

INSPECTION REPORTInsured: **ABC ENGINEERING AND CONSTRUCTION**Policy #: **SMP-00000000**Street Address: **678 MAIN STREET**File#: **0000-00000000**City/State/Zip: **HOME TOWN, PA 00000**Date of Survey: **5/9/2007**Information Obtained From: **JAMES SMITH, PRESIDENT**Field Rep: **000**

Insured's Interest in Building: OWNER TENANT OWNER/OCCUPANT
Business Entity: CORP. PARTNERSHIP SOLE PROP. INDIVIDUAL
 LLC OTHER(Describe):
Type of Business or Operation: **TRAFFIC SIGNAL INSTALL & REPAIR AND SALES / SERVICE OF GOULDS WATER PUMPS**
Years named insured in Business: **40** Years of Experience in this Type of Business: **28 (THIS OWNER)**
Hours of Operation: **8AM-5PM**
Seasonal Operation: YES NO
Products Completed/Operations Exposure: **SEE NARRATIVE**
Number of Employees: **9** Annual Gross Receipts: **\$800,000**
Business Appears to be Successful and Well-Managed: YES NO Comment:
Any Other Locations: **NO**

SPECIAL ATTENTION: None requested.

GENERAL INFORMATION/OPERATIONS: Insured operates a business specializing in installing and maintaining traffic lights and has a side business selling and repairing Goulds water pumps. This business entity started out over 40 years ago as engineering company which. When engineering work started to decline, insured purchased a distributorship of Goulds Water Pumps to add additional income source. The business has always done traffic light work, but other engineering work has been discontinued over the years. Also, as public sewer and water have been made available to most homes, the sale of pumps used in private wells has ceased.

The water pump business now is basically pumps used for water displays, filtration systems for swimming pools and sales / service of sewage treatment pumps for local sewage treatment facilities. Insured does not offer warranties / guarantees or does installations or removals. Customers will come here to drop off pumps needing repair. Insured will repair and customer will stop back and pick up. All repairs are in accordance with repair manuals and parts supplies by Goulds pumps.

There was a question regarding use of the "paint room". This room was originally an addition to the original structure and was used for "cooking" electric motors before rebuilding. This was done by prior building owner. The "paint room" consists of HCB walls, concrete roof and floor and has thru-the-roof air intake and exhaust with explosion-proof fan. The painting exposure is less than ½ hour per month and involves touch-up of blue paint on Goulds pumps. The pumps are originally painted a shade of blue only used by Goulds. When insured opens the pump to repair, sometimes marks are made on exterior case nicking the paint. Insured has small cans of touch up spray paint supplies by Goulds for touch-up only.

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No other painting is done. The paint is purchased in 12 cans per case and is stored on a shelf away from other heat sources. There are no other flammables on premises. Painting exposure is considered slight, and adequately protected.

The traffic signal work is primary operations of insured. Insured will install new lights, replace existing lights and maintain lights at intersections. Insured's operations start at power source at intersection and include trenching, laying underground wiring, installing poles, lights, making all connections and final testing. After work is done, insured has the maintenance contracts on intersections and involves replacing light bulbs and correcting any deficiencies. Insured's maintenance contract covers normal wear and tear and includes annually replacing all bulbs in traffic lights. Other work done by insured includes repairs such as replacing circuit boards, relays and other mechanical items which may fail due to vehicular collision, lightning strikes or other causes not covered under service contract. New construction is 10% of business and 75% of work is insured receiving notice to bid jobs. These notices may be sent to insured from cities, municipalities of PA Dept of Transportation. The customer bid notice includes all specifications. Insured will quote price and if job is awarded, will perform to bid specifications. Before any digging, insured uses PA One Call for underground utility location. Insured has traffic cones, mobile trailers with flashing directional lights and employees with safety vests and flags to direct traffic during construction.

Insured has a mobile trench cutter, which is driven by an operator. The cutter has a 6 inch wide trenching wheel that is 6 feet in diameter. Electrical conduit is laid in trenches. Insured has a backhoe to dig out concrete light pole foundations. There are two line trucks, having augers on one end and telescopic pole boom on the other used for setting light poles. After light poles are set and all lights connected and tested, the trenches are closed using stone and asphalt and rolled by insured's roller.

Insured stated he uses subcontractors only for repainting road lines that were damaged during construction. Seventy-five percent of work consists of insured working directly for municipality or city. Other 25% of work is insured working as subcontractor for general contractor, when new intersections are being installed in new area of commercial / industrial development which is not yet completed. Other than new construction, insured's primary business is servicing 287 intersections under maintenance contract with this being the foremost of operations. Insured employees use bucket trucks daily to make trips within 75-mile radius to service these intersections. There were no intersections or construction sites within 25-mile radius this day; thus we could not do a job site inspection.

Insured's building is mix joisted masonry and light steel non combustible construction. The building maintenance is average to good, with no mechanical deficiencies noted. At south end of building is side entrance door next to overhead door. The walkway at entrance door is not smooth and presents a trip /slip hazard.

The sidewalks are broken / uneven on both Oak Avenue and Elm Street sides of building and have not been repaired.

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To the south end of the building is small area insured is using for storage of wooden poles and outside equipment. Due to closeness of alley, this area is unable to be fenced since it would not allow enough area to move materials. However, directly to south on east side of Elm Street is a large parking lot owned by insured. Insured uses this lot for parking of trucks, trailer and light pole storage. This lot is not fenced, but all vehicles are kept locked, however. The light poles and other materials may pose attractive nuisance hazards to children and thus create liability exposure.

There is no emergency lighting in building and we will not be making recommendation. The customer retail area is plate glass and only open 8am to 4pm during daylight hours.

To rear of building is the office and storage with windows for light. There is one small workroom and "paint room" without windows. But since these are only used by employees and not entered by customers, there is no liability exposure, except workers comp, which is not covered. All areas of building have lighted exit signs and proper egress routes.

LOSSES/CLAIMS: March 2006, a bucket truck parked in open lot was broken into at night and tools stolen. No other fire, property, liability or auto losses.

RECOMMENDATIONS: See attached.

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RECOMMENDATIONS:

- 05-09-01: To reduce the liability, theft and vandalism exposures created by vehicles, light poles and other material / equipment being stored in open, your parking lot to southeast of building should be completely fenced with employees being furnished keys. This area could be used for storage of all materials and vehicles and fencing would reduce exposure to possible vandalism, theft and injury to members of the public.
- 05-09-02: Initial and periodic Motor Vehicle Record checks should be made on all drivers to identify violations and accidents that could adversely affect your fleet's experience.
- 05-09-03: Portable fire extinguisher(s) in the building should be inspected, maintained and tagged by a qualified service contractor on an annual basis.
- 05-09-04: The sidewalks facing Oak Street and Elm Avenue are in a state of deterioration. Also, the south entranceway by garage door is uneven creating a trip / slip hazard. All these deficient walking surfaces should be repaired or replaced by a qualified contractor.