Risk Management SOW – Single Family Dwelling

On-Site Inspections and Risk Assessments

Exhibit "A"

- Ongoing QAQC/Site Inspections & Risk Assessments

1. Saturation (does not apply to Risk Assessments):
   a. Full saturation means each type of inspection detailed out in ISG's proposal is looked at for all of the units and/or structures included in the project. For example, weatherization, the expectation is for all the associated components whether house wrap, building paper, foam board, windows/doors, roofing and their respective flashings to be looked at on each unit and each structure. Note, the above is an example.
   b. Half saturation for each type of inspection detailed out in ISG's proposal is looked at. For example, foundation, framing and roofing inspections, the expectation is for half of the units and/or structures to get inspected during the entire construction process. Each unit inspected at the half saturation would have the entire respective assembly inspected. Note, the above is not an exhaustive list of items to be inspected.

2. ISG Proposal:
   a. Upon receipt of ISG's quote the expectation is for the vendor to review and adhere to the information found in the quote.
   b. Saturation and inspection types can also be found in the quote.

c. **Once vertical construction begins, sites are to be visited every 30 days at a minimum, and more often if needed to ensure saturation requirements are accomplished.** In the event the vendor cannot achieve the specified saturations at the 30-day interval, the vendor must notify ISG as to the reason the 30-days cannot be met. The vendor is required to be onsite as frequently as necessary to ensure the inspections are being conducted in a complete and thorough manner and satisfies the saturations found in our quote.
d. **NOTE: When engaged by ISG, the Risk Management requirements may change between the initial engagement and at time of binding. Please be sure you're confirming that the Risk Management requirements haven't changed and if so that you're making any necessary adjustments to your proposals to the Insured.**

3. Qualifications – Applies to Risk Assessments and Traditional TPPR:
   a. On-site inspections shall be performed by a licensed ICC B1 Residential Building Inspector. In addition to these qualifications, at a minimum, the licensed inspector shall be OSHA 10 certified for any site safety inspections.
      i. In the case of an individual that doesn't carry these certification, special consideration may be made so long as the individual performing the QAQC and safety inspections is under the direct supervision of a licensed ICC B1 person who is OSHA 10 certified, and the Vendor has the proper internal review in place to ensure that the requirements herein are being met, and the reporting is accurate.
      ii. Sub-contractors will be considered if the person is a licensed ICC B1 and OSHA 10 certified. This is contingent on the sub-contractor being able to satisfy the Vendor requirements found herein.

4. Reporting and Communication:
   a. Inspection and/or Project status reports are to be distributed to ISG within 10 days of the inspection. **All reporting is to be sent to indexing@isgins.com.**
      i. Inspection and/or project status reports updates are to include the First Named Insured, policy Number, aging of open items, and photographs of open items.
   b. Communications need to be addressed within 3-5 business days (max) and in a complete manner. This includes inquiries about project status updates, requests for reports, project details, etc. Changes to previously communicated deadlines on reports or inspections need to be communicated to the ISG account servicer in a timely manner. **If deemed critical communication, vendor will need to address within 24 hours. ISG will indicate this in correspondence.**

c. **If it's determined that the project has flat roofs, balconies, solar panels or concrete planter boxes (integrated/built into the structure) ISG's underwriter needs to be made aware in a timely fashion.**
d. ISG needs to be made aware immediately that there is a substantial change to a project. This includes changes in the GC, change in project scope, extended project delay, etc.

5. In the event of a large loss on a project subject to TPPR, the vendor is expected to cooperate with ISG and the third-party administrator to review the alleged allegations by the plaintiff attorneys and provide rebuttal to alleged allegations.

6. Open Items (AKA non-conforming):
   a. Vendor is to follow up on open items (non-conforming) within a 5-day timeframe to ensure those items are being addressed and closed out in a timely manner.
   b. Any QAQC items found to be non-conforming with plans/specifications, installation instructions, industry standards and local building codes are to be corrected prior to being concealed <u>regardless of severity.</u>
   c. Vendor is required to collect information from the insured showing the open items as having been corrected. This can be done via additional vendor site visits or verifiable photographic documentation from the Insured. NOTE – photographic documentation of a corrected item needs to be collected from the specific location where the open items were noted. The Vendor should not consider the items as closed if the photographs of corrected items are from a different location or cannot be 100% verified via GPS or other methods of vendor verification.
   d. **Should the Insured cover an assembly without inspection or conceal an open item prior to verification of correction, ISG must be notified immediately and ISG reserves the right to impose destructive testing to review the item/items that were concealed to ensure compliance. The expectation would be that the Vendor be onsite to observe and confirm the corrected item. Prior to ISG imposing destructive testing, ISG may impose weekly meetings between the vendor, the insured and/or other applicable parties to review project progress and non-conforming (open) item report status. This would be required until the insured is in compliance with the policy and can confidently display their ability to address non-conforming items.**

7. Site Safety Inspections:
   a. **Site Safety observations are expected at each QAQC site visit even if the TPPR Firm is not engaged to perform formal site safety inspections. Site**

Safety observations are to be documented on inspection reports. <u>If the site safety deficiencies are critical, the Vendor must notify the project supervisor or highest-ranking official on the site and the insured must make corrections same day the vendor observed and approve the correction.</u>

b. Glaring deficiencies are as follows:
   i. **Fall protection**
   ii. **Controlled access zones**
   iii. **Trench protection (shoring, benching, sloping, trench boxes)**
   iv. **PPE**
   v. **Tools properly guarded**
   vi. **Electrical hazards**

c. ISG (Bebe Vanhoosier, Eileen Mayorga, or Ryan McBride) is to be notified same day if the insured does not make the correction

8. Scope of Work QAQC Inspections and Risk Assessments:

a. Inspections on common areas/buildings are required and include (but are not limited to) the following:
   i. Any common structures (i.e. gym, pool house etc.)
   ii. Pool/spa construction
   iii. Roof top patios/decks

***b*. Insured/General Contractor to have Mock-Ups Built while Vendor is on site ensuring proper execution in sequencing, material compatibility and conformance with plans, applicable codes/standards and manufacturers installation instructions on the following assemblies *<u>(at the discretion of the Underwriter, based on loss run history and type of loss)</u>* (NOTE: Mock-Ups to remain on site, intact and accessible for GC, Sub-Contractor and Vendor reference)**
   i. **Windows**
   ii. **Doors**
   iii. **Stucco**

c*. Window Water Testing *<u>(at the discretion of the Underwriter, based on loss run history and type of loss)</u>
   i. **Testing to be done in accordance with ASTM E-1105/AAMA 502 standards**
   ii. **Testing to be performed as a one-day site observation with as many window as possible being tested in that one-day timeframe**
   iii. **Failed assemblies to be repaired/replaced and retested**

iv. **Additional testing will be required in the event of failures (frequency of testing to be determined once failures are reported to ISG)**

d. Roofing, Stucco and Solar Assemblies (If the insured has multiple subcontractors the vendor is required to observe the installation for each subcontractor on site as detailed out below)

i. **For Roofing, the vendor shall be on site for a ODSO (one-day site observation). For Stucco, the vendor shall be on site for 3 HDSO (half day site observations). Day 1: Building paper installation. Day 2: Lathe (and foam if applicable). Day 3: Stucco application. For Solar, the vendor shall be on site for ODSO (one-day site observation)**

ii. **Photographic documentation is required.**

iii. **If items are found to be non-conforming by the vendor during these specific inspections, the subcontractor is to make the necessary repairs/corrections while the vendor is on site. Non-conforming corrections are to be repaired immediately before moving to another structure/building, and photographs of said repairs are to be captured by the vendor and detailed out in reporting**

iv. **Multiple Crews: If more than one crew is on site installing their respective assembly, the expectation is for inspections to take place on those assemblies as well**

v. **ISG reserves the right to impose additional ODSO and/or HDSO if the quality of construction on these assemblies deems it necessary**

e. Risk Assessment

Risk Assessment – Expectations/SOW

- A Risk Assessments can be conducted at a different site from the site being covered under the subject policy if the Builder/General Contractor is the same on both sites. The site inspections must include the insured's construction of all critical phases including foundation, framing, roofing, MEP, windows, doors, exterior etc.
- **In addition to the inspection of construction assemblies the Vendor is to perform a comprehensive site safety inspection based on applicable OSHA standards**
- Assessments are to be completed within 90-days of policy inception (In the event the construction progress does not permit completion within the 90-day period, please notify ISG immediately upon discovery and of a new tentative date).
- If ISG or the Insured has requested a specific location for the Risk Assessment and it's determined to not be suitable for a comprehensive Risk Assessment, please work with the Insured to determine if they have a more suitable location. Upon determination of location, the vendor is expected to notify ISG immediately of the new location.
- Risk Assessment reports are to be transmitted to ISG within 10-days of completion **(All reporting to be sent to indexing@isgins.com).**
- Risk Assessment reports are to contain scoring metrics detailing proper installation and adherence to applicable codes and standards for each type of construction, and site safety and security conditions for each category found in the report as well as an overall score for the assessment performed.

- Risk Assessment reports are to highlight the top 5 highest risk conditions (or more if applicable) found during the assessment and the Insured is to respond/ correct those conditions and report them back to the vendor with photographic documentation. Closure/correction of all open items is not required for acceptance by ISG. However, the top 5 (or more if applicable) are required to be addressed.
- Risk Assessment reports that receive a score below 70% in any section may result in additional reviews and could result in policy cancellation.
- **For detailed Risk Assessment scope of work, please see sections d-h below.**

f. Technical Plan Review - Waterproofing/Weatherization & Acoustics:

TPPR Review

- Vendor shall provide Insured with a Third-Party Waterproofing and Acoustical Assessment of Plan Documents. During the Plan Review, the vendor will review selected items in the construction documents prepared by the Architect of Record. The recommended construction documents for plan review include Soils Report (along with any updates), Civil, Landscape, Architectural, and Structural drawings, Specifications, Architectural Company Standard Details (if applicable), Primary Acoustical and Waterproofing Trade Scopes and other applicable documents ("Documents"). The Documents received by the vendor will be reviewed for the purpose of bringing forth and identifying conditions which might, in the professional opinion of the vendor, be inconsistent with standard building practices for the project type and location. The Plan Review will be limited to analysis of waterproofing and acoustical measures. This review should also encompass the verification of Engineer's recommendations for acoustics, soil, structure or other related acoustical and waterproofing components.
- Vendor is to follow up with insured on plans and details that are either missing from the plan sets or needing additional information/clarification to ensure proper installation

g. Foundation Assemblies:

Below Grade Foundation (Mat Slab) (Basement)

- Foundation reinforcing steel
- Isolation of through piping, sweeps & conduits
- Post tension cables supported by chairs/tables
- Rebar cages/columns (as applicable)
- Rebar secured and supported
- Manufacture's Specifications or Referenced Detail(s)

Below Grade Waterproofing (Horizontal and Vertical) (Structural Foundation/Shoring/Blindside Walls) (Basement)

- Materials and sequencing per approved specifications
- Barrier manufacturer/materials
- Drainage system installed at concrete planter boxes
- Drainage system installed Below Grade
- Area drains unrestricted
- Penetrations/protrusions Sealed
- Required lapping (as applicable)
- Waterproofing manufacturer
- Manufacturer's Specifications or Reference Detail(s)

Grade Level Foundation (S.O.G./Pre-Slab) • Footings/grade beam depth • Foundation hardware • PT cables/structural steel supported • Metal decking (as applicable) • Vapor barriers (as applicable) • Manufacturer's Specifications or Reference Detail(s)
Concrete Masonry Unit (CMU) Walls (where applicable) • Anchorage to slab/footings, floor, and roof systems • Block placement prior to grout • Lintel over open(s) – doors and windows • Vertical and horizontal reinforcement steel • Manufacturer's Specifications or Reference Detail(s)

h. Exterior Building Envelope & Cladding Assemblies:

Exterior Weather Barrier • Attachment hardware and spacing • Expansion/control joints where required • Integrated flashing(s) • Membrane at horizontal surfaces where required • Minimum lap requirements • Rain screen/drainage plane and weep system (as applicable) • Sealed holes, tears, and penetrations in weather barrier • Weatherboard installations (installation sequence) • Weep screed (as applicable) • Manufacturer's Specifications or Reference Detail(s)
Cladding (siding, board/baton, brick/stone veneer, metal panels, stucco) • Attachment hardware and spacing • Installation sequence • Integrated flashing(s) • Plant Ons/Eyebrows (as applicable) • Lathe type and fastening (as applicable) • Weep screed (as applicable) • Manufacturer's Specifications or Reference Detail(s)
Roof Systems/Flashings (Including flat/low sloped roof systems) • Installation sequence • Ridge, drip edge, valley and diverter flashings (as applicable) • Roof drains and overflows where required • Roof material appropriately sloped where required • Roofing material appropriately sealed at transitions, intersections and laps (as applicable) • Roofing manufacturer • Vents/penetrations flashed • Weather Barrier installed in weatherboard fashion • Manufacturer's Specifications or Reference Detail(s)
Balcony and/or Deck Flashings and Waterproofing Systems (where applicable) • Applied with positive slope • Balcony flashing applied in weatherboard fashion • Drip edge and seams overlapped/caulked or soldered (as applicable)

• Installation sequence • Primary and secondary drain/scupper (as applicable) • Threshold flashing in place (as applicable) • Waterproofing manufacturer – type and system used • Manufacturer's Specifications or Reference Detail(s)
Window/Door/Preliminary Weatherproofing • Flashing installed in weatherboard fashion • Installation sequence • Wall penetrations flashed/sealed • Window flanges caulked and tooled (as applicable) • Manufacturer's Specifications or Reference Detail(s)
Solar Panels (where applicable) • Rooftop stanchions bibbed in weatherboard fashion • Junction box and PV rated wiring installed • Sub-Panel for PV wiring • Panels installed (where applicable) • Manufacturer's Specifications or Reference Detail(s)
Building Final • Caulk joints at transitions • Clearance from grade/hardscapes • Downspouts directed away from structure • Final grade and drainage • Sealed exterior penetrations • Unobstructed window weeps • Manufacturer's Specifications or Reference Detail(s)

i. Interior Assemblies

Structural (Wood) Framing and/or Light Gauge Metal Framing • Acoustical isolation (as applicable) • Anchoring or hold-down bolts • Metal track connections (as applicable) • Post to beam connections • Seismic and shear/manufactured panels • Shear blocking/nailing • Shield plates at stud/plate penetrations (as applicable) • Structural straps, clips, and ties • Manufacturer's Specifications or Reference Detail(s)
Fire Block/Draft Stop (Fire caulking As Applicable) • Floor/ceiling/rated wall penetrations • Location of fire blocking/draft stopping • Rated penetrations sealed • Manufacturer's Specifications or Reference Detail(s)
Shower/Tub Substrate Waterproofing • Flood test (as applicable) • Minimum backing requirements • No readily apparent breaches in material • Product or material identified • Manufacturer's Specifications or Reference Detail(s)

j. General Site Safety, Security, and OSHA Compliance

Site Safety Inspections

- Fencing (as applicable and within reason)
- Video surveillance (not required but is best practice)
- Personal Protective Equipment (PPE)
- Ladder Safety
- Barricades (windows, doors, balconies/decks, elevated surfaces)
- Trenching/shoring (sloping, benching, trench box)
- Impalement protection (rebar caps or other method of protection)
- Scaffolding (mud sills, top and mid rails, toe boards, access)
- Cleanliness
- Controlled Access Zones (CAZ)

9. Quality of Peer Review Reports:
    a. Policy number listed in naming conventions or in the project info area
    b. Builder name, project name (to include phase 1, 2 etc.)
    c. Date of last inspection
    d. Number of inspections completed to date
    e. Total OI count w/date(s), w/age and break out in header 0-30, 31-60, 61+
    f. Total OI closed count and break out in header 0-30, 31-60, 61+
    g. Photo of current open items (red header) with lot number/address
    h. Photo of corrected open items (green header) with lot number/address
    i. Saturation at lot and/or unit level and associated percentage of inspected assemblies to ensure SOW requirements are met
    j. Next site visit if scheduled
    k. Notes section for monthly update of current construction status from inspector

10. Kick-Off Meeting with Insured
    a. TPPR to have general upfront training meeting with the following:
        i. Project supervisor, onsite staff and critical subcontractors who are involved with window/door installation, exterior cladding, waterproofing, and roofing installations (if already contracted)
        ii. Review of SOW's related to the insureds project
        iii. Review Site Safety Inspections noted in section 7/a, b, c and k of this SOW for specific topics to be discussed
        iv. Discuss major cause of losses. TPPR to show sample cases where TPPR could have prevented a claim or reduced claims amounts

v. TPPR focus on mitigation of water intrusion claims, training on assemblies and manufacturer's installation instructions
vi. TPPR firm to detail out the requirements for roofing, stucco and solar installations/inspections
vii. What an Open Items is, how that information is used and the requirements for addressing an open item.
viii. TPPR to articulate ISG's authority to issue Notice of Cancellation (NOC) in the event of the insured is out of compliance with Risk Management requirements