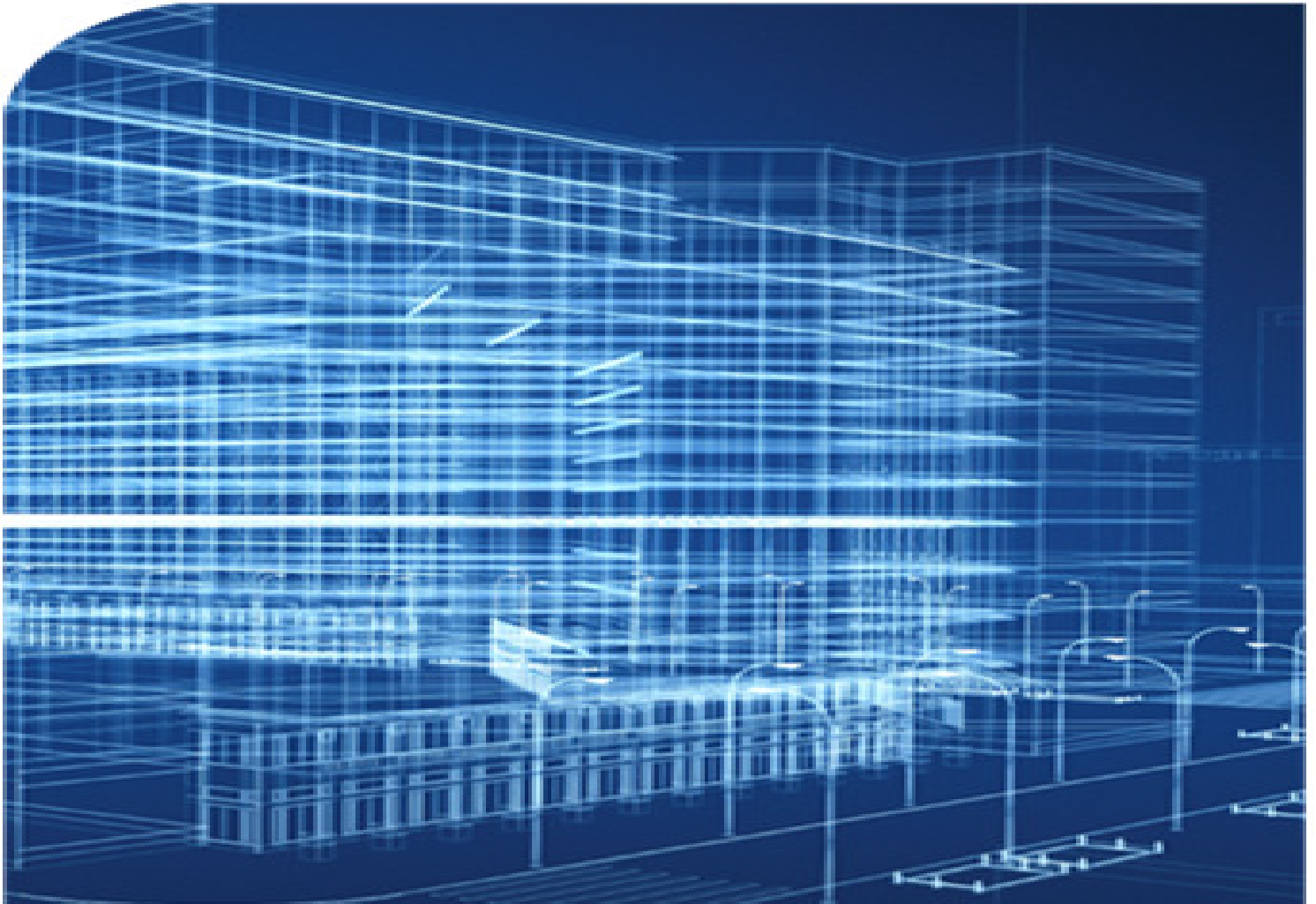


**Commercial Defects  
Guarantee**

# 5 Year Commercial Defects Guarantee

*Application Booklet*

Underwritten by  CBLinsurance



Guarantees and insurance for the building industry

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# IMMEDIATE DEFECT RESOLUTION FOR COMMERCIAL BUILDING PROJECTS

One of the biggest headaches for the owners of new commercial premises is getting someone to take responsibility for fixing defects with the construction.

There is often a multi-party passing of the buck that delays resolution of the problem and can add substantial cost to the project.

In the majority of circumstances, responsibility for defects in a building can usually be attributed to one or a number of parties involved in its construction (contractors, architects, engineers, product manufacturers etc). The defects can be due to any combination of poor workmanship, incorrect or low quality materials and/or faulty design.

Disputes often arise in assigning specific responsibility for defects, and there can be uncertainty over the ongoing financial resources of participating parties.

## One point of contact for the resolution of building defects!

Our Commercial Defects Guarantee covers new commercial buildings up to a **contract value of \$5,000,000**.

- ✓ It covers **defects for 5 years** from the end of the period of defects liability (maintenance period), which is generally 3 to 6 months.
- ✓ Covers **weathertightness** and **water ingress**.
- ✓ The guarantee gives builders and project managers **a further edge to win commercial contracts**.
- ✓ It **gives owners and other interested parties (such as mortgagees) confidence** that in the event that there is a problem with the building, we will step in and repair the damage immediately.

The guarantee **can be transferred to new owners** if the building is sold, giving it **huge appeal to owners** when selling their property, and indeed to prospective buyers.

- ✓ Complete peace of mind for building owners and stakeholders.

## How much will it cost?

The Commercial Defects Guarantee is very reasonably priced, considering it covers you for five years.

It costs between 0.3% and 0.4% of the contract value, with a minimum premium of \$1,000 + GST. Contact Bultin for a quote on: 07 579 6259, email: [guarantee@bultin.co.nz](mailto:guarantee@bultin.co.nz).

## How does it work?

Simply complete an application form, and send it to us together with your payment and supporting documentation. If we require any additional information we will contact you.

The cover can be applied for at any time up until practical completion of the building.

Once we approve your application we will send you a guarantee certificate.



**Bultin New Zealand Limited**  
P O Box 616  
Tauranga 3140  
Phone: 07 579 6259  
Fax: 07 579 6258  
Email: [guarantee@bultin.co.nz](mailto:guarantee@bultin.co.nz)



Please ensure this Application is completed in full, signed by the Parties to the Building Contract and submitted prior to Practical Completion with required documents.

## NEW COMMERCIAL BUILDINGS

(up to \$5,000,000)

### Proposer Information

Name of Insured				
Contact Name	Mr	Mrs	Ms	Miss
Name of Owner (if not the Insured)				
If applicable, what is the relationship between the Insured and the Owner?				
Postal Address				
		Post Code		
Email Address (Builtins preferred method of communication)		Phone number	( )	
Website Address		Fax number	( )	

### Site Information

Name of Development				
Situation – Lot No.		DPS		
Street address				
Suburb		Town / City		
Type of Property	<input type="checkbox"/> Offices	<input type="checkbox"/> Retail	<input type="checkbox"/> Hotel	<input type="checkbox"/> Education
	<input type="checkbox"/> Hospital	<input type="checkbox"/> Car Parking	<input type="checkbox"/> Industrial	<input type="checkbox"/> Other
	<i>If other, please provide details</i>			
Does the proposed building comply with zoning requirements?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Has Resource Consent been sought and obtained?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		

### Contract Details

Type of Contract	<input type="checkbox"/> NZIA	<input type="checkbox"/> NZ3910:2003	<input type="checkbox"/> NZ3915:2005	<input type="checkbox"/> Other
	<i>If other, please provide details</i>			
	<input type="checkbox"/> Lump Sum	<input type="checkbox"/> Cost Reimbursement	<input type="checkbox"/> Measure & Value	<input type="checkbox"/> Other
	<i>If other, please provide details</i>			
Is the contract Design and Build?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Is there an independent Architect design?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Is there an independent Consulting Engineer design?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
Name of Main Contractor				
Contact Name	Mr	Mrs	Ms	Miss
Postal Address				
		Post Code		
Email Address (Builtins preferred method of communication)		Phone number	( )	
Website Address		Fax number	( )	
Is the main contractor a member of any Trade Association?	<input type="checkbox"/> Yes	<input type="checkbox"/> No		
If, yes, please provide name				

Has the main contractor been trading for more than 5 years?  Yes  No  
 Does the main contractor have experience in this type of building/method of construction?  Yes  No

Previous Years Activity (last 5 years)

Type of Contract	Description	When started	Value

Three customers from whom we may obtain a reference

Customer Name	Location	Phone Number	Fax Number
		( )	( )
		( )	( )
		( )	( )

Who will supervise or has supervised the quality of the work during the construction period?  
 Resident Engineer     Clerk of Works     Independent Professional     Other

*If other, please provide details*

Will they be or were they only periodically observing?  Yes  No

Will they be issuing or have they issued a Producer Statement – Design?  Yes  No

Will they be issuing or have they issued a Producer Statement – Construction?  Yes  No

Expected or actual start date of construction works    /    /    Expected date of practical completion    /    /

Total estimated replacement value of the property to be insured    \$

Period of Defects Liability    months

Breakdown of total estimated contract value at the end of construction:

a) Structural Works	\$
b) Non structural works, equipment, fixtures and fittings	\$
c) External Works	\$
d) Cost of demolition and removal of debris - maximum 5% of (a) (b) and (c) above	\$
e) Professional fees - maximum 10% of (a) (b) and (c) above	\$

## Technical Information

Does the contract site contain any of the following features?  
 Reclaimed land     Mining area     Quarries or excavated land  
 Land filled site     Peat     Contamination

Has a Site Investigation Report been completed by a Category 1 Geotechnical Engineer?  Yes  No

Has this been submitted to the Territorial Authority with the application for a Building Consent?  Yes  No

Will the contract contain any of the following existing structural elements:  
 Foundations     Slab walls     Roofs     Other

*If other, please provide details*

Number of storeys    Above ground floor level:    Below ground floor level:   

Foundations  
 Pad/Pad & Beam Footings     Raft / Concrete slab  
 Mass construction     Piled     Other

*If other, please provide details*

Structure  
 Reinforced concrete     Pre-stressed concrete     Structural steelwork     Timber framed  
 Masonry     Modular     Other

*If other, please provide details*

External Walls  
 Curtain Walls     Pre-cast heavy panels     Light façade panels  
 Cavity Walls     Diaphragm walls     Other

*If other, please provide details*

Roof  
 Pitched roof     Flat roof

Basements  
 Above intermittent ground water table     Below intermittent ground water table

## Claims History

Have you ever been involved with developments where a major defect has been discovered after the date of practical completion?

 Yes No

*If yes, please provide details*

## Additional Information

If you are aware of any additional facts that might be relevant please provide details below

## Declaration by the Insured

I/we declare that to the best of my/our knowledge and belief, the information I/we have given is correct and complete in every detail and I/we have not withheld any material fact.

I/we understand that the signing of this form does not bind us to effecting insurance under the Builtin Commercial Defects Guarantee for Commercial Buildings scheme but agree that should a quotation for a Property Insured be accepted that this proposal and the statements made therein shall form the basis of the contract between me/us and the Underwriter

I/we authorise CBL to collect, retain and use the personal information collected in relation to me/us in or in accordance with Proposal and for the following purposes;

- Assessing the risks in guaranteeing my/our works; and
- Administering any Builtin Commercial Defects Guarantee granted or to be granted in respect of my/our works; and
- Providing the Proposer Information to employees and agents of CBL and any other person, in the ordinary course of business for any of the foregoing purposes;

I/we hereby certify that I/we have no knowledge of any action taken by myself or any other party, which might invalidate the Guarantee.

I/we confirm that I have no knowledge of any existing damage or defect in the Work that may give rise to a claim on the Guarantee.

Position within business:

Date:

Signatories Full Name:

Signature:

**This is an application only. Should this meet our requirements, acceptance will be by written notification.**

## INFORMATION & CHECKLIST

Deductible (excess)

The following standard levels apply:

Contracts up to:	Up to \$1,000,000	\$5,000.00
	\$1,000,001 to \$2,500,000	\$10,000.00
	\$2,500,001 to \$5,000,000	\$25,000.00

When you have completed this Application form please send with the following:

- i A copy of the Building Consent
- ii A cheque for the premium (Payable to Builtin New Zealand Limited).



Date Sent

Date Sent

**Cost of Construction Defects 5 Year Guarantee**

\$

**When the building is completed we will require:**

- A copy of the Certificate of Practical Completion;
- A copy of the Code Compliance Certificate.



**Builtin New Zealand Limited**  
P O Box 616  
Tauranga 3140  
Phone: 07 579 6259  
Fax: 07 579 6258  
Email: guarantee@builtin.co.nz



# 5 Year Commercial Defects Guarantee – Policy Wording

The Insurer, CBL Insurance Limited (CBL), agrees (subject to the terms definitions exclusions and conditions of this policy) that if after payment of the premium DAMAGE (as within defined) shall be discovered then CBL will indemnify the Insured in accordance with the Basis of Settlement herein.

Provided that the liability of the Insurer under this policy shall not exceed

- i. in the whole the total Sum Insured or in respect of any item its Sum Insured at the time of the discovery of the DAMAGE
- ii. the Sum Insured remaining after deduction for any other DAMAGE unless the Insurer shall have agreed to reinstate any such Sum Insured.

This policy incorporates the Schedule Specification and Endorsements which shall be read together as one contract. Words and expressions to which specific meaning is given in any part of this policy shall have the same meaning wherever they appear.

## DEFINITIONS

1. **DAMAGE** (in capital letters) shall mean:
  - a. destruction of or physical damage to any portion of the Property Insured for which a Certificate of Practical Completion has been received by the Insurer or for which they have formally confirmed cover;
  - b. threat of collapse of the Structure where the Insurer agrees that immediate remedial action is required to prevent destruction of or physical damage to the Property Insured;in either case directly caused by
  - i. a defect existing prior to the commencement of the Period of Insurance but remaining undiscovered at that date in the design or construction of the Structure
  - ii. subsidence landslip or ground heave of the land on which the Property Insured stands
  - c. the ingress of water into the Property Insured directly caused by a defect existing prior to the commencement of the Period of Insurance but remaining undiscovered at that date in the design or construction of the Waterproofing Envelope.
2. **The Structure** shall mean:
  - a. roofs and roof structures;
  - b. external walls external windows and cladding including glazed curtain walling and other similar non load bearing facings and their fixings;
  - c. floors ceilings and stairs;
  - d. internal walls and fixed partitions;
  - e. all other external and internal load bearing elements essential to the stability and strength of the building including foundations columns and beams forming part of the building at the Property Insured.
3. **The Waterproofing Envelope** shall mean:  
Roofs skylights external walls cladding windows doors and lowest floor and the materials used in their construction forming part of the building at the Property Insured.
4. **The discovery of DAMAGE** shall mean:
  - a. the discovery of destruction of or physical damage to any portion of the Property Insured;
  - b. the discovery of the threat of collapse of the Structure which might reasonably be thought to have been caused by a defect within Clause 1i or by subsidence landslip or ground heave within Clause 1ii above;
  - c. the discovery of ingress of water which might reasonably be thought to have been caused by a defect within Clause 1c aboveand which might give rise to a claim under this policy.  
The date of discovery of DAMAGE shall be understood accordingly.
5. **Period of Defects Liability** shall mean:  
A period during which the insured contractor(s) comply with their obligations to complete outstanding work and remedy defects pursuant to the provisions of the insured contract(s).
6. **Reinstatement of the Property Insured**  
Reinstatement of the Property Insured shall mean:
  - a. the repair restoration rebuilding or replacement of the Property Insured which has been subject to DAMAGE;
  - b. remedial works necessarily and reasonably carried out with the Insurer's consent to rectify that defect in the design or construction of the Structure or the Waterproofing Envelope which has been the direct cause of that DAMAGEin either case to a condition equivalent to or substantially the same as but not better than or more extensive than the condition as intended as new except as necessary to rectify such defect.
7. **The Cost of Reinstatement**  
The Cost of Reinstatement of the Property Insured shall include the costs necessarily and reasonably incurred by the Insured with the consent of the Insurer for:
  - a. architects surveyors consulting engineers and legal fees incurred in the Reinstatement of the Property Insured consequent upon its DAMAGE but not for the preparation of any claim;
  - b. removal of debris dismantling demolishing shoring up or propping any portion of the Property Insured consequent upon its DAMAGE;

- c. dismantling moving removing storing returning and re-erecting property belonging to the Insured forming part of the building to enable reinstatement consequent upon DAMAGE to be carried out but excluding any damage thereby caused to that property;
- d. compliance with the stipulations of;
  - i. New Zealand legislation
  - ii. building or other Regulations under or framed in pursuance of any Act of Parliament or By-Laws of any Public Authority in respect of property suffering DAMAGE

but this does not include

- iii. compliance where notice had been served upon the Insured prior to the discovery of that DAMAGE
- iv. compliance where there is an existing requirement for implementation within a given period
- v. the amount of any rate tax duty development or other charge or assessment arising out of capital appreciation following compliance.

The Cost of Reinstatement of the Property Insured shall exclude dismantling moving removing storing returning and re-erecting property not belonging to the Insured or not forming part of the building to enable Reinstatement consequent upon DAMAGE to be carried out.

## EXCLUSIONS

This Policy does not cover:

- 8. The amounts of the deductible stated in the Schedule in respect of each and every loss as ascertained after the application of all other terms and conditions of the policy including Average (Underinsurance).
- 9. DAMAGE in respect of which the date of discovery of DAMAGE is after the relevant Period of Insurance.
- 10. Destruction of or physical damage to or ingress of water into the Property Insured or threat of collapse of the Structure due to or arising from:
  - a. wear and tear to the Property Insured;
  - b. inadequate maintenance of the Property Insured;
  - c. abnormal use or overloading of the Property Insured beyond its design capacity;
  - d. normal settlement or bedding down of the Property Insured;
  - e. normal shrinkage or expansion of materials used in the construction of the Property Insured;
  - f. change in colour or texture of the Property Insured;
  - g. any staining of the Property Insured;
  - h. any ageing process of the Property Insured.
- 11. Destruction of or physical damage to:
  - a. painted final finishes;
  - b. surface coatings or surface coverings;
  - c. other such final finishes.
- 12. Ingress of water into the Property Insured to the extent that such ingress of water was planned for or allowed for in the original design.
- 13. The cost of any work for which any contractor is responsible under the defects liability provisions contained in any contract for works after issue of the Certificate of Practical Completion or date of handover whichever is applicable.
- 14. Consequential or economic loss of any kind or description.
- 15. Any property more specifically insured by or on behalf of the Insured.
- 16. Destruction of or physical damage to or ingress of water into the Property Insured or threat of collapse of the Structure due to or arising from fire lightning explosion earthquake storm flood escape of water from any tank apparatus or pipe whether caused by DAMAGE insured hereby or otherwise.
- 17. Destruction of or physical damage to or ingress of water into the Property Insured or threat of collapse of the Structure occasioned by war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection military or usurped power nationalisation confiscation requisition seizure or destruction by the government or any public authority.
- 18. Destruction of or physical damage to or ingress of water into the Property Insured or threat of collapse to the Structure due to or arising from pressure waves caused by aircraft or other aerial devices traveling at sonic or supersonic speeds.



## BASIS OF SETTLEMENT

### 19. Reinstatement

In the event of DAMAGE as described in Clause 1a or 1c the Insured may elect for settlement to be on the basis of Reinstatement of the Property Insured and the Insurer shall then pay the Cost of Reinstatement of the Property Insured. In the event of DAMAGE as described in Clause 1b the Insured has a claim under this policy only on the basis of Reinstatement of the Property Insured.

### 20. Reinstatement Terms and Conditions

The following terms and conditions shall apply in the event that the Insured elects for settlement to be on the basis of Reinstatement of the Property Insured:

- a. provided the liability of the Insurer is not increased the Reinstatement may be carried out in any manner suitable to the requirements of the Insured;
- b. Reinstatement may be carried out on another site;
- c. Reinstatement must commence and proceed without unreasonable delay;
- d. payment on account for the Cost of Reinstatement will be limited to that cost which shall have been incurred;
- e. the liability of the Insurer for Reinstatement of property damaged in part only shall not exceed the amount which would have been payable had such property been wholly destroyed.

### 21. Average (Underinsurance) - Reinstatement

If the Sum Insured at the date of discovery of DAMAGE is less than 85% of the cost of Reinstatement of the whole of the Property Insured as described by that Item assessed at the date of Practical Completion of the works of Reinstatement or such earlier date as the Insurer may agree then the amount payable will be reduced in the proportion that the Sum Insured at the date of discovery of DAMAGE bears to the cost of Reinstatement of the Property Insured at the date of Practical Completion of the works of Reinstatement or such earlier date as the Insurer may agree.

### 22. Indemnity

Should the Insured not elect for settlement to be on the basis of Reinstatement of the Property Insured the Insurer will at their option pay to the Insured:

- a. the cost of the repair restoration rebuilding or replacement of property which has been subject to DAMAGE; or
- b. the amount of reduction in value of the Property Insured consequent upon the DAMAGE; or
- c. the value of the Property Insured at the time immediately before the discovery of the DAMAGE.

## GENERAL CONDITIONS

### 23. Policy Voidable

This policy shall be voidable in the event of misrepresentation, misdescription or non disclosure in any material particular.

### 24. Assignment

This policy is assignable to any party acquiring an Insurable Interest in the Property Insured providing the prior approval of CBL is obtained, and payment of a transfer fee of \$250.00 is paid within thirty (30) days of the sale to the subsequent purchaser, and provided a statement of no known defects is provided to CBL by the building owner and the subsequent purchaser, immediately prior to the transfer.

### 25. Restrictive Agreements

The Insured shall not enter into any agreement lease or contract with any party which would limit modify or curtail the rights of the Insurer against third parties without their consent.

### 26. Alteration

This policy shall be avoided if there be any alteration modification change of use or addition to the Property Insured whereby the risk of DAMAGE is increased unless admitted by the Insurer in writing.

### 27. Reasonable Maintenance

The Insured at their own expense shall ensure that the Property Insured is kept in good repair and adequately maintained.

### 28. Damages

The Insurer shall in no circumstances be liable for any exemplary or punitive damages.

## CLAIMS CONDITIONS

### 29. Action by Insured

- a. on discovery of DAMAGE the Insured shall
  - i. notify the Insurer immediately
  - ii. carry out and permit to be taken any action which may be reasonably practicable to prevent further damage
  - iii. deliver to the Insurer at the Insured's expense
    - (A) full information in writing of the property destroyed or damaged and the amount of the DAMAGE
    - (B) details of any other insurances on any property hereby insuredwithin 30 days after discovery of the DAMAGE and
    - (C) all such proofs and information relating to the claim as may reasonably be required
    - (D) if demanded a statutory declaration of the truth of the claim and of any matters connected with it
- b. no claim under this policy shall be payable unless the terms of this condition have been complied with.

30. **Fraud**

If a claim is fraudulent in any respect or if fraudulent means are used by the Insured or anyone acting on his behalf to obtain any benefit under this policy or if any DAMAGE is caused by the willful act or with the connivance of the Insured all benefit under the policy shall be forfeited.

31. **Insurer's Rights following a claim**

On the discovery of DAMAGE in respect of which a claim is made, the Insurer and any person authorised by the Insurer, may without incurring any liability or diminishing any of the Insurer's rights under this policy, enter the premises where such DAMAGE has occurred for the purposes of investigating the claim.  
No property may be abandoned to the Insurer.

32. **Contribution and Average**

If at the date of discovery of any DAMAGE there is any other insurance effected by or on behalf of the Insured covering any of the property destroyed or damaged the liability of the Insurer hereunder shall be limited to its rateable proportion of such DAMAGE.

If the indemnity under any other such insurance shall be subject to the application of Average (Underinsurance) the indemnity under this policy if not already subject to such application of Average (Underinsurance) shall be so subject in the same manner. If any such other insurance is subject to any provision whereby it is excluded from ranking concurrently with this policy either in whole or in part or from contributing rateably, the liability of the Insurer under this policy shall be limited to that proportion of the DAMAGE which the Sum Insured under this policy bears to the value of the property at the date of discovery of DAMAGE.

33. **Subrogation**

Any claimant under this policy shall at the request and expense of the Insurer take and permit to be taken all necessary steps for enforcing rights against any other party in the name of the Insured before or after any payment is made by the Insurer.

34. **Arbitration**

If any difference arises as to the amount to be paid under this policy (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed by the parties in accordance with statutory provisions. Where any difference is by this condition to be referred to arbitration the making of an award shall be a condition precedent to any right of action against the Insurer.

**Making a claim**

Every notice or communication to CBL shall be in writing and sent by mail or facsimile to the office of the Agent of CBL:



Builders Warranty Services  
Built in New Zealand Limited  
104 Spring Street  
P O Box 616  
Tauranga

Phone: (07) 579 6259  
Fax: (07) 579 6258  
Email: [guarantee@builtin.co.nz](mailto:guarantee@builtin.co.nz)

and shall not be deemed to be notice to or with the knowledge of CBL unless so given. If the address of CBL's agent above ceases to be its address, then such replacement address as is published by the Agent will be the new address for notification or communication to CBL.

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