowing or leaking in of wind, rain, hail or dust
 - Damage caused by earthquake, volcanic activity or tsunami
 - Distortion or fracture of planks, piles, H-beams and any other similar articles used as temporary construction materials that results when these materials are driven into or extracted from the ground, or damage caused by inability to extract such temporary materials
 - War, reprisal by a foreign country, revolution, government takeover, civil war, armed rebellion or any other similar incident or riot
 - Accident involving radiation, explosion or any other harmful effect of nuclear fuel material (including spent nuclear fuel; same definition applies hereinafter) or any substance contaminated by a nuclear fuel material (including products generated by atomic fission)
 - Attachment, confiscation or destruction conducted by the government or municipal office
 - Damage caused by accident occurring before receipt of premium
 - Damage caused by theft unknown to the policyholder within 30 days of occurrence
 - Loss or shortage discovered in remaining materials inspection
 - Damage caused by the nature of or defect in the insured property, or caused by wear and tear or degradation of the insured property
- * Terms will be detailed in the construction insurance, clauses of which will be distributed later.
 - * Other damages to be excluded from coverage by the insurance may be designated individually at the time of estimation of the insurance premium.

VII. Payment of insurance claims

If damage is caused to insured properties by any accident listed in V above, claims will be paid in accordance with the following standards:

$$\boxed{\text{Claims paid}} = \boxed{\text{Loss amount}} - \boxed{\text{Deductible for each type of contract (per accident)}}$$

- * If the coverage amount agreed under the insurance contract falls short of the estimated value of completed deliverables, claims to be paid will be reduced in accordance with the ratio of such shortage.

The value of damaged properties includes:

Construction or repair costs needed to restore the insured properties to the state immediately before the occurrence of the damage

- * However, the following costs are excluded from calculation of the damage value.
- (1) Costs of provisional repair (excluding portion conducted as part of formal repair)
 - (2) Incremental costs incurred due to any change or improvement in the construction work
 - (3) Costs of studying on method of restoring the insured properties, or cost of suspending restoration work or cost of down-time

Deductible (i.e. portion of damage to be covered by self insurance) for each type of construction (per accident)

- Fire, lightning, burst or explosion: No deductible
- Other causes: ¥100,000 yen

VIII. Procedure to be taken in case of accident

1. Actions to be taken in case of accident

(1) Report accident to leading underwriter

If an accident occurs, the person in charge of handling the accident must carefully confirm the circumstances of the accident, to determine whether it is covered by this insurance. If such accident is coverable by this insurance, report the following information to the leading underwriter promptly by telephone or by faxing an accident report (use any format, as long as all items of information listed in (2) below are described.).

Report to:

“EXPO2005” Property Insurance Underwriters

Leading underwriter for constructor’s all risks/erection all risks/civil engineers’ all risks insurance

Aioi Insurance Company, Limited

Sales Department, Nagoya Financial Institution

5-15-18, Sakae, Naka-ku, Nagoya City, 460-8450 Japan

Telephone +81-52-262-1621

Facsimile +81-52-251-2738

(2) The following information must be reported when first notice of accident is given to insurer.

- a. Date and time of accident
- b. Place of accident
- c. Description of damaged properties, and extent and other conditions of damage
- d. Description of accident (Give as much detail as possible. Drawings to explain accident situation and other documents must be submitted later.)
- e. Cause of accident

(3) Take photographs of the accident scene promptly after the accident.

(4) The policyholder should cooperate in the accident cause and damage investigation conducted by the leading underwriter.

2. Procedure for claims

(1) Preparation and submission of documents necessary for insurance claim to leading underwriter

- * Enter necessary information in documents provided by leading underwriter; send completed documents to leading underwriter.
- * Necessary documents are listed in “List of Insurance Claim Documents” below.

[List of Insurance Claim Documents]

| | Name of document | Considerations for preparing documents |
|--------------------------|---|--|
| <input type="radio"/> | Insurance claim | |
| <input type="radio"/> | Copy of construction contract | Sections where duration and contract price of work are indicated |
| <input type="radio"/> | Copy of construction specifications | |
| <input type="radio"/> | Copy of breakdown of construction costs | Breakdown of costs only for portion requiring restoration may be accepted. |
| <input type="radio"/> | Copy of work schedules | Work schedule for insured work and work schedule for restoration |
| <input type="radio"/> | Working drawings | |
| <input type="radio"/> | Photographs of accident scene | |
| <input type="radio"/> | Estimate for restoration work | |
| <input type="checkbox"/> | Certificate of seal impression | |

☐: Requisite documents ☐: Documents to be submitted as needed

* Other documents may be required, depending on the case.

[“EXPO2005” Property Insurance Underwriters]

This insurance is co-insurance offered by the above-mentioned Underwriters, comprising 17 property insurance companies; each underwriter will assume obligations severally (not jointly) in proportion to its participation in this insurance. Aioi Insurance Company, Limited serves as the leading underwriter to receive premiums, issue policies, pay insurance claims and perform other insurance-related operations and administration on behalf of the other insurers.

The policyholder must understand that if any underwriter goes bankrupt, the insurance money or cancellation refund may be reduced depending on the loss status of the bankrupted insurer. Payment of insurance money or cancellation refund may also be suspended temporarily.

Names of Insurers

(in alphabetical order)

Aioi Insurance, Company, Limited
ALLIANZ FIRE AND MARINE INSURANCE JAPAN LIMITED
Assicurazioni Generali S.p.A.
Hyundai Marine & Fire Insurance Co., Ltd.
Ji Accident & Fire Insurance Co., Ltd.
Kyoei Fire & Marine Insurance Co., Ltd.
NIPPONKOA INSURANCE CO., LTD.
Nissay Dowa General Insurance Co., Ltd.
SECOM GENERAL INSURANCE COMPANY, LIMITED
SOMPO JAPAN INSURANCE INC.
Mitsui Sumitomo Insurance Company, Ltd.
The Asahi Fire & Marine Insurance Co., Ltd.
THE FUJI FIRE AND MARINE INSURANCE COMPANY, LIMITED
The New India Assurance Co., Ltd.
The Nichido Fire and Marine Insurance Company, Limited
The Nisshin Fire & Marine Insurance Co., Ltd.
THE TOKIO MARINE AND FIRE INSURANCE CO., LTD.