

**Form #AE1** (Rev. October 30, 2012)  
**Design / Build Endorsement**

It is hereby agreed as follows:

For projects which the **INSURED**, a subsidiary of the **INSURED**, a subcontractor to the **INSURED**, an entity under common ownership, or an entity that owns the **INSURED**, operates as per the **INSURED'S PROFESSIONAL BUSINESS** as well as performing construction, erection, fabrication, installation, assembly, manufacture, or the supply of equipment or materials incorporated therein, the **UNDERWRITERS** shall not be liable to pay any **DEFENCE COSTS** or **Supplementary Payments** or indemnify the **INSURED** against any **CLAIM** or **CLAIMS** arising directly or indirectly out of or in respect of:

1. the acquisition of any real estate or the securing of financing for such acquisition;
2. the advising or requiring of, or failure to advise or require or failure to maintain or procure any financing or monies for the payment of any portion of any project, or services or labor connected with any project;
3. cost overruns or the exceeding of any budget or other cost limitation;
4. failure to complete any construction in a timely manner or with a prescribed period of time;
5. the insolvency or bankruptcy of the **INSURED** or any contractor, subcontractor, or supplier of the **INSURED**;
6. the preparation or failure to prepare any safety precautions or procedures in connection with any project; and
7. the preparation or failure to provide quantity surveys;

For the purposes of this Endorsement, Exclusion 3.13 (a) is replaced with the following:

- (a) faulty workmanship, construction or work which is alleged or in fact not constructed in accordance with the design of the project or the construction documents where such construction work is performed by:
  - i. the **INSURED**;
  - ii. a subcontractor of the **INSURED**; and
  - iii. any subsidiary that the **INSURED** controls, manages, operates, or holds ownership in or any enterprise that controls, manages, operates or holds ownership in the **INSURED**

Nothing herein contained shall vary, alter or extend any provision or condition of the Policy other than as above stated. This Endorsement attaches to and forms part of the Policy.