

Contract Works Single Project



Policy Wording

STATE

Welcome to State

Thank you for choosing State. You've made a great choice – we've been helping New Zealanders with their insurance needs for more than 100 years and are proud to be doing the same for you.

If you have any questions about your policy or think it doesn't provide the cover you need, please call us straight away – we'll be happy to help.

IMPORTANT

This document is your Contract Works Single Project policy wording.

Please make sure you read it carefully, as it contains important information you should know, including what your insurance covers – and what it doesn't.

Contact us

If you have a question, need help or want to make an insurance claim, just call us on **0800 80 24 24** or visit state.co.nz.

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Introduction

About this policy	This Contract Works Single Project Policy consists of: <ul style="list-style-type: none">(a) this policy document, and(b) the schedule, and any endorsements that we apply.
Duty of disclosure	<p>The insured has a legal duty of disclosure when they apply for insurance. This means the insured or anyone acting on the insured's behalf must tell us everything they know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding whether:</p> <ul style="list-style-type: none">(a) to accept or decline the insurance, and/or(b) the cost or terms of the insurance, including the excess. <p>If the insured or anyone acting on your 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.</p>
Defined words	If a word is shown in bold , it has a specific meaning. There is a list of these words and what they mean in the section 'Definitions'.
Examples	We have used examples and comments to make parts of this policy document easier to understand. These examples and comments, which appear in <i>italics</i> , 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.

1. Insurance agreement

1.1 Our agreement	The insured agrees to pay us the premium and comply with this policy. In exchange, and in reliance on the information provided in the application , we agree to provide cover to the insured as set out in this policy.
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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 contract site during the construction period .
2.2 Loss during the maintenance period	We will cover the insured during the maintenance period for insured's legal liability to rectify accidental loss to insured property under the Maintenance or Defects Liability Conditions of the contract , provided the loss : <ul style="list-style-type: none">(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 incurred 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) recover or restore 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 the lesser of the following:

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

3.4 Natural disaster

We will cover the **insured property** for **natural disaster damage**, provided that the damage occurs during the **construction period**, and at the **contract site**.

'Exclusion 5.10' does not apply to this extension.

The excess shown below for each **region** applies to all costs arising from one **event** unless a different excess is specified in the **schedule**.

Region	Excess
the regions of Auckland, Northland, Otago and Southland	1% of the constructed value at the time of loss , minimum \$2,500
the regions of Waikato, Bay of Plenty, Gisborne, Taranaki, Manawatu-Wanganui, Hawke's Bay, West Coast, Chatham Islands and Canterbury excluding the Districts of Kaikoura and Hurunui	2.5% of the constructed value at the time of loss , minimum \$2,500
the regions of Wellington, Tasman, Nelson, Marlborough and the Districts of Kaikoura and Hurunui	5% of the constructed value at the time of loss , minimum \$5,000

3.5 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 the lesser of the following:

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

3.6 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.

3.7 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.

3.8 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.

3.9 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**.

3.10 Transit and storage

We will 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' or such longer period that **we** have agreed and stated in the **schedule**.

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.

'End of the Period' means:

- (a) at the time practical certificate is issued,
- (b) at the time the **contract works** is occupied, taken over or put into use by the purchaser, principal or authorised person.

4.2 Existing structures

4.2.1. Contract Perils Only

Where the **schedule** shows that **existing structures** are covered for 'Contract Perils Only', **we** will cover the **insured** for **accidental loss** to the **existing structures** which are in the **insured's** care, custody and control.

Provided that such **accidental loss**:

- (a) occurs whilst the **insured** is working on the **existing structures** and arises directly out of the **insured's** performance of the **contract works**, and
- (b) occurs during the **period of insurance**.

4.2.2. Full Cover

Where the **schedule** shows that **existing structures** are covered for 'Full Cover', **we** will cover the **insured** for **accidental loss** to the **existing structures** that occurs during the **period of insurance**.

There is no cover under this optional extension for:

- (a) **loss** to contents of the **existing structures** unless specifically listed in the **schedule**, or
- (b) consequential loss or liability of any nature whatsoever.

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

The following applies to 4.2.1 & 4.2.2 above:

Basis of Settlement for existing structures

We will cover the **insured** by one of the following options:

- (a) where the **existing structure** is lost or **destroyed**, by paying the **insured** the cost to replace the **existing structure** to a condition substantially the same as its condition when new.
- (b) where the **existing structure** is physically damaged but not lost or **destroyed**, by paying the **insured** 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 – 6.1 Method of indemnity' will apply in the following circumstances:

- (a) If the **insured** does 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) if 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 any of the following apply, **we** will not pay more than the sum insured for **existing structures**, or the **actual value** of the **existing structure**, whichever is less.

- (a) the **insured** does not replace the **existing structure**,
- (b) the **insured** does not commence and carry out the work of reinstatement within a reasonable period of time,
- (c) the **insured** 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.

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**.

Exclusion

'Exclusion – 5.2 Losses not covered – (f)' does not apply to this extension.

4.3 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 following apply:

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

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

5. Exclusions

5.1 Types of property not covered

This policy does not insure:

- (a) any of the following:
 - (i) motor vehicles,
 - (ii) any mechanically or electrically propelled vehicles (including railway locomotives and rolling stock),
 - (iii) watercraft,
 - (iv) aircraft,
 - (v) accessories in or on any of the vehicles or craft referred to 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, 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 or rust, 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 **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 Communicable disease

This policy does not insure any **loss**, damage, liability, claim, cost or expense directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any:

- (a) **communicable disease**,
- (b) notifiable organism or disease under the Biosecurity Act 1993,
- (c) fear or threat (actual or perceived) or action taken to control or prevent or suppress any of the diseases, conditions or circumstances described in this exclusion.

This exclusion will not apply to:

- (i) **loss** to the **insured property**, and
- (ii) any costs covered under Automatic Extensions 3.1 (d) and (e), 3.3, 3.5, directly caused by or arising from any of the following perils:
 - 1. fire, lightning, explosion,
 - 2. aircraft or vehicle impact or falling objects,
 - 3. windstorm, rainstorm, hail, tornado, cyclone, typhoon, hurricane,
 - 4. landslip, earthquake, seismic and/or volcanic activity,
 - 5. tsunami, flood, freeze, weight of snow or ice, avalanche, meteor/asteroid impact,
 - 6. riot, riot attending a strike, civil commotion, vandalism, malicious mischief.

5.5 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).

5.6 Consequential loss

This policy does not insure any kind of consequential loss including the following:

- (a) penalties, or
- (b) loss of use of any property, or
- (c) delays, or
- (d) loss of market, or
- (e) other charges or assessments arising out of capital appreciation, that are payable to comply with any **regulations**.

Consequential loss means financial loss that occurs as a result of the loss of insured property.

5.7 Cyber

This policy does not insure any **loss**, damage, liability, claim, cost or expense in connection with any:

- (a) **cyber act**, including any action taken in controlling, preventing, suppressing or remediating any **cyber act**; or
- (b) **cyber incident**, including any action taken in controlling, preventing, suppressing or remediating any **cyber incident**; or
- (c) loss of use, reduction in functionality, repair, replacement, restoration or reproduction, of any **data**, including any amount relating to the value of such **data**.

Exclusion 5.7 (b) does not apply to:

- (i) **loss** to the **insured property**, and
- (ii) any costs covered under Automatic Extensions 3.1 (d) and (e), 3.3, 3.5, directly caused by or arising from any of the following perils:
 - 1. storm, windstorm, hail, tornado, cyclone, hurricane,
 - 2. fire, lightning, explosion,
 - 3. earthquake, volcanic eruption, tsunami,
 - 4. flood, freeze, weight of snow,
 - 5. aircraft impact or vehicle impact, or falling objects,
 - 6. theft or forcible entry,
 - 7. water damage.

5.8 Defective repair and replacement work

This policy does not insure the costs of rectifying defective workmanship or design in any repair or replacement work covered by the policy, or any **loss** in connection with that defective workmanship or design.

This exclusion applies to the property or part immediately affected as well as any parts that need to be demolished, replaced or reinstalled or otherwise made good in order to rectify the defective work or design.

This exclusion does not apply to any resultant **loss** directly caused by fire.

5.9 Faulty workmanship or design 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.

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 any of the above.

5.10 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.

5.11 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.

5.12 Sanctions

This policy does not insure any **loss** or provide any cover and no payment will be made or benefit provided, to the extent that provision of such cover, payment or benefit may breach or risk exposure to any:

- (a) sanction, prohibition or restriction under any United Nations resolutions; or
- (b) trade or economic sanction, law or regulation of New Zealand, Australia, the United Kingdom, the United States of America or the European Union.

5.13 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.

5.14 Seismic costs and 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**.

5.15 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**.

5.16 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.

5.17 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 (whether war is declared or not), civil war, rebellion, revolution, 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 reasonable costs 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: (a) for any item is the specific sum insured shown in the schedule for that item, and (b) for all items is the total sum insured shown in the schedule .
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.
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, the insured 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, the insured 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: (i) give us free access to examine and assess the claim, and (ii) send any relevant correspondence or documents to us , and (iii) complete a claim form or statutory declaration to confirm the claim if we request it, and (iv) 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.
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 a claim against the insured 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 their 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 their 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** 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** based on the unused portion of the **period of insurance**. The **insured** must pay any outstanding premium due for the expired portion of the **period of insurance**.
- 8.3 Change of terms** **We** may change the terms of this policy (including the excess) by giving the **insured** notice in writing or by electronic means, at the **insured'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 Goods and Service Tax (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 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 Separate insurance** Where the **insured** consist 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

- 8.8 Disputes about this policy** The law of New Zealand applies to disputes about this policy and the New Zealand Courts have exclusive jurisdiction.
- 8.9 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.
- 8.10 Crown entities changes** Any reference to any Crown entity includes any new name given to that entity, and any replacement entity that is responsible for the same or similar functions.

Insured's obligations

- 8.11 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:
- (i) decline the claim either in whole or in part, and/or
 - (ii) declare either this policy or all insurance the **insured** has with **us** to be of no effect and to no longer exist.
- 8.12 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.
- 8.13 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.
- 8.14 Change in circumstances** The **insured** must tell **us** immediately if there is a material:
- (a) increase in the risk insured, or
 - (b) alteration of the risk insured.
- Once the **insured** has told **us** of the change, **we** may then cancel the policy 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:
- (i) declare this policy unenforceable, and/or
 - (ii) 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:*
1. *accepting your insurance, or*
 2. *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	<p>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:</p> <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.
application	The information provided to us by the insured or on the insured's behalf when the insured purchased this insurance or requested a quotation for this insurance from us . It also includes any subsequent information the insured provides us with.
communicable disease	<p>Any disease which can be transmitted by means of any substance or agent from any organism to another organism where:</p> <ul style="list-style-type: none">(a) the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and(b) the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and(c) the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property.
computer system	Any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller and including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.
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 extension – 4.2 Existing structures' (if applicable).
construction period	<p>The period starting on the date shown in the schedule or at the time the contractor takes possession of the contract site, whichever is the later, and finishing on (a), (b), (c) or (d) below, whichever applies first:</p> <ul style="list-style-type: none">(a) Partial Completion In relation to any applicable portion of the contract works the earlier of the following:<ul style="list-style-type: none">(i) at the time a partial practical completion certificate is issued.(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.(b) Completion The earlier of the following:<ul style="list-style-type: none">(i) at the time a practical completion certificate is issued.(ii) at the time the contract works are occupied, taken over or put to use by the purchaser, principal or authorised person.

(c) Speculative Project

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.

(d) Scheduled Date

The finishing or end date shown in the **schedule**. This date may be extended beyond the date shown in the **schedule** for the express purpose of completing the **contract works**, provided **we** agree in writing prior to the finishing or end date.

We may ask for an additional premium and/or apply additional terms.

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

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**.

cyber act

An unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **computer system**.

cyber incident

- (a) any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **computer system**; or
- (b) any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **computer system**.

data

Information, facts, concepts, code or any other information of any kind that is:

- (a) recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **computer system**; or
- (b) converted to a form useable for communications, display, distribution, interpretation, or processing by electronic or electromechanical data processing or electronically controlled equipment.

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.

event

Any one or more occurrence of covered **loss** during the **period of insurance** arising from one source or original cause or related causes.

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**.

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**.

If there is a chain of events, this will be the last event occurring immediately prior to the loss.

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.

We may also use the word 'you' to describe 'insured'.

insured property	The contract works and any other property shown in the schedule once it becomes the responsibility of 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 earlier of the following: <ul style="list-style-type: none"> (a) the end of the Maintenance or Defects Liability Period referred to in the contract. (b) the end of the period shown in the schedule.
natural disaster damage	Sudden and accidental loss that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.
period of insurance	The period shown in the schedule that includes both the construction period and the maintenance period together for this insurance contract.
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: <ul style="list-style-type: none"> (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.
we	State, a business division of IAG New Zealand Limited. We may also use the words 'us', 'our' or 'company' to describe State.

Contract Works Single Project Policy

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