

Contract Works Annual Period

Policy wording



Business Insurance for
a growing New Zealand

Welcome to NZI.

Thanks for selecting us as your insurer. This is your Contract Works Annual Period Policy document.



Why NZI

NZI is one of New Zealand's largest and most well-known insurance brands. We're proudly backed by IAG (Insurance Australia Group) New Zealand. IAG is Australasia's largest general insurer. At IAG, our purpose is to help make your world a safer place.



Get in touch

If you have any questions, or you would like more information on this insurance policy, please contact your broker.

Contents

Introduction	3
1. Insurance agreement	3
2. What this policy covers	3
3. Automatic extensions	4
4. Optional extensions	6
5. Exclusions	8
6. Basis of settlement	11
7. Claims conditions	11
8. General conditions	12
Definitions	15

Introduction

About this policy

Your Contract Works Annual Period policy consists of:

1. this policy document, and
2. the **schedule**, and
3. any endorsements or warranties that **we** apply, and
4. the information **you** have provided in the application.

Your duty of disclosure

When **you** apply for insurance, **you** have a legal duty of disclosure. This means **you** must tell **us** everything **you** know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding:

1. to accept or decline the insurance, or
2. the cost or terms of the insurance, including the excess.

If the insured or anyone acting on the **insured's** behalf breaches this duty, **we** may treat this policy as being of no effect and to have never existed. Please ask **us** if you are not sure whether you need to tell **us** about something.

Examples

We have used examples and comments to make the parts of this policy document easier to understand. These examples and comments, which appear in *italics*, do not affect or limit the meaning of the section they refer to.

Headings

The headings in this policy document are for reference only and do not form part of it. They must not be used when interpreting the policy document.

Defined words

If a word is shown in **bold**, it has a special meaning. There is a list of these words and what they mean in the section 'Definitions'.

1. Insurance agreement

1.1 Our agreement

The **insured** agrees to pay **us** the premium and comply with this policy. In exchange, **we** agree to provide cover to the **insured** as set out in this policy.

2. What this policy covers

2.1 Loss during the construction period

We will cover the **insured** for **accidental loss** to **insured property**, occurring at the **insured's contract site** during the **construction period** for all building **contracts** of the type shown in the **schedule** in New Zealand where:

- (a) the **contract** value plus the principal supplied materials is less than the maximum contract value shown in the **schedule**, and
- (b) the **construction period** is no greater than the maximum construction period stated in the **schedule**.

2.2 Loss during the maintenance period

We will cover the **insured** during the **maintenance period** for its legal liability to rectify **accidental loss** to **insured property** under the Maintenance or Defects Liability Conditions of the **contract**, provided the **loss**:

- (a) is discovered during the **maintenance period**, and
- (b) arises out of the **contract works** during the **construction period**, or
- (c) is caused by the **insured** while the **insured** is executing work under the Maintenance or Defects Liability Conditions of the **contract**.

3. Automatic extensions

The following extensions are included automatically and are subject to the policy terms, unless otherwise stated. Some clauses have specified sub-limits and excesses and these will apply unless specifically stated otherwise in the **schedule**. All sub-limits are included in and are not in addition to the sum insured.

3.1 Additional items

Where there is a **loss** covered under 'What This Policy Covers' above, **we** will cover the **insured** for the reasonable costs incurred for each of the following items.

(a) Principal's Supplied Materials

Costs to replace materials and property supplied by the principal free of charge to the contractor for permanent incorporation into the **contract works**. Cover begins when the materials and property are delivered to the **contract site**.

The most **we** will pay under this extension is 10% of the **contract works** value unless otherwise stated in the **schedule**.

(b) Removal of Debris

Costs incurred to:

- (i) dismantle, demolish and remove the debris, and/or
- (ii) undamaged material, necessary to effect repairs and to secure further damage and prepare the **contract works** for rectification of the **loss**.

The most **we** will pay under this extension is 10% of the **contract works** value unless otherwise stated in the **schedule**.

(c) Professional Fees

Costs of architects, surveyors, consulting engineers, clerk of works, building and resource consent fees (excluding fines and/or penalties) and other fees incurred that are necessary to rectify the **loss** (but excluding any fees for the preparation of a claim or estimate of fees).

The most **we** will pay under this extension is 10% of the **contract works** value unless otherwise stated in the **schedule**.

(d) Increased Costs During Construction

Costs incurred for variations and fluctuations in the **contract** price, and/or increases in the costs of labour and materials during the **construction period**.

The most **we** will pay under this extension is 5% of the **contract works** value unless otherwise stated in the **schedule**.

(e) Escalation During Reconstruction

Costs of reconstruction of the **contract works** that exceed the initial cost, provided the reconstruction is completed without delay. Cover will also account for inflated costs of the unbuilt portion of the works.

The most **we** will pay under this extension is 5% of the **contract works** value unless otherwise stated in the **schedule**.

(f) Plans / Drawings and Site Documents

Costs incurred to replace **loss** of any Plans, Drawings and other related Site Documents relating to the **contract works**. The most **we** will pay under this extension is \$10,000.

3.2 Civil authority

We will cover the **insured** for **loss** during the **construction period** to the **insured property** where such **loss** is suffered at the direction of a civil authority during a fire or other catastrophic **event** for the purpose of mitigating the effects of such **event**.

3.3 Expediting expenses

We will cover the **insured** for the reasonable cost of express freight within New Zealand and overtime to expedite the repair or replacement of **insured property** following a **loss** otherwise covered under this policy.

The most **we** will pay under this extension is:

- (a) 30% of the claimed amount for ordinary labour, road carriage charges or ordinary costs, or
 - (b) the limit stated in the **schedule**,
- whichever is the lesser.

3.4 Overseas airfreight expenses

We will cover the **insured** for the reasonable cost of airfreight charges incurred in the repair and replacement of **insured property** following a **loss** otherwise covered under this policy. The airfreight carriage must be provided by a recognised regular scheduled airline service and not provided by a chartered aircraft.

The most **we** will pay under this extension is:

- (a) 20% of the value of the item being freighted, or
 - (b) the limit stated in the **schedule**,
- whichever is the lesser.

3.5 Profit margin

If the **insured** carries out reinstatement work in connection with a claim under this policy, then, in the adjustment of that claim, **we** will allow a reasonable allowance for overhead plus a reasonable margin for profit, on the cost of the reinstatement work.

3.6 Protection expenses

We will cover the **insured** for the reasonable costs incurred in fighting or controlling a peril where such peril threatens to damage part or all of the **contract works** and where such **loss** would be covered by this policy.

The most **we** will pay under this extension is \$25,000 and an excess of \$1,000 or the excess specified in the **schedule** whichever is greater will apply.

3.7 Redundant foundations

We will cover the **insured** for undamaged foundations that are made redundant, by reason of the exercise of statutory power by local or national government where the **insured property** resting on them has been destroyed as a result of a **loss** covered by this policy.

Where the redundant and undamaged foundations are not demolished, and the presence of them increases the market value of the site to which they are fixed, the amount of the market value increase will be deducted from the amount payable for the claim.

For the purposes of this extension "undamaged" means not directly physically damaged by an **event** that would be covered by this policy.

3.8 Temporary buildings

We will cover the **insured** for **accidental loss** occurring during the **construction period** to any of the following:

- (a) the main contractor's hoardings,
- (b) site office,
- (c) huts and encampments,

that are not part of the **contract** itself but are used to perform the **contract works** at the **contract site**. This extension does not extend to any sub-contractor's property.

The most **we** will pay under this extension is \$5,000 unless otherwise stated in the **schedule**.

3.9 Transit and storage

We cover the **insured** for **accidental loss** of **insured property** occurring during the **construction period** while the **insured property** is:

- (a) in storage at secure situations other than the **contract site**,
- (b) in transit within New Zealand by road, rail, airfreight, inter-island ferry, or containerised shipping between New Zealand ports.

The most **we** will pay under this extension is \$250,000 for any **event**, unless a higher amount is shown in the **schedule**. Property must belong to the **insured** and intended to be incorporated into the **contract works**.

4. Optional extensions

These optional extensions only apply where specified in the **schedule** and are subject to the policy terms. Cover under the Optional Extensions are included within the sum insured and are not additional to it.

4.1 Completion cover

We will cover any sudden and **accidental loss** to the completed **contract works** occurring within the period up to 30 days following the end of the period described in either clause (a) or (b) in the definition of **construction period**, or such longer period that **we** have agreed. This extension will not cover any **loss** at all if it is insured to any extent under any other insurance policy, **we** will not contribute towards any claim under any other insurance policy.

4.2 Employees hand tools

We will cover the **insured** for **accidental loss** during the **construction period** to hand tools belonging to the **insured's** specified employees, while the hand tools are at the **contract site** provided they are not otherwise insured.

This extension does not cover:

- (a) **loss** by theft unless it is accompanied by violence, or threat of violence to any person, or as a result of violent and forcible entry to, or exit from an enclosed building or shipping container, or
- (b) any sub-contractor's employees.

'Exclusion 5.1 (a) (viii)' does not apply to this extension.

The maximum limit for this optional extension is \$10,000 per specified employee and is subject to a minimum excess of \$1,000 or the excess shown in the **schedule**.

This extension does not cover personal communication devices for example mobile phones, laptops, tablets or GPS equipment.

4.3 Existing structures

We will cover the **insured** for **accidental loss** occurring during the **construction period** to the **existing structures**.

Provided that:

- (a) the **existing structures** were in **insured's** care, custody and control at the time of the **loss** occurring, and
- (b) the **loss** is directly caused by the performance of the **contract works**, unless the **insured** has elected to, and has been agreed by **us**, to have full cover for **existing structures**, and
- (c) There is no cover under this Optional Extension for:
 - (i) **loss** to floor and wall finishes or coverings of the **existing structures** unless specifically listed in the **schedule**, or
 - (ii) **loss** to contents of the **existing structures** unless specifically listed in the **schedule**, or
 - (iii) consequential loss or liability of any nature whatsoever.

The most **we** will pay for under this optional extension will be the sum insured stated in the **schedule** for **existing structures**.

Basis of Settlement for existing structure

We will indemnify the **insured** as follows:

- (a) Where the **existing structure** is lost or **destroyed**, by paying **you** the cost to replace the **existing structure** to a condition substantially the same as its condition when new, or
- (b) where the **existing structure** is physically damaged but not lost or **destroyed**, by paying **you** the cost to repair the **loss** to the damaged part of the **existing structure** to a standard that is reasonably equivalent to its condition and relative quality when new, but without necessarily reproducing it exactly.

Circumstances where reinstatement does not apply

Regardless of the above, 'Basis of Settlement – Method of Indemnity 6.1' will apply in the following circumstances:

- (a) If the **insured** do not repair or replace the **loss** to the **existing structure**, or
- (b) repair or replacement of the **loss** to the **existing structure** is not started within a reasonable period of time, or
- (c) until the actual costs of repair or replacement of the **loss** to the **existing structure** are incurred, or
- (d) if the **existing structure** is awaiting demolition or disposal at the time of the **loss**, or

- (e) either of the following apply:
- (i) repair or replacement of the damaged, lost or **destroyed existing structure** is not permissible under any **regulations**, or
 - (ii) repair or replacement of the damaged, lost or **destroyed existing structure** is not permissible because of the undamaged portion of the **existing structure**.

Conditions

Site of replacement

Reinstatement is to be carried out on the **contract site** where the **loss** occurred to the **existing structure**. However, the work may be carried out upon an alternative site if reinstatement on the same **contract site** is not permitted by reason of any **regulations** imposed by local or national government.

Limitations on amount payable

Where an **existing structure** is damaged, **we** will not pay more than what would have been required to be paid for reinstatement had it been **destroyed**.

Where the **insured**:

- (a) does not replace the **existing structure**,
- (b) does not commence and carry out the work of reinstatement within a reasonable period of time,
- (c) does not incur the costs of reinstatement,
- (d) **regulations** do not permit the repair of the damage to an **existing structure** which is not a total loss,

we will not pay more than the amount specified in the **schedule** or the **actual value** of the **existing structure**, whichever is less.

Rates, Taxes 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 **regulation**.

4.4 Hired or borrowed plant

We will cover the **insured** for **accidental loss** occurring during the **construction period** to hired in or borrowed plant, machinery, scaffolding, reusable formwork, equipment and tackle used in the performance of the **contract works** at the **contract site** provided it is not otherwise insured. This includes plant that the **insured** is liable for under a hire agreement, and that is being used in the performance of the **contract works**.

This extension does not cover any of the following:

- (a) sub-contractor's plant, machinery, scaffolding, reusable formwork, equipment and tackle, or
- (b) **loss** by theft, unless the equipment and mobile plant is normally stored in the open or it is accompanied by violence, or threat of violence to any person, or as a result of violent and forcible entry to, or exit from an enclosed building.

'Exclusion 5.1 (a) (vi)' does not apply to this extension.

This optional extension is subject to an excess of 1% of the hired items sum insured or \$1,000 whichever is greater.

4.5 Natural disaster

We will cover the **insured property** for **natural disaster damage**, provided that the damage occurs:

- (a) during the **construction period**, and
 - (b) at the **contract site**.
- 'Exclusion 5.8' does not apply to this extension.

The excess shown below for each **region**, applies to all costs arising from any one **event**.

Region	Excess
the regions of Auckland, Northland, and the Districts of Dunedin City and Clutha	2.5% of the constructed value at time of loss , minimum \$2,500
The rest of New Zealand	5% of the constructed value at time of loss , minimum \$5,000

4.6 Post loss land improvements

We will cover the **insured** for the cost of reinstatement of land if it is physically damaged during the **construction period** (other than by fire) provided that the land:

- (a) belongs to the **insured**, and
- (b) is part of the **contract site**, and
- (c) which suffers **loss** that is not otherwise excluded by this policy.

The most **we** will pay under this extension is \$25,000 in total for the **period of insurance**.

4.7 Testing and commissioning

We will cover the **insured** for **accidental loss** caused by electrical or mechanical breakdown or explosion during testing, test loading or commissioning, occurring during the **construction period** to electrical or mechanical plant forming part of the **contract works** at the **contract site**.

Provided that:

- (a) the testing and commissioning period does not exceed 14 days for any single item of plant, and
- (b) second hand, prototype or experimental machinery is not included.

'Exclusion 5.2 (d) (iv)' does not apply to this extension.

5. Exclusions

5.1 Types of property not covered

This policy does not insure:

- (a) any of the following:
 - (i) motor vehicles,
 - (ii) other mechanically or electrically propelled vehicles (including railway locomotives and rolling stock),
 - (iii) watercraft of any kind,
 - (iv) aircraft of any kind,
 - (v) accessories in or on any of the vehicles or craft in (a) (i) to (a) (iv) above,
 - (vi) **construction plant**,
 - (vii) tyres or tracks, unless as a result of other insured **loss** to a vehicle/mobile plant,
 - (viii) employees' personal effects or hand tools.
- (b) files, deeds, evidence of debt, bonds, bills of exchange, promissory notes, cash, bank notes, cheques, securities or money, stamps, accounting or computer records.

5.2 Losses not covered

This policy does not insure:

- (a) any of the following types of damage to **insured property**:
 - (i) slowly developing deformation or distortion,
 - (ii) marring or scratching,
 - (iii) gradual deterioration,
 - (iv) rot or mildew,
 - (v) surfaces damaged during the process of cleaning
- (b) **loss immediately preceded by** any of the following:
 - (i) interruption of the supply of water, gas, electricity, or any other fuel to the situation,
 - (ii) total or partial stoppage of work for longer than 90 days,
 - (iii) interruption or cessation of any process,
 - (iv) occupancy unless otherwise agreed,
- (c) **loss** caused by any of the following:
 - (i) action of micro-organisms, vermin or pests,
 - (ii) corrosion, action of light, or inherent nature of the property,
 - (iii) wear and tear,
 - (iv) fumes, gas, dust, smoke or soot,
 - (v) maintenance of **insured property**.

This exclusion only applies to the **insured property** first affected. It does not apply to any resultant **accidental loss** to other parts of the **insured property**.
- (d) **loss** caused by any of the following:
 - (i) unexplained disappearances, shortages revealed only by the taking of an inventory, shortages resulting from clerical or accounting errors,

- (ii) any fraudulent scheme or device, or false pretence practiced on the **insured** or any other person,
- (iii) recklessness,
- (iv) the operation, or mechanical or electrical failure, derangement, breakdown, or pressure explosion to any mechanical or electrical items incorporated in the **contract works**,
- (v) mechanical or electrical failure, derangement or breakdown of **construction plant**.
- (e) **loss** following any of these:
 - (i) exposure to weather conditions if the **insured property** is not designed to be left in the open (unless reasonable precautions have been taken to protect the property from these conditions),
 - (ii) landslip, subsidence, erosion or expansion of the ground. However, this exclusion will not apply to **loss** to **insured property**,
 - (iii) normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements.
- (f) **loss** to any structure or property already at the **contract site** prior to commencement of the **contract works**.

5.3 Building defects

This policy does not insure **loss** in connection with a building or structure being affected by:

- (a) moisture or water build-up or the penetration of external moisture or water, or
- (b) the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms, that is caused directly or indirectly by:
 - (i) non-compliance with the New Zealand Building Code, or
 - (ii) faulty design or faulty specification, including but not limited to faulty sequence, procedure or programme, or
 - (iii) faulty materials, or
 - (iv) faulty workmanship,

when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to **loss** that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

5.4 Confiscation

This policy does not insure **loss** in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority (unless the order is given to control any immediate and imminent threat of **loss** provided that the **loss** would be covered by this policy if it did occur).

5.5 Consequential loss

This policy does not insure any kind of consequential loss (*e.g. financial loss that occurs as a result of the loss of insured property*), including the following:

- (a) penalties, or
- (b) loss of use of any property, or
- (c) delays, or
- (d) loss of market.

5.6 Contract types

This policy does not insure **loss** or expense of any type in connection with **contracts** where the **contract** relates to construction, alteration, addition or repair of:

- (a) schools, or
- (b) buildings or structures of historic or cultural significance, or
- (c) buildings or structures with foundations or excavations greater than 3-metres below existing ground level, or
- (d) structures other than buildings, or
- (e) galleries, shafts and tunnels and other underground works, or
- (f) civil works including: earthworks, roads, railways, bridges, culverts, pipelines, sewage, irrigation projects, canals, reservoirs, dams, siphons, retaining walls greater than 3-metres in height, harbour facilities, docks, breakwaters and jetties.

Unless otherwise agreed in writing

5.7 Costs not insured

This policy does not insure the cost of:

- (a) repairing or replacing faulty materials, or
- (b) fixing faulty workmanship, or
- (c) fixing any work performed to a faulty:
 - (i) design plan, or
 - (ii) design specification, or

This exclusion does not apply to any resultant sudden and **accidental loss** to separate **insured property** or to other parts of the same **insured property** arising from the above.

5.8 Electronic data

This policy excludes **loss**, of or damage to **electronic data**, and any liability arising from this, directly or indirectly caused by, or in connection with a **computer virus**.

This includes **loss** of use, reduction in functionality or any other associated loss or expense in connection with the **electronic data**.

However, this exclusion does not apply to resultant physical damage to other **insured property**, which is not otherwise excluded.

5.9 Natural disaster

This policy does not insure **loss** or expense of any type in connection with earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

5.10 Nuclear

This policy does not insure any **loss** in connection with:

- (a) ionising radiation or contamination by radioactivity from:
 - (i) any nuclear fuel, or
 - (ii) any nuclear waste from the combustion or fission of nuclear fuel.
- (b) nuclear weapons material.

5.11 Sanctions

This policy does not insure any **loss** or provide any cover to the extent such cover would expose **us** to any sanction, prohibition or restriction under any United Nations resolution, or any trade or economic sanctions, laws or **regulations** of the European Union, United Kingdom, United States of America, Australia or New Zealand.

5.12 Seepage, pollution and contamination

This policy does not insure **loss** of any type in connection with seepage, pollution or contamination, except if the seepage, pollution or contamination results from sudden and **accidental loss** to **insured property**, which is otherwise covered under this policy.

5.13 Seismic costs upgrade

The amount payable under the policy excludes any costs incurred in connection with seismically strengthening the **insured property** to a level greater than its level before the **loss**.

5.14 Terrorism

This policy does not insure any **loss** in connection with an **act of terrorism**, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an **act of terrorism**.

5.15 Unlawful substances

This policy does not cover any **loss** of any type in connection with the manufacture, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975.

5.16 War

This policy does not insure any **loss** in connection with any of the following, including controlling, preventing or suppressing any of the following: war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

6. Basis of settlement

6.1 Method of indemnity

We will settle the **insured's** claim with one of the following options, whichever **we** choose:

- (a) replace the **insured property** with property of a condition substantially the same as or equivalent to, but not better nor more extensive than, its condition at the time of the **loss**, or
- (b) pay the cost of repairing the **insured property** to a condition substantially the same as, but not better nor more extensive than, its condition at the time of the **loss**, or
- (c) where the damage is not economic to repair **we** will pay the **actual value** of the **insured property**.

6.2 Maximum amount payable

The most **we** will pay:

- 1. for any one item is the specific sum insured shown in the **schedule** for that item, and
- 2. for all items is the total sum insured shown in the **schedule**.

The sum(s) insured stated in the **schedule** represents the maximum liability **we** have in respect of **loss** to insured item(s) for any one **contract site**.

Where the sum insured is expressed as a percentage in the **schedule**, the limit of liability shall be that percentage of the value of the specific **contract** to which the indemnifiable **loss** has occurred.

6.3 Excess

The excess shown in the **schedule** will be deducted from the amount payable for each **event**.

If more than one excess can be applied following a **loss** from a single **event**, only the single highest excess will apply.

A series of **losses** arising from subsidence, erosion, flood, inundation, landslip, cyclone, storm, tempest, or **natural disaster damage** during any period of 72 consecutive hours will be treated as one **event** for the purpose of applying the excess.

6.4 Reinstatement of the sum insured

After **we** have paid a claim under this policy, **we** will reinstate the sum insured. **We** may ask the **insured** to pay an additional premium for this. If **we** do, **you** must pay the additional premium.

7. Claims conditions

Insured's obligations

7.1 Advise Us

If the **insured** becomes aware of any **event** that is likely to give rise to a claim under this policy regardless of the anticipated quantum, they must contact us immediately.

7.2 Minimise The Loss

The **insured** must take all reasonable steps to minimise the claim and avoid any further **loss** arising.

7.3 Notify The Police

The **insured** must immediately notify the Police if they suspect criminal activity has occurred.

7.4 Provide Full Information

When making a claim, the **insured** consents to their personal information in connection with the claim being:

- (a) disclosed to **us**, and
- (b) transferred to the Insurance Claims Register Limited.

The **insured** must:

- (a) give **us** free access to examine and assess the claim, and
- (b) send any relevant correspondence or documents to **us**, and
- (c) complete a claim form or statutory declaration to confirm the claim if **we** request it, and
- (d) provide any other information, proof of ownership or assistance that **we** may require at any time.

7.5 Be honest

If the **insured's** claim is dishonest or fraudulent in any way, **we** may:

- (a) decline the claim either in whole or in part, or
- (b) declare this policy or all policies the **insured** has with **us** to be unenforceable from the date of the dishonest or fraudulent act.

This is at **our** sole discretion.

Contract Works Annual Period / Insurance policy

7.6 Do not admit liability

The **insured** must not:

- (a) admit liability, or
- (b) do or say anything that may prejudice **our** ability to defend the claim against the **insured's** or take recovery action in the **insured's** name.

7.7 Do not dispose of property

The **insured** must not destroy or dispose of anything that is or could be part of a claim until **we** have given the **insured** permission to do this.

7.8 Obtain our agreement

The **insured** must obtain **our** agreement before:

- (a) incurring any expenses in connection with any claim under this policy, or
- (b) doing anything that may prejudice **our** rights of recovery.

7.9. Comply with directions and contract

The **insured** shall at its expense:

- (a) comply with all **our** reasonable directions to prevent **loss**, where any deficiency, defect or danger is identified by **us**, and
- (b) comply with the **contract** conditions and specifications as they relate to methods, procedures, systems or sequences of work.

Managing a claim

7.10 Subrogation

Once **we** have accepted any part of the **insured's** claim under this policy, **we** may assume the **insured's** legal right of recovery.

If **we** initiate a recovery **we** will include the **insured's** excess, and any other uninsured losses suffered by the **insured**. Where **we** do this, the **insured** agrees to pay its proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse the **insured's** excess first.

7.11 Recoveries

If any property that **we** have paid a claim for is later found or recovered, the **insured** must tell **us** immediately and hand it over to **us** if **we** request it.

We have the right to keep any property that **we** have paid a claim for under this policy, including any proceeds if it is sold.

7.12 Reparation

If any person is ordered to make reparation to the **insured** for **loss** to any property that **we** have paid a claim under this policy for, then the **insured** must tell **us**. Any payments received, must first reimburse **our** claims payment up to the amount of any reparation received.

7.13 Multiple insureds

Where more than one person or entity is insured, **we** shall:

- (a) negotiate all claim settlements with, and
- (b) pay all claim proceeds to, the **first insured**.

8. General conditions

How we administer this policy

8.1 Assignment

The **insured** may not assign this policy or any interest under this policy without **our** prior written consent.

8.2 Cancellation

By the insured

The **insured** may cancel this policy at any time by notifying **us**. If they do, **we** will refund any premium that is due to the **insured**. Upon cancellation, the premium will be determined by applying the rate referred to in the **schedule** plus 20% to the actual **turnover** based on the **period of insurance** ending at the cancellation date. The premium shall be compared with the provisional premium and the **insured** shall pay, or **we** will refund, the difference.

We will refund the proportion of unused premium paid in accordance with the 'Provisional Premium' and 'Premium Adjustment' conditions.

Regardless of cancellation or non-renewal of this policy, cover shall continue for all **contracts** where cover under this policy has commenced prior to the date of cancellation or non-renewal until expiry of any **maintenance period**, provided that:

- (a) all such **contracts** where cover is to continue shall be declared to us at the time of cancellation or non-renewal, and
- (b) the **insured** shall pay any premium adjustments required and any additional statutory charges.

8.3 Change of terms

We may change the terms of this policy (including the excess) by giving the **insured**, or their broker, notice in writing or by electronic means, at the **insured's**, or their broker's, last known address. Unless otherwise specified in the notice the change in terms will take effect from 4pm on the 30th day after the date of the notice.

8.4 Currency

Any amounts shown in this policy or in the **schedule** are in New Zealand dollars, unless otherwise specified in the **schedule**.

8.5 GST

Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:

- (a) all sums insured exclude GST, and
- (b) all sub limits exclude GST, and
- (c) all excesses include GST, and
- (d) GST will be added, where applicable, to claim payments.

8.6 Other insurance

The **insured** must notify **us** as soon as they know of any other insurance policy that covers them for any of the risks covered under this policy.

This policy does not cover the **insured's** liability or loss at all if it the liability or loss is insured to any extent under any other insurance policy. **We** will not contribute towards any claim under any other insurance policy.

8.7 Provisional Premium

The **insured** must pay a provisional premium at the start of this policy. The provisional premium is a deposit and must be calculated by applying the agreed rate referred to in the **schedule** to the estimated **turnover** of all **contracts** that will be insured under this policy. The provisional premium must be adjusted in accordance with the 'Premium Adjustment' condition below.

8.8 Premium Adjustment

Within 30-days of the end of the last **contract works** covered under this policy, the **insured** must declare to **us** the **turnover**.

If there is any other insurance policy that covers the **insured** for the risks covered under this policy and that policy has a higher excess, where this policy is covering the **insured** for the difference between the two excesses, the **insured** must include the full value of the applicable **contract works** turnover in the **turnover** figure used for this premium adjustment calculation.

The premium shall be determined by applying the agreed rate referred to in the **schedule** to the **turnover**. The premium shall be compared with the provisional premium and the **insured** shall pay, or **we** will refund, the difference. The most **we** will refund is 50% of the provisional premium.

Fire Service Levy Declaration – Domestic Contracts

Upon renewal of this policy, and with the declaration of your actual completed **turnover**, the **insured** must also declare the number of domestic **existing structures** covered under this optional cover during the **period of insurance**. This number shall be adjusted for the Fire Service levy at the rate specified under the Fire and Emergency New Zealand for each dwelling and a pro rata applied for the maximum **contract period**, as per Fire Service levy guidelines. This must be paid along with any other due premiums.

Fire Service Levy Declaration – Commercial Contracts

Upon renewal of this policy, and with the declaration of your actual completed **turnover**, you must also declare the total value of commercial **existing structures** covered under this optional cover during the **period of insurance**. This number shall be adjusted for Fire Service levy at the rate specified under the Fire and Emergency New Zealand and a pro rata applied for the maximum **contract period**, as per Fire Service Levy guidelines. This must be paid along with any other due premiums.

8.9 Increase In Sum Insured

The maximum **contract** value stated in the **schedule** may be exceeded by up to 10% if during the **construction period** there is an increase in the costs of construction due to increased wages or materials.

If a single **contract** tendered for by **you** is expected to exceed the maximum sum insured as stated in the **schedule**, special allowance to include the **contract** within the annual policy needs to be requested. At **our** discretion **we** may choose to vary the terms and conditions of the annual policy for this specific **contract**.

8.10 Separate insurance

Where the **insured** consists of more than one legal entity the word "insured" shall apply to each as if a separate policy had been issued to each. However, this does not increase the amount of cover available under this policy.

Laws and acts that govern this policy

8.11 Disputes about this policy

The law of New Zealand applies to disputes about this policy and the New Zealand Courts have exclusive jurisdiction.

8.12 Legislation changes

Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.

8.13 Insurance law reform acts

The exclusions and conditions in this policy are subject to the **insured's** rights under the Insurance Law Reform Act 1977 and Insurance Law Reform Act 1985.

Insured's obligations

8.14 Comply with the policy

The **insured** (and any other person or entity **we** cover) must comply with the conditions of this policy at all times.

If:

- (a) the **insured**, or
 - (b) any other person or entity covered under this policy, or
 - (c) anyone acting on the **insured's** behalf,
- breaches any of the terms and/or conditions of this policy, **we** may:

- (a) decline the claim either in whole or in part, and/or
- (b) declare either this policy or all insurance the **insured** has with **us** to be of no effect and to no longer exist.

8.15 True statements and answers

True statements and answers must be given, whether by the **insured** or any other person, when:

- (a) applying for this insurance, and/or
- (b) notifying **us** regarding any change in circumstances, and/or
- (c) making any claim under this policy, and communicating with **us** or providing any further information regarding the claim.

8.16 Reasonable care

The **insured** must take reasonable care at all times to avoid circumstances that could result in a claim. The **insured's** claim will not be covered if the **insured** is reckless or grossly irresponsible.

8.17 Change in circumstances

The **insured** must tell **us** immediately if there is a material:

- (a) increase in the risk insured, or
- (a) alteration of the risk insured.

Once the **insured** has told **us** of the change, **we** may then cancel or alter the premium and/or the terms of this policy.

If the **insured** fails to notify **us** about a change in the risk insured, **we** may:

- (a) declare this policy unenforceable, and/or
- (b) decline any subsequent claim either in whole or in part.

These actions will be taken from the date the **insured** knew, or ought to have known, of the increase or alteration in the risk insured.

For avoidance of any doubt, information is 'material' where we would have made different decisions about either:

- (i) accepting your insurance, or
- (ii) setting the terms of your insurance,

if we had known that information. If in any doubt, notify us anyway.

Definitions

The definitions apply to the plural and any derivatives of the bolded words. *For example, the definition of 'accidental' also applies to the words 'accidentally', 'accident' and 'accidents'.*

accidental	Unexpected and unintended by the insured .
act of terrorism	Any unlawful act, or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation 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) de jure or de facto, and that: <ul style="list-style-type: none"> (a) involves violence against one or more persons, or (b) involves damage to property, or (c) endangers life other than that of the person committing the action, or (d) creates a risk to health or safety of public or section of the public, or (e) is designed to interfere with or disrupt an electronic system.
actual value	The value calculated by applying depreciation for age and use to the new replacement cost of insured property affected.
computer virus	A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, which propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'Worms' and 'Time or Logic Bombs'.
constructed value at the time of loss	The actual value of the covered contract works already completed as at the time of the loss , including the actual value of any existing structures covered under the Optional extensions '4.3 Existing Structures' (if applicable).
construction period	The period starting at the date you take possession of the contract site , provided such date is within the period of insurance , and ends upon the earliest of the following: <ul style="list-style-type: none"> (a) Partial Completion <ul style="list-style-type: none"> In relation to any applicable portion only of the contract works: (i) at the time a partial practical completion certificate is issued, or (ii) at the time that portion of the contract works is occupied, taken over or put into use by the purchaser, principal or authorised person, whichever is the earlier, or (b) Completion <ul style="list-style-type: none"> (i) at the time a practical completion certificate is issued, or (ii) at the time the contract works are occupied, taken over or put to use by the purchaser, principal or authorised person, whichever is the earliest, or (c) Speculative Project <ul style="list-style-type: none"> In relation to any speculative project where there is no agreement to purchase, at the time 95% of the project price has been expended on the contract works and the contract works are made available for public viewing, or (d) Maximum period <ul style="list-style-type: none"> For each contract works insured by this policy, upon the expiry of the maximum period as stated in the schedule.
construction plant	Tools, plant, equipment, site encampments or hoardings used for the purpose of carrying out the contract works , excluding any plant or equipment forming, or intending to form, a permanent part of the contract works .
contract	The contract between the principal and the contractor to perform the contract works .
contract site	The location referred to in the contract at which the contract works are to be undertaken.

Contract Works Annual Period / Insurance policy

contract works	The whole of the works, whether temporary or permanent, to be performed by the insured as described in the contract (being subject of this insurance) including all materials and items that are included in that contract .
destroyed	So physically damaged by an insured loss that the property, by reason only of that loss , cannot be repaired or the cost of the repair is uneconomic.
electronic data	Facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment.
event	Any one event or series of events arising from one source or original cause.
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 shown in the schedule and which will be worked upon as part of the contract works .
first insured	The first named person or entity listed in the schedule as 'Insured'.
immediately preceded by	The event occurring immediately in sequence prior to the loss . <i>If there is a chain of events, this will be the last event occurring immediately prior to the loss.</i>
insured	The person(s) or entity named in the schedule as 'Insured': (a) but only in their capacity as principal or main contractor, and (b) only in their capacity as sub contractor where shown in the schedule , for their respective rights and interests. <i>We may also use the word 'you' to describe 'insured'.</i>
insured property	The contract works and any other property shown in the schedule once it becomes the responsibility of the insured .
loss	Physical loss or physical damage occurring during the period of insurance .
maintenance period	The period starting when any part of the contract works is put into service, taken over, occupied or issued with a certificate of partial or practical completion, and finishing at the end of the: (a) Maintenance or Defects Liability Period referred to in the contract , or (b) period shown in the schedule , whichever is the earlier.
natural disaster damage	Sudden and accidental loss that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunامي, geothermal activity, hydrothermal activity, or fire caused by any of these.
period of insurance	The annual period shown in the schedule .
regions	The areas of land in each of the named Regions and Districts as defined in the Local Government New Zealand (LGNZ) Regional and Districts boundaries map.
regulations	Building regulations or other regulations that are: (a) made under, or (b) framed pursuant to, any Act of Parliament or any local authority regulation or by-law.
schedule	The latest version of the Schedule we issued to the insured for this policy.
turnover	All monies received or payable to you for contracts undertaken by you during the period of insurance .
we	NZI, a business division of IAG New Zealand Limited. We may also use the words 'us', 'our' or 'company' to describe NZI.

NZI is a business division of IAG New Zealand Limited, a wholly owned subsidiary of Insurance Australia Group, Australasia's largest general insurer. Established in 1859, it is today one of the country's largest and longest-serving fire and general insurance brands, protecting tens of thousands of New Zealanders every year. Through our broad range of commercial, personal, marine, professional risks and rural insurance products, we pride ourselves on helping people to achieve the best protection for their assets. We partner with a network of skilled and experienced brokers and other insurance intermediaries who distribute our products. We pay remuneration to our brokers and intermediaries when they issue our policies, and when these policies are renewed or varied. This policy is subject to copyright.



Business Insurance for
a growing New Zealand