




OnSite™ Single Project Contract Works Insurance

Policy Wording

Underwritten by **Lumley** 
a business division of IAG New Zealand Limited



Guarantees and insurance for the building industry

OnSite Single Risk Wording

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Introduction

Welcome to the OnSite™ Single Risk Contract Works *Policy*. This wording sets out the terms, conditions and exclusions subject to which cover is provided for *Property Insured*.

Please read this *Policy* carefully to ensure that the insurance cover is appropriate for *You*. Words *Capitalised* and in *Italics* have had their meaning defined. These meanings can be found in the Definitions Section or within the wording of this *Policy*. Headings in this *Policy* are a guide only and are not to be used for interpretation.

Insurance contract

In consideration of the premium paid by *You* to *Us*, *We* agree to indemnify *You* as outlined in this *Policy*.

Your insurance contract consists of three parts, this pre-printed document, the *Policy Schedule*, and the information provided by *You* in support of Your application, including that provided on the proposal.

The cover provided by this *Policy* only attaches to those items of the *Property Insured* which in the *Policy Schedule* have a *Sum Insured* shown. For items where there is no *Sum Insured* shown, or "0" or "Nil" is shown, there will be no cover unless specifically endorsed on to the *Policy Schedule* or *Policy*.

Disclosure of material information

In addition to any other disclosure obligations under this *Policy*, *You* have a duty to advise *Us* of all material information prior to inception and variation of this *Policy*. Material information is information that might influence a prudent insurer's decision to insure *You*, and if so, on what terms and/or premium.

Failure to disclose all material information may entitle *Us* to avoid *Your Policy*. This means it will be as though the *Policy* never existed and any claims made will not be payable. If *You* are unsure whether to disclose certain information, please tell *Us*.

Operative Clause – What We cover

We will indemnify *You* for *Damage* to *Property Insured* occurring during the *Period of Insurance* subject always to the terms, conditions and exclusions of this *Policy*.

Basis of Settlement - What We pay

In the event of *Damage* to *Contract Works* during the *Period of Insurance*, the basis of any settlement will be either:

- a) For *Damage* which can be repaired – the cost of repairs to the *Contract Works* necessary to restore the *Contract Works* to its condition immediately prior to the *Damage* occurring, less any salvage; or
 - b) For a *Total Loss* – the *Actual Value* of the *Contract Works* immediately prior to the *Damage* occurring, less any salvage,
- provided that:
- a) all *Damage* which can be repaired is repaired, save for *Damage* which is a *Total Loss*; and
 - b) the *Contract Works* is repaired or replaced using materials comparable to those originally used for the *Contract Works* and which are available at the time of *Damage* occurring; and
 - c) *Our* liability will only attach upon receipt of the invoices and documents which confirm, to *Our* satisfaction, that the repairs have been effected or reinstatement has taken place; and
 - d) *We* will only be liable to indemnify *You* for provisional repairs if such repairs constitute part of the final repairs and do not increase *Our* total liability should the provisional repairs not have been necessary.

Subject to the Automatic Benefits of this *Policy*, in no circumstances will *We* be liable to indemnify *You* under this *Policy* for any amount which:

- a) was incurred by *You* following the initial commencement of the *Damage* occurring; or
- b) is in excess of the *Sum Insured* for the *Contract Works* shown in the *Policy Schedule*; or
- c) is in excess of the *Total Sum Insured*; or
- d) in *Our* opinion constitutes an alteration, and/or addition and/or improvement to the *Contract Works* compared to how they were immediately prior to the *Damage* occurring; or
- e) is the applicable *Excess* as shown in the *Policy Schedule*; or
- f) is in respect of *Damage* which did not occur on the *Contract Site*.

Automatic Benefits

Subject always to the *Total Sum Insured* and the terms, conditions and exclusions of this *Policy*, if the *Contract Works* suffer *Damage* covered under this *Policy*:

1. Demolition / Removal of Debris

We will pay the cost of:

- a) the demolition and removal of *Damaged* and/or undamaged *Property Insured* from the *Contract Site*; and/or
- b) the shoring or propping up of undamaged *Property Insured*, provided this is required to enable the *Contract Works* to be repaired or replaced.

The maximum amount *We* will indemnify *You* for under this clause is 5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

2. Escalation of Costs during Reconstruction

We will pay the increase in the costs of construction from the initial costs of construction incurred prior to the *Damage* to those which are incurred in the repair or reinstatement of the *Contract Works*, provided that repair or reinstatement is completed without delay.

The maximum amount We will indemnify You for under this clause is 5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

3. Expediting Expenses

We will pay the cost of express delivery of replacement materials within New Zealand, overtime wage payments and the cost of other measures reasonably required to repair or reinstate the *Contract Works*.

This includes domestic airfreight within New Zealand by licensed operators on a regular scheduled service. The cost of chartered services is not covered unless You obtain Our prior agreement.

The maximum amount We will indemnify You for under this clause is 2.5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

4. Increase in Costs during Construction

We will pay:

- a) any increase in the costs of construction; and/or
- b) the cost of variations in the *Contract Works* which have been agreed to by both the principal and the *Contractor*, which were incurred by You prior to the *Damage* to the *Contract Works* occurring, provided that such payment is required to ensure that the *Contract Works* is repaired or rebuilt to the same or similar standard as at immediately before the *Damage*.

The maximum amount We will indemnify You for under this clause is 5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

5. Offsite Storage

We will pay the cost of repair or replacement of materials *Damaged* whilst in storage in New Zealand not at the *Contract Site* provided that the materials:

- a) belong to You
- b) are solely designated for incorporation into the *Contract Works*; and
- c) were in storage for no longer than 120 days in duration before the *Damage* occurred

The maximum amount We will indemnify You for under this clause is \$250,000 for any one location.

6. Overseas Airfreight

We will pay the cost of overseas airfreight of replacement materials by licensed operators on a regular scheduled service. The cost of chartered services is not covered unless You obtain Our prior agreement.

The maximum amount We will indemnify You for under this clause is 2.5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

7. Plans / Drawings

We will pay the cost of replacing *Damaged* plans and drawings already in existence, required for construction of the original *Contract*

The maximum amount We will indemnify You for under this clause is \$10,000 in total for the *Period of Insurance*.

8. Professional Fees

We will pay architects', surveyors' or consulting engineers', clerk of works' or other professional consultants' fees incurred by You which are necessary to effect the repair or reinstatement of the *Contract Works*.

In no circumstances does this *Policy* provide cover for fees or expenses incurred by You in preparing a claim.

The maximum amount We will indemnify You for under this clause is 5% of the *Contract Value* unless stated otherwise in the *Policy Schedule*.

9. Transit of Materials

We will pay the cost of repair or replacement of materials *Damaged* whilst in transit, including loading and unloading, provided that:

- a) the transit is by Air, Sea, Road or Rail within New Zealand territorial limits; and
- b) the materials belong to You; and
- c) the materials are solely designated for incorporation into the *Contract Works*.

The maximum amount We will indemnify You for under this clause is \$250,000 per conveyance unless stated otherwise in the *Policy Schedule*

Optional Extensions (only applicable if shown in the *Policy Schedule*)

Subject always to the *Total Sum Insured* and the terms, conditions and exclusions of this *Policy*, if Your cover under this *Policy* includes the applicable Optional Extension as shown in the *Policy Schedule*:

1. Existing Structures

Subject to the Special Provisions below, We will pay the cost of *Reinstatement of Damaged Existing Structures*,

provided that:

- a) the *Existing Structures* were in Your care, custody and control at the time of the *Damage* occurring; and
- b) the *Damage* is directly caused by Your performance of the *Contract*, unless You have elected to have full cover for *Existing Structures* and this is shown in the *Policy Schedule*; and
- c) the *Damage* occurs during the *Period of Insurance*; and
- d) there is no cover under this Optional Extension for:
 - i) *Damage* to floor and wall finishes or coverings of the *Existing Structures* unless specifically listed in the *Policy Schedule*; or
 - ii) *Damage* to contents of the *Existing Structures* unless specifically listed in the *Policy Schedule*; or
 - iii) consequential loss or liability of any nature whatsoever.

The maximum amount We will indemnify You for under this *Existing Structures* Optional Extension will be the *Sum Insured* stated in the *Policy Schedule* for *Existing Structures*.

Special Provisions

a) Compliance With Regulations

We will include in Our payment those costs incurred in the *Reinstatement* of the *Damaged Existing Structures* necessary to comply with any *Regulations*; however, We will not pay for:

- i) costs associated with work already to be done by You, required by notice served prior to the occurrence of the *Damage*; or
- ii) costs relating to undamaged property or undamaged portions of property. This will apply whether or not the undamaged property or portion of it comprises a separate building or structure or a separate item of plant or equipment.

Payment under this clause is subject to the maximum payment under this Optional Extension being the *Sum Insured* stated in the *Policy Schedule* for *Existing Structures*.

b) Site of Replacement

Reinstatement must be carried out on the *Contract Site* where the *Existing Structure* was *Damaged*; however, the work may be carried out upon an alternative site if *Reinstatement* on the same *Contract Site* is:

- i) not permitted by reason of any *Regulations*; or
- ii) not suitable to Your reasonable requirement and We consent in writing (which will not be unreasonably withheld) to the *Reinstatement* taking place on another site.

c) Limitations on Amount Payable

- i) Where *Reinstatement* is carried out in terms of (b)(ii) above, Our liability in respect of the cost of *Reinstatement* will not exceed the same cost which We would have paid had *Reinstatement* been carried out on the *Contract Site*.
- ii) Where the *Existing Structure* is *Damaged* but is not a *Total Loss*, We will not pay more than what We would have been required to pay for *Reinstatement* had the *Existing Structure* been a *Total Loss*.
- iii) Subject to Special Provision (c)(iv) below, We will not pay more than the *Sum Insured* in respect of any *Damaged Existing Structure*.
- iv) In respect of any *Damaged Existing Structure*, We will not pay more than the lesser of the *Sum Insured* or the *Actual Value*:
 - a) if You elect not to replace the *Existing Structure*;
 - b) if You do not commence and carry out the work of *Reinstatement* within a reasonable period of time;
 - c) until You have actually incurred the cost of *Reinstatement*;
 - d) where *Regulations* do not permit the repair of the *Damage* to an *Existing Structure* which is not a *Total Loss*, for any reason.

d) Valuation of the Existing Structures

- i) At the start of the *Period of Insurance*, You must provide Us with a certificate by a valuer approved by Us specifying the estimated cost of *Reinstatement* of the *Existing Structures* covered by this Optional Benefit. The estimated cost is to include all those costs necessary for compliance with all current *Regulations*.
- ii) The certificate must also contain any other estimates and information as We may reasonably require.
- iii) The *Sum Insured* in respect of each *Existing Structure* will not be less than the estimated amount specified in the valuer's certificate for that *Existing Structure*.
- iv) If a certificate is not provided in accordance with (d)(i) above, the *Sum Insured* for each *Existing Structure* will be the value specified in the *Policy Schedule*.

e) Rates, Tax and Other Charges

We will not pay for any rate, tax, duty, development charge, or any other charge or assessment arising out of capital appreciation, on any *Existing Structure*, which may be payable in order to comply with any *Regulations*.

2. Maintenance or Defects Liability Cover

We will indemnify the *Contractor* for all amounts the *Contractor* is legally liable to pay as direct compensation for *Damage* not otherwise excluded by the *Policy*, if the *Damage* was first discovered during the *Period of Defects Liability* and was either:

- a) caused by the *Contractor* during the *Period of Insurance*; or
- b) caused by the *Contractor* during the course of the *Contractor* carrying out any repair work to the *Contract Works* during the *Period of Defects Liability*.

3. Natural Hazards

We will pay the cost of the repair or reinstatement of the *Contract Works* if the *Damage* was directly caused by a *Natural Hazard*.

The maximum amount We will indemnify You for under this clause will be the *Total Sum Insured*.

4. Post Loss Land Improvements

We will pay the cost of reinstatement of land if it is *Damaged* during the *Period of Insurance* (other than by fire) provided that the land:

- a) belongs to You; and
- b) is part of the *Contract Site*; and
- c) is not otherwise excluded by this *Policy*.

The maximum amount We will indemnify You for under this clause is \$25,000 in total for the *Period of Insurance*.

Conditions

1. Alteration of Risk

You must immediately notify Us in writing, if at any time during the *Period of Insurance* there is any material change to any of the risks covered under this *Policy* including but not limited to the *Contract*, the *Contract Works* and any *Property Insured* and/ or the *Contract Site*.

At Your own expense You must take all reasonable precautions to prevent *Damage* to the *Property Insured* as a result of such alteration of risk.

Upon receipt of written notification of material change, We will be entitled to (including retrospectively to the date of change) change the terms, conditions and/or exclusions of the *Policy* and charge an additional premium.

2. Assignment

You must not assign this *Policy* or Your interest in this *Policy* to any other person or entity without Our prior agreement in writing.

3. Fraud and Misstatements

If any claim:

- a) is fraudulent in any respect, or
- b) is supported by any incorrect or incomplete statements made by You, or someone on Your behalf,

We will not pay Your claim and all benefits under this *Policy* will be immediately forfeited.

4. GST

All monetary amounts described in this *Policy*, including any *Sum Insured* and the *Total Sum Insured*, are exclusive of Goods and Services Tax ("GST"). Provided any GST is recoverable by Us, in the event of a claim We will pay the current prescribed rate of GST in addition to the *Sum Insured* noted against each item in the *Policy Schedule*.

5. Hot Work

When any hot work is being carried out on an *Property Insured*, You must ensure that:

- a) All combustible material is removed from the area where the hot work is to be carried out;
- b) The person(s) undertaking the hot work is/are suitably qualified to do so; and
- c) The area of any hot work is examined one hour after the work is finished.

6. Inspection

We are entitled to inspect the *Contract Works* and/or the *Contract Site* at any time subject to Us providing You with reasonable notice of such inspection.

If required by Us, You must provide Us with any reasonable information relating to the *Contract Works* including the *Contract*.

7. Jurisdiction Clause

This *Policy*, including all disputes arising out of or under it, is governed exclusively by the laws of New Zealand.

8. Misdescription

This *Policy* is based on Your correct and complete description of the *Property Insured* and facts relating to any *Property Insured*. We will not indemnify You for any claim relating to the risk arising out of any misdescription or misrepresentation and may avoid Your *Policy*.

9. Observance of Conditions

The due observance and fulfilment of the terms of this *Policy* insofar as they relate to anything to be done or complied with by You, and the correctness of the statements and answers in the quote, submission, and proposal made by You, are a condition precedent to Our liability under this *Policy*.

- 10. Onus of Proof**
It is hereby declared and agreed that this *Policy* is issued on the express understanding that should the existing structures on site suffer loss or damage the onus is upon *You* to establish that the proximate cause of the loss or damage concerned occurred during the period covered by this *Policy*.
- 11. Other Insurance**
If, at the time of any claim arising under this *Policy*, *You* have any other valid and collectable insurance covering all or part of the same *Damage*, this *Policy* will apply only to the amount of any *Damage* in excess of that recoverable under the other insurance.
- 12. Precautions**
You will at *Your* own expense take all reasonable precautions and comply with all of *Our* reasonable requirements to prevent loss, damage or liability and comply with statutory requirements and manufacturers' recommendations.
- 13. Premium Payment**
All premiums, including appropriate levies and GST, must be paid to *Us* within 120 days of inception. If after 120 days the premium has not been paid to *Us* then this *Policy* will be avoided from inception.
Following 90 days of non-payment of premium *We* agree to provide *You* with 30 days' written notification of *Our* intention to avoid this *Policy*.
- 14. Reinstatement of Sum Insured**
When *We* indemnify *You* for any claim under this *Policy*, *We* agree to reinstate each *Sum Insured* by the value of the claim paid, provided that *You* pay any additional premium for such reinstatement.
- 15. Subrogation**
You must at *Our* expense do and concur in doing and permit to be done all such acts and things as may be necessary or required by *Us* in the interest of any rights or remedies, or of obtaining relief or indemnity from parties (other than those insured under this *Policy*) to which *We* become, or would become, entitled or subrogated upon paying for or making good any *Damage* under this *Policy*, whether such acts and things are or become necessary or required before or after *Your* indemnification by *Us*.
- 16. Period of Insurance Extension**
At *Our* sole discretion the *Period of Insurance* may be extended beyond the expiry date shown in the *Policy Schedule* if:
a) As at the expiry date shown in the *Policy Schedule* the *Contract Works* have not been completed; and
b) The extension sought by *You* is for the sole purpose of completing the *Contract Works*; and
c) *We* have agreed to the extension in writing; and
d) *You* pay any additional premium *We* may require.

Exclusions – What We do not Cover

- 1. Cessation of Work**
We will not indemnify *You* for *Damage*, liability, cost or expense:
a) directly or indirectly caused by cessation of work at the *Contract Site* for any reason other than the normal performance of the *Contract*; or
b) directly or indirectly caused by or in any way connected with cessation of work, whether total or partial, which exceeds 90 days in duration.
- 2. Contractor's Plant, Machinery and Tools**
We will not indemnify *You* for any *Damage* to *Your* plant, machinery and/or tools or any of *Your* employees' hand tools and/or personal effects.
- 3. Consequential Loss**
There is no cover under this *Policy*, whatever the cause, for any consequential loss, loss of use, loss due to delay, loss due to non-compliance with the *Contract*, loss of *Contract*, lack of performance, penalties, fines, liquidated damages or aggravated, punitive or exemplary damages.
- 4. Custody Property**
In connection with contracts for alteration repairs or extensions of existing property the insurance by item 1 of this *Policy* is limited to the property supplied by *You* for the incorporation into the *Contracts Works*.
- 5. Recklessness**
There is no cover under this *Policy* for *Damage*, liability, cost or expense of any nature directly or indirectly caused by or in any way connected with a reckless act or failure to act by *You* or *Your* agents or representatives.
- 6. Electronic Data Exclusion**
Notwithstanding any provision to the contrary contained within this *Policy* or any endorsement attached thereto, there is no cover under this *Policy* for any *Damage* or liability directly or indirectly caused by or in any way connected to:
a) the total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *Electronic Data*; and/or
b) the error in creating, amending, entering, deleting or using *Electronic Data*; and/or
c) the total or partial inability or failure to receive, send, access or use *Electronic Data* for any time or at all.
- 7. Existing Structures**
We will not indemnify *You* for *Damage*, howsoever caused, to any *Existing Structures* unless Optional Extension 1 is shown as applying in the *Policy Schedule*.

8. General Exclusion

There is no cover under this *Policy* for *Damage*, liability, cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with any action taken in controlling, preventing, suppressing or in any way relating to the perils excluded in any of the exclusions in this *Policy*.

9. Governmental Actions Exclusion

There is no cover under this *Policy* for any *Damage* or liability directly or indirectly caused by or in any way connected with confiscation, nationalisation or requisition by the order of the Government or local authority. However, *We* will pay for *Damage* as a result of such an order if it is to prevent *Damage* which would otherwise have been covered under this *Policy*.

10. Gradual Damage

There is no cover under this *Policy* for *Damage* or liability directly or indirectly caused by or in any way connected with corrosion, rust, rot, mould, mildew, fungi, deterioration due to lack of use, aesthetic defects, scratching, atmospheric conditions, the action of light or any other gradually operating cause or gradual deterioration.

11. Inventory Shortages

We will not indemnify *You* for loss of any *Property Insured* which is only discovered at the time of taking an inventory or periodic stocktaking.

12. Labour Only Contracts

In addition to your basic *Policy* and any other endorsements attached to it, this *Policy* does not cover loss of or damage to property used or intended to be used in the *Contract Works* unless such property appears in *your* Book of Accounts. In any action, suit or other proceedings where *We* allege that because of the provisions of this Endorsement any loss, destruction or damage is not covered by this Insurance the burden of proving the loss, destruction or damage is covered shall be upon *You*.

13. Mechanical Failure

We will not indemnify *You* for mechanical and/or electrical breakdown *Damage* or mechanical and/or electrical derangement *Damage*.

14. Natural Hazards

We will not indemnify *You* for *Damage* caused by or in any way connected to *Natural Hazards* unless Optional Extension 3 is shown as applying in *Your Policy Schedule*.

15. Negotiable Instruments

We will not indemnify *You* for *Damage* to bills, bonds, currency, cash, cheques, credit cards, deeds, evidence(s) of debt, promissory notes, securities, stamps, files, computer software or data howsoever caused.

16. Nuclear Materials Exclusion

There is no cover under this *Policy* for *Damage* liability, cost or expense of any nature directly or indirectly caused by or in any way connected with nuclear weapons material or ionising radiation or contamination by radioactivity from any nuclear waste or from the combustion of nuclear fuel (for the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission or fusion).

17. Partial Occupation

We will not indemnify *You* for *Damage* caused by or in any way connected to the total or partial occupation of the *Contract Works*.

18. Second-Hand Plant and Machinery

We will not indemnify *You* for *Damage* to any previously used and/or operated, or second-hand, plant or machinery to be incorporated into the *Contract Works*.

19. Swimming Pools & Hydrostatic Pressure

We will not pay for loss or damage directly or indirectly caused by or resulting from hydrostatic pressure due to high ground water.

20. Vehicle / Aircraft / Vessels

We will not indemnify *You* for *Damage* to, or liability arising out of *Your* ownership, possession or use of, vehicles licensed for general road use or waterborne vessels or aircraft.

21. War & Terrorism Exclusion

There is no cover under this *Policy* for *Damage* liability, cost or expense of any nature directly or indirectly caused by or in any way connected with any of the following regardless of any other contributing cause or event:

- a) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or
- b) confiscation, commandeering, requisition or destruction or *Damage* by order of any government de jure or de facto or by any public authority; or
- c) any act of terrorism.

For the purpose of this exclusion, terrorism means an act including but not limited to the use or threat of force or violence by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

22. Workmanship and Design Exclusion

There is no cover under this *Policy* for *Damage* to *Property Insured* caused by any error or defect in design, plan, specification, materials or workmanship.

This exclusion does not apply to *Damage* to other parts of the *Property Insured* which are free of the error or defect but are *Damaged* as a consequence of it.

For the sake of clarity, *Property Insured* is not *Damaged* solely by virtue of the existence of any error or defect in design, plan, specification, materials or workmanship.

Claims

Claims Obligations

In the event of any *Damage* which might give rise to a claim under this *Policy*, *You* must:

- a) immediately notify *Us* by either telephone or electronic mail, giving an indication as to the nature and extent of *Damage*;
- b) take all reasonable steps to minimise the extent of the *Damage*;
- c) take all reasonable steps to protect the *Property Insured* from further *Damage*;
- d) preserve the *Property Insured* and/or the parts affected and make it (them) available for inspection by *Our* representative or surveyor;
- e) at *Your* expense provide *Us* with all such information and documentary evidence as *We* may require;
- f) inform the Police in case of *Damage* due to theft, burglary, suspected arson or any other criminal act.

Once *You* have provided *Us* with notice in accordance with this condition:

- a) *We*, or *Our* representative, will advise *You* to either complete the repairs or reinstatement (if only minor *Damage*) or allow for inspection of the *Damage*;
- b) If *You* are advised to complete the repairs or reinstatement, *You* must do so without delay;
- c) If *You* are advised to allow for inspection of the *Damage*, *You* must allow *Us* or *Our* representative an opportunity to inspect the *Damage* before any repairs or reinstatement is effected. If *We* or *Our* representative do not carry out the inspection within a period of time which could be considered reasonable under the circumstances, *You* will be entitled to proceed with such repairs or reinstatement as is required.
- d) Following *Our* inspection of the *Damage*, complete such repairs or reinstatement as is necessary in the circumstances without delay.

We will not indemnify *You* for *Damage* which is not repaired or reinstated without delay in accordance with this clause.

Definitions

Where any of the following words, or their derivatives, appear Capitalised and italicised anywhere in this document they will mean:

Actual Value

The cost of the construction of the *Property Insured* to substantially the same condition and extent using the same or similar materials and construction methods commonly used at the time of the *Damage*, less a deduction for age and use.

Contract

The contract in respect of the project to complete the *Contract Works* as described in the *Policy Schedule*.

Contractor

The main contractor named in the *Policy Schedule* and, if included on the *Policy Schedule*, any subcontractors, contracted to complete the *Contract Works* under the *Contract*.

Contract Site

The site, within the territorial limits of New Zealand, outlined in the *Policy Schedule* at which the *Contract Works* are to be performed.

Contract Value

The contract value amount specified in the *Policy Schedule*.

Contract Works

All permanent and temporary works to be executed at the *Contract Site* in performance of the *Contract* including *Principal Supplied Materials* and all labour and wages allowances, but does not include site huts, port-a-cabins, hoardings, signs, scaffolding, reusable formwork or false work.

Damage / Damaged

Sudden, unforeseen and unintended physical:

- a) loss; or
- b) damage.

For the purpose of the *Policy*, *Property Insured* will not be regarded as *Damaged* solely by virtue of the existence of any error or defect in design, plan, specification, materials or workmanship in the *Property Insured* or any part thereof.

Electronic Data

Facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment, and includes programs, software and other coded instructions for such equipment.

Existing Structures

Structures and/or property which existed at the *Contract Site* prior to the commencement of the *Contract Works* and which are included in the *Sum Insured* for *Existing Structures* on the *Policy Schedule* and will be worked upon as part of the *Contract*.

Natural Hazards

Earthquake, tsunami, volcanic eruption, subterranean fire, landslide or hydrothermal activity.

Period of Defects Liability

The maintenance period set out on the *Policy Schedule* or if there is no period shown in the *Policy Schedule* a maximum period of 45 days from the date of practical completion of the *Contract Works*.

Period of Insurance

The period shown in the *Policy Schedule* during which this *Policy* is in force, which will only commence on the later of:

- a) the date specified in the *Policy Schedule* or
- b) the date of the commencement of the *Contract Works* at the *Contract Site*, and will automatically end on the earlier of
 - a) the expiry date specified in the *Policy Schedule* or
 - b) practical completion of the *Contract Works* or
 - c) any form of temporary or permanent occupation, whether full or partial, of the *Contract Works* by the principal or anyone authorised or acting on behalf of the principal; or
 - d) any such other date as agreed by *Us* in writing in accordance with the *Period of Insurance* Extension Special Condition.

Built-in Endorsement A

It is hereby agreed that this *policy* will remain in place for a maximum of 30 days post practical completion subject to the following conditions:-

- a) the *Contract Works* is not otherwise insured
- b) the *Contract Works* is not occupied (either permanent or temporary)
- c) the *Contract Works* is fully secured and inspected every 5 days.

An additional excess of \$1,500 shall apply to this cover.

Policy

This pre-printed *Policy* document, which together with the *Policy Schedule* and the information provided by *You* in support of *Your* application, forms the basis of *Your* insurance contract with *Us*.

Policy Excess

The amount of the *Excess* that is to be applied to each event as outlined in this *Policy* or the *Policy Schedule*.

For the purposes of applying the *Excess*, any *Damage* caused by the same event during any period of 72 consecutive hours will be treated as one event and only one *Excess* shall apply.

Policy Schedule

The most recent policy schedule issued by *Us* to *You* forming part of *Your Policy*.

Principal Supplied Materials

Materials and/or goods which were not included in the *Contract* price and were supplied to the *Contractor* by the principal for inclusion in the works to be performed under the *Contract*.

Property Insured

The *Contract Works* and, if *You* have elected to take Optional Benefit 1 and it is shown as applying in the *Policy Schedule*, *Existing Structures*.

Regulations

Building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority.

Reinstatement

Where:

- a) the *Existing Structure* is *Damaged* but not a *Total Loss*: the repair or restoration of the *Damaged* portion of the *Existing Structure* to a condition substantially the same as, but not better no more extensive than, its condition when the *Damage* occurred;
- b) the *Existing Structure* is a *Total Loss*: its replacement by, as circumstances require, an *Equivalent Building* or *Equivalent Plant*, where:

Equivalent Building means:

- i) a building or structure which is as nearly as practicable the same as the building or structure *Damaged*, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any *Regulations*; or
- ii) where, as a result of any special circumstances, no building or structure which falls within the scope of paragraph (i) above can be constructed; a building or structure which is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the *Damaged* building or structure; or
- iii) where, as a result of any special circumstances, no building or structure which falls within the scope of paragraph (i) above is suitable to *Your* reasonable requirement, then, with *Our* consent (which will not be unreasonably withheld), a building or structure which is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the *Damaged* building or structure; and

Equivalent Plant means any plant or equipment as nearly as practicable the same as or equivalent to the *Damaged* plant or equipment, taking into account the present state of technology, and having a capacity equivalent to but not less than that of the *Damaged* plant or equipment, unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest to an equivalent capacity.

Sum Insured

The amount for which *Property Insured* and any benefits are covered under this *Policy*, as shown in the *Policy Schedule*.

Total Loss

Damage which in *Our* opinion cannot be repaired or in respect of which the cost of repair will equal or exceed the *Actual Value* of the *Property Insured*, immediately prior to the *Damage* occurring.

Total Sum Insured

The amount shown in the *Policy Schedule* that is the maximum amount *We* will pay under this *Policy* for all claims for *Damage to Property Insured* arising out of one event.

We, Us & Our

Lumley means Lumley, a business division of IAG New Zealand Limited

You & Your

The insured parties as shown in the *Policy Schedule* which includes the principal named in the *Policy Schedule* and the *Contractor*.

FINANCIAL STRENGTH RATING

IAG New Zealand Limited has a rating of AA- provided by Standard & Poor's (Australia) Pty Ltd.

The Insurance (Prudential Supervision) Act 2010 requires licensed insurers to obtain a financial strength rating. The following ratings may be used by insurance companies.

Standard & Poor's (Australia) Pty Ltd.

Extremely Strong	Very Strong	Strong	Good	Marginal	Weak	Very Weak	Extremely Weak	Selective Default	Default	Regulatory Supervision	Not Rated
AAA	AA	A	BBB	BB	B	CCC	CC	SD	Default	R	NR

Plus (+) or minus (-). The ratings for 'AA' to 'CCC' may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.



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