

ProjectPlan
ProjectPlan



Contract Works Insurance for building, civil and plant installation projects

Please read this policy carefully and see that it meets your requirements

welcome to
ProjectPlan

This policy shall not be in force unless it has been initialled by an authorised official of the Company.

Initialled:



Index

- 4 Fair Insurance Code
- 4 Introduction
- 5 Section 1 - property insured
- 6 - exclusions
- 7 - conditions
- 8 General exclusions
- 9 General conditions

Fair Insurance Code

As members of the Insurance Council of New Zealand, we are committed to complying with the Council's Fair Insurance Code.

This means we will:

1. provide insurance contracts which are understandable and show the legal rights and obligations of both us and the policyholder;
2. explain the meaning of legal or technical words or phrases;
3. explain the special meanings of particular words or phrases as they apply in the policy;
4. settle all valid claims fairly and promptly;
5. clearly explain the reason(s) why a claim has been declined;
6. provide policyholders with a written summary of *our* complaints procedure as soon as disputes arise;
7. be financially sound as measured by *our* Claims paying rating.

If you would like a brochure detailing the Fair Insurance Code please ask your Broker, Adviser or Vero office.

Introduction

In consideration of the *Insured* named in the policy schedule having paid or promised to pay the required premium, Vero Insurance New Zealand Limited (hereinafter referred to as "the Company") agrees subject to the terms, conditions and exclusions of the policy to indemnify the *Insured* to the extent set out in the policy. In issuing this policy, the Company relies upon the information contained in the proposal and any statements or representations made by the *Insured* or anyone acting on behalf of the *Insured*.

The policy and the policy schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this policy or of the policy schedule shall bear such meaning wherever it may appear.

The cover provided by this policy only attaches to those items shown in the attached policy schedule against which a sum insured has been shown.

Where an item is not shown in the policy schedule or there is no sum insured, or the number "0", or the word "Nil" is shown, there shall be no cover unless specifically endorsed on to the policy schedule or policy.

Period of insurance

The period of insurance shall commence on the date specified in the policy schedule or at the time of possession of the contract site, (whichever is the later), and shall continue until the expiry of the period of insurance or until completion of the *insured contract*, (whichever is the sooner).

The period of insurance may be extended beyond the date shown in the policy schedule for the express purpose of completing the *contract works*, provided that the *Insured* agrees to pay the additional premium required. On completion of the *contract works* the period of insurance may be followed by a *maintenance period*, provided that details of such maintenance are disclosed to the Company in the proposal and the *maintenance period* is shown in the policy schedule.

Section 1

property insured

insuring clauses

If at any time during the period of insurance physical loss of or damage occurs to any item of the property insured, then subject to the terms, conditions and exclusions of this policy the Company will indemnify the *Insured* for such loss or damage.

Subject to Condition 2, "Increase in contract cost" and Condition 4 "Reinstatement of amount of insurance" in Section 1 and General Condition 10 "Goods and Services Tax" described in the policy, the total liability of the Company under this section shall not exceed in respect of each item the sum insured shown for that item in the policy schedule.

memorandum 1

transit of goods and materials including temporary storage

The Company will also indemnify the *Insured* in respect of goods and materials for incorporation in the *contract works* whilst in transit from suppliers or contract site including any temporary storage in premises other than that at the contract site, manufacturers premises within New Zealand to the contract site, provided that:

1. the *Insured* is responsible for the property whilst in transit;
2. any temporary storage of materials on the way to the contract site shall not exceed 50 days;
3. the Company's liability shall be limited to \$25,000 any one conveyance.

Definitions

Insured contract

The *contract works* described in the policy schedule. When the policy is issued with an annual turnover or declaration clause applicable, the definition above applies to each allowable contract.

Insured

Unless otherwise stated in the policy schedule the parties insured under the policy are:

1. The Principal
2. The Head/Main Contractor

Each in the capacity as stated above.

Situation

The contract site at which the *contract works* are to be performed.

Contract works

The term contract works in the policy schedule shall mean all permanent and temporary works to be executed in the performance of the *insured contract*, plus all materials to be incorporated therein, the property of the *Insured* or for which they are responsible, whilst at the *situation*. The sum insured applicable to contract works shall not be less than the estimated replacement value of the contract works on completion of the work. The replacement value shall include all material, wages, freight, customs duties and dues if any, including any materials or items supplied by the principal. Work being performed by subcontractors may be included provided provision has been made for such work within the sum(s) insured.

Maintenance period

Where a maintenance period is specified in the policy schedule the period of insurance shall be deemed to be extended (provided the *contract works* are completed) for the number of days shown against the maintenance period in the policy schedule, but not exceeding the maintenance or defects liability period specified in the contract documents. The policy will indemnify the *Insured* for their legal liability to rectify physical loss or damage to the *contract works* in accordance with the conditions of contract, which arises during the maintenance period specified, is the sole responsibility of the contractor and originates from:

1. a cause not otherwise excluded occurring and arising out of the performance of the *insured contract* during the period of insurance; or
2. a cause not otherwise excluded occurring and arising out of the operation of the contractor whilst performing work under the requirements of the maintenance clause(s) of the *insured contract*.

The insurance provided under the maintenance period shall only operate if the insurance on *contract works* is kept in force until the *insured contract* is completed.

Excess

The amount for which the Company will not be responsible in respect of each and every claim.

Architects fees

When shown in the policy schedule architects fees shall mean:

architects, surveyors and consulting engineers fees up to the sum insured specified in the policy schedule which have been necessarily incurred in the reinstatement of the *contract works* consequent directly upon loss of or damage to the *contract works* for which indemnity is provided (but excluding any fees for preparing a claim); it being understood that the amount payable for such fees shall not exceed those authorised under the scales of the various institutions regulating such charges prevailing at the time of loss or damage.

Removal of debris

When shown in the policy schedule removal of debris shall mean:

costs and expenses up to the sum insured specified in the policy schedule which have been necessarily incurred in consequence of an insured peril which results in physical loss or damage to the *contract works* in:

1. removing debris of the portion(s) of the property insured which has sustained physical loss or damage;
2. demolishing undamaged portion(s) of the property insured to enable the *contract works* to be continued;
3. shoring, propping up or supporting of undamaged proportion(s) of the property insured to enable the *contract works* to be continued;
4. effecting other necessary measures including temporary repairs to protect the property insured from further damage, or to allow continuation of the *insured contract*;

Exclusions

The Company will not indemnify the *Insured* against:

1. loss or damage directly or indirectly caused by earthquake, hydrothermal activity or volcanic eruption;
2. loss or damage to any item of machinery or plant, which has been installed as part of the *insured contract*, directly caused to that item by its testing or commissioning.
However, this exclusion shall not apply to new building services plant forming an integral part of new buildings being constructed and insured by this policy, unless such plant is more specifically insured by the sub-contractor(s);
3. consequential loss, loss of use, loss due to delay, penalties, fines, liquidated damages, aggravated, punitive or exemplary damages, or liability of any nature whatsoever;
4. loss or damage to property directly caused by cessation of work whether total or partial;
5. the cost of repairing, replacing or rectifying any part of the *contract works* in which there is a fault, defect, error or omission in design, plan or specification.
However, this exclusion shall only apply to that part of the machine or structure immediately affected by such fault, defect, error or omission, the Company's liability in respect of loss or damage to other parts of the *contract works* resulting therefrom shall not exceed \$25,000;
6. the cost of repairing, replacing or rectifying any part of the *contract works* which is defective in material or workmanship.
However, this exclusion shall only apply to that part of the machine or structure immediately affected, and not to loss or damage to other parts of the *contract works* resulting there from;
7. loss or damage to:
 - a. any employees tools and equipment unless otherwise agreed by endorsement;
 - b. any item of contractors plant (which may also be described as constructional plant) shown in the policy schedule directly caused by its own explosion, mechanical or electrical breakdown, derangement or other operating cause, but resultant damage arising from such causes is insured;
8. loss or damage caused by wasting, wearing away, discolouration, staining, aesthetic defects, delamination, corrosion, erosion or gradual deterioration, including that due to atmospheric conditions;
9. loss or damage arising out of or resulting from rot, mould, mildew, fungi;
10. loss or damage to accounts, bills, bonds, currency, stamps, deeds, evidence of debt, money, notes, securities, cheques, credit cards, files, computer software, drawings and plans;
11. loss of any property by disappearance or shortage revealed only by the making of an inventory or by periodic stocktaking, and where such loss is not traceable to any specific event;
12. loss or damage to the *contract works* or any part thereof which has been taken into use or occupation by the principal, unless such loss or damage occurred during any *maintenance period* specified in the policy schedule and arose in the course of any operations carried out by the contractor solely for the purpose of complying with the stated obligations under the maintenance clauses of the contract;

- 13.** loss or damage to any existing structures belonging to the principal, unless such loss or damage occurred to property specified in the policy schedule which forms part of the *insured contract* and arose directly out of the performance of the *insured contract*;
- 14.** loss or damage arising out of rectifying existing or aggravated defects not forming part of the *insured contract*;
- 15.** the *excess* shown in the policy schedule which shall be the amount borne by the *Insured* in respect of each and every claim for which indemnity is provided under Section 1.
For the purposes of this exclusion:
 - a.** a series of events arising from or caused by subsidence, erosion, flood, inundation, landslip, cyclone, storm or tempest during any period of 72 consecutive hours will be treated as one event for the purposes of applying the *excess*;
 - b.** the *excess* shown as applying to contract works shall also be applicable to architects fees and *removal of debris*. In the event of a loss arising from the same source and original cause giving rise to a claim against more than one of these items, the *excess* will not be cumulative. The aggregate adjusted loss will be subject to the highest *excess* only being applied.

Conditions

1. Basis of indemnity

In the event of loss or damage to the property insured, for which indemnity is provided under this policy, the basis of any settlement shall be:

- a.** in the case of damage which can be repaired, the cost of repairs necessary to restore the item(s) to their condition immediately before the occurrence of the damage less any salvage;
- or
- b.** in the case of a total loss, the actual value of the item(s) immediately before the occurrence of the loss less any salvage;

but, only to the extent that the amounts claimed have been borne by the *Insured* and to the extent that they have been included in the sum insured.

The Company will make payments only after being satisfied by the production of the relevant invoices, receipts and other documentation showing that the repairs have been effected or replacement has taken place.

All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (b) above.

If repair has commenced and any parts are found to be unprocurable, the Company's liability shall be discharged by effecting such repairs as may be possible and paying to the *Insured* in respect of those parts that are unprocurable the cost that would have been expended in purchasing parts of an equivalent condition to those lost or damaged.

The cost of any provisional repairs will be borne by the Company if such repairs constitute part of the final repairs and do not increase the total repair expenses.

The cost of any subsequent alterations, additions and improvements subsequent to the loss or damage occurring shall not be recoverable under this policy.

Extra charges for overtime wages, express delivery or air freight are not covered by this insurance unless specifically agreed to by the Company, and shall be shown as expediting costs within the policy schedule where this cover applies.

2. Increase in contract cost

If during the period of insurance the actual replacement value of the *contract works* increases, then the sum insured shown against *contract works* in the policy schedule shall be deemed to be increased by the amount of such increase, but not exceeding ten per cent. However, if allowances for fluctuations or increases of the *contract works* sum insured are shown in the policy schedule the amount thus shown will be operative.

3. Claims procedure

Upon becoming aware of any event giving rise or likely to give rise to a claim under this policy the *Insured* must:

- a.** take prompt steps to minimise the damage;
- b.** take reasonable steps to protect the property from further loss or damage;
- c.** immediately notify the Company;
- d.** if a criminal act is suspected, inform the police;
- e.** within 30 days or as soon as practicable thereafter, submit full particulars of the claim in writing to the Company;
- f.** at the *Insured's* expense, provide the Company with any reasonably required proof and information in respect of the claim.

4. Reinstatement of amount of insurance

In the event of a loss, for which a claim is payable under this section, and in the absence of any written notice by the Company or the *Insured* to the contrary, the amount of insurance cancelled by such loss or damage will be automatically reinstated from the date of the occurrence. The *Insured* undertakes to pay such pro-rata premium at the rate applicable as may be required for the reinstatement of any of the sums insured.

General exclusions

This policy does not indemnify the *Insured* against:

1. any loss, destruction, damage, liability, death, incapacity, cost or expense directly or indirectly caused by, resulting from or in connection with any:
 - a. war, invasion, act of foreign enemy, warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, insurrection, military or usurped power;
 - b. confiscation, requisition, or destruction of or damage to property by order of Government or Local Authority unless the order is given for the purpose of controlling fire or other peril for which insurance is provided by this policy;
 - c. nuclear weapons material;
 - d. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. (For the purpose of this exclusion, combustion includes any self sustaining process of nuclear fission);
 - e.
 - i) **act of terrorism** regardless of any other cause or event contributing concurrently or in any other sequence to such loss, damage, liability, death, injury, illness, cost or expense; or
 - ii) action taken in controlling, preventing, suppressing or in any way relating to any **act of terrorism**.

Act of terrorism means:

An act, including but not limited to the use of force or violence and/or the threat thereof, of any person or groups(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or governments(s), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or put the public, or any section of the public, in fear.

2. loss, damage or liability arising out of the ownership or possession of or use under the control of the *Insured* or any person acting on behalf of the *Insured* of any vessel or craft or thing made or intended to be waterborne or airborne, or mounted upon such vessel or craft;
3. loss, damage, liability, death or incapacity directly caused by or arising from the deliberate or reckless acts of the *Insured*.
4. any loss, damage or liability for claims arising out of:
 - a. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **electronic data**;
 - b. error in creating, amending, entering, deleting or using **electronic data**; or
 - c. total or partial inability or failure to receive, send, access or use **electronic data** for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

However, where an event listed below (being an event covered under Section 1 of this Policy but for this exclusion) is caused by any of the matters described in (a), (b) and/or (c) above, this policy, subject to all its provisions, will insure loss of or damage to insured property directly caused by the event.

Further, this exclusion does not apply where an event listed below (being an event covered under Section 1 of this Policy but for this exclusion) causes any of the matters described in (a), (b) and/or (c) above.

- Fire, explosion, lightning or thunderbolt
- Earthquake including subterranean fire
- Volcanic eruption
- Impact by any road vehicle or animal
- Impact by aircraft or anything dropped from them
- Windstorm, hail, tornado, cyclone or hurricane
- Tsunami, flood, freezing or weight of snow
- Bursting, overflowing, discharging, or leaking of water tanks, apparatus, or pipes
- Theft of **electronic data** solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such **electronic data**

Any cover provided excludes the value to the *Insured* of any **electronic data**.

Electronic data means 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 programmes, software and other coded instructions for such equipment.

This Exclusion prevails over any other provision in this Policy except any terrorism exclusion.

General conditions

1. Observance of terms and conditions

The due observance and fulfilment of the terms and conditions of this policy by the *Insured* in so far as they relate to anything to be done or complied with by the *Insured*, and the correctness of any statements made to the Company (whether made by the *Insured* or not), are conditions precedent to any liability of the Company to provide any indemnity under this policy.

2. Misdescription

If there is any material misdescription of any of the property hereby insured, or of any building or place in which such property is contained, or any misrepresentation as to any fact known to be material for estimating the risk, or any omission to state such fact, the Company shall not be liable under this policy so far as it relates to the risk arising out of any such misdescription, misrepresentation or omission.

3. Assignment

You shall not assign this policy or your interest in this policy to any other person or party without consent in writing.

4. Alteration of risk

If any change occurs involving a material alteration in the risk accepted by the Company the *Insured* shall as soon as possible give notice in writing to the Company. The *Insured* shall at their own expense take prudent precautions to minimise the risk of any claim arising under the policy because of the alteration of risk and shall comply with any reasonable directions or requirements of the Company. The terms and premium required for this insurance may be increased by the Company due to the alteration in risk.

5. Partial occupation

If the insurance provided by this policy is to cover the use of or partial occupation by the principal or any tenant during the performance of any part of the *contract works*, the insurance will be limited in accordance with Exclusion 12 in Section 1 of the policy, unless otherwise agreed to by endorsement.

6. Precautions

The insured shall take reasonable precautions in the selection of labour and for the safety of the property insured, and maintain in efficient condition all plant and appliances used in connection with any contract covered by the policy. The Company shall at all reasonable times have by their representatives access to examine any such plant or appliances.

7. Subrogation

Where, upon accepting liability for a claim under this policy, the Company is entitled to become subrogated to the *Insured's* right of recovery or indemnity from any other person or corporation, the *Insured* must, at the Company's expense do and concur in doing and permit to be done anything reasonably required by the Company for the purpose of enforcing that right. The *Insured* must comply with this condition when required, whether before or after having been indemnified by the Company.

The *Insured* shall not voluntarily and knowingly release any third party from liability arising from loss or damage insured by this policy unless declared to and accepted by the Company.

8. Other insurance

If, at the time of any claim arising under this policy, there is any other valid and collectable insurance covering all or part of the same loss, this policy will apply only to the amount of any loss in excess of that recoverable under the other insurance.

9. Fraud

If any claim is in any respect fraudulent or if any false declaration is made or used in support thereof or if any fraudulent means or devices are used by the *Insured*, or anyone acting on behalf of the *Insured* to obtain any benefit under this policy in respect of the claim, all benefit under this policy in respect of that claim will be forfeited.

10. Declaration

The *Insured* shall within a reasonable time after completion of the *contract works* furnish to the Company a declaration of the total final cost of the *insured contract* described in the policy schedule.

In the event that the amount declared exceeds the sum insured shown against *contract works* in the policy schedule the *Insured* shall pay a further proportionate payment to the Company in respect of such increase in sum insured.

11. Goods and Services Tax

Provided that Goods and Services Tax (GST) is recoverable by the Company, the sum or sums insured are exclusive of GST to the intent that in the event of a claim the Company will indemnify the insured to the maximum of the sum insured or limit of liability under each item plus additional GST to a maximum of the current rate of GST applied to such amount.



Vero Insurance
New Zealand Limited
Private Bag 92-120
Auckland

