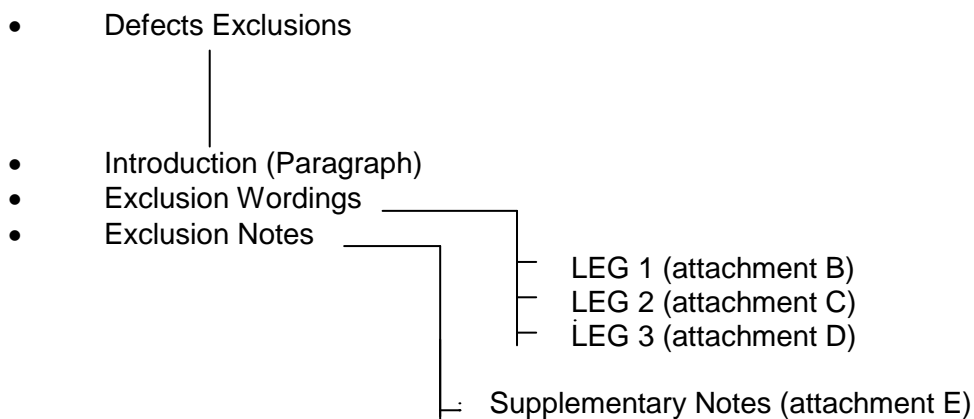


L.E.G GROUP DEFECTS WORDINGS



The following exclusion wordings were developed by the LEG Group defect wording sub committee.

The wordings were not intended to change the extent of the cover provided but to clarify the intent of the current market practice.

The conclusions of the committee produced three clauses.

- LEG 1 - An out-right defects exclusion
- LEG 2 - A “Consequences” style wording
- LEG 3 - A Wider or “Full defects” style wording

LEG 1/96- The London Engineering Group Model “Outright” Defects Exclusion

“The Insurer(s) shall not be liable for :
Loss or damage due to defects of material workmanship design plan or specification”

**LEG 2/96 - The London Engineering Group Model “Consequences”
Defects Wording**

“The Insurer(s) shall not be liable for

All costs rendered necessary by defects of material workmanship design plan or specification and should damage occur to any portion of the Insured Property containing any of the said defects the cost of replacement or rectification which is hereby excluded is that cost which would have been incurred if replacement or rectification of the Insured Property had been put in hand immediately prior to the said damage.

For the purpose of this policy and not merely this exclusion it is understood and agreed that any portion of the Insured Property shall not be regarded as damaged solely by virtue of the existence of any defect of material workmanship design plan or specification”

**LEG 3/96 - The London Engineering Group Model “Improvement”
Defects Wording**

“The Insurer(s) shall not be liable for

All costs rendered necessary by defects of material workmanship design plan or specification and should damage occur to any portion of the Insured Property containing any of the said defects the cost of replacement or rectification which is hereby excluded is that cost incurred to improve the original material workmanship design plan or specification.

For the purpose of the policy and not merely this exclusion it is understood and agreed that any portion of the Insured Property shall not be regarded as damaged solely by virtue of the existence of any defect of material workmanship design plan or specification”.

Supplementary Notes

The Model Wordings “LEG 2/96 and “LEG3/96” contain a final paragraph which is essential when considering the wordings in a market wise context for incorporation into a “non-standard” or Broker produced Policy Form. Some Insurers have indicated their preference, when incorporating such “Leg” clauses into their standard EAR Policies, to include this paragraph under the “Insuring Clause”. In such circumstances the paragraph may read.

“It is understood and agreed that any portion of the Insured Property shall not be regarded as damaged solely by virtue of the existence of any defect of material workmanship design plan or specification.