



Southern Response Earthquake Services Ltd

# Your Contract Works Policy

(Limited Risks Cover)



## About your insurance contract

- a. This policy forms part of the insurance contract between us and you.
- b. Your insurance contract consists of:
  - this policy
  - the policy schedule, including any special terms
  - the information you provided in the proposal
  - the payment notice
  - any changes that we write to you about
  - any changes you request and we agree to in writing.
- c. You must pay any insurance premium by the date stated on the payment notice. You cannot make a claim until you have paid your premium. If you do not pay your premium, your policy will cease to operate.
- d. In consideration of you paying us the premium stated in the policy schedule, we agree to provide the insurance covers set out below.

## Our definition of 'contract works' and related words

In this policy

- a. 'contract works' means the construction works, whether temporary or permanent, to be performed by you, as described in the building contract, which is the subject of this insurance, including all materials and items to be incorporated.
- b. 'building contract' means the contract between the homeowner, us and the contractor for performance of the contract works.
- c. 'building site' means the address stated in the policy schedule.
- d. 'building period' means the period commencing on the date stated in the policy schedule or when the contractor takes possession of the building site, whichever is later, and finishing within 12 calendar months, or when whichever of i. or ii. below applies first:
  - i. completion:
    - when a practical completion certificate is issued, or
    - when the contract works are practically complete except for minor omissions and minor defects which do not prevent the contract works from being reasonably capable of being used for their intended purpose, or
    - when the contract works are occupied, taken over or taken into use by the purchaser, homeowner or authorised person, whichever is earliest; or
  - ii. scheduled date being the finishing date shown in the policy schedule; this date may be extended beyond the date stated in the policy schedule for the express purpose of completing the contract works, provided we agree in writing prior to the finishing date and you agree to pay any additional premium required.
- e. 'construction plant' means tools, plant or equipment, site encampments or hoardings used to carry out the contract works, excluding any plant or equipment forming, or to form, a permanent part of the contract works.
- f. 'insured property' means the contract works and any other property stated on the policy schedule.
- f. 'maintenance period' means the period commencing when the building period is complete and finishing within 12 calendar months, or:
  - i. at the end of the maintenance or defects liability period referred to in the contract, or
  - ii. when a defects liability certificate is issued, or
  - iii. at the end of the period shown in the policy schedule, whichever is earlier.

For definitions of words used in this policy, please see page 7.

## What is covered by this policy

### Cover for the contract works

The insured property is covered for any loss or damage occurring at the building site during the period of insurance.

Some circumstances and some property are not covered - please refer to 'What is not covered by this policy' on page 3 and the policy schedule.

- 1 What we will pay
  - a. If the loss or damage can be repaired, the cost of repairs necessary to reinstate the insured property to its condition at the time of the loss or damage, less any salvage.
  - b. If the insured property is damaged beyond economic repair or where the loss or damage is not repairable, the actual value of the insured property at the time of the loss or damage, less any salvage, to the extent that:
    - i. the loss claimed had to be borne by you, and
    - ii. the loss is in respect of insured property included in the calculation of the sum insured.

- c. We can choose whether to indemnify you by:
  - i. repair, or
  - ii. replacement, or
  - iii. cash payment,
    - but we will only make payments after being satisfied either by the production of the relevant invoices, receipts and other documentation showing that the repairs have been effected or the replacement has taken place, or that reinstatement is impossible.
- d. We will meet the cost of any provisional repairs if such repairs constitute part of the final repairs and do not increase the total repair expenses. We will not meet the cost of any alterations, additions or improvements subsequent to the loss or damage occurring.
- e. The most we will pay under this policy is the sum insured stated in the policy schedule.

### Cover during the maintenance period

We will cover the homeowner during the maintenance period for any failure by or inability of the contractor to fulfil its legal liability to repair or replace any loss or damage to the contract works under the maintenance or defects liability conditions of the contract.

There are some circumstances when the contractor is not covered - please refer to 'What is not covered by this policy' on page 3 and the policy schedule.

- 1 Maintenance Period
  - a. Cover during the maintenance period is conditional upon the loss or damage being discovered during the maintenance period and:
    - i. arising out of the contract works during the building period, or
    - ii. been caused by the contractor while it is performing work under the maintenance or defects liability conditions of the building contract, or
    - iii. occurring to property forming part of the contract works which is incomplete, not built or upon which work is being carried out for the purpose of completion following issuance of a partial or practical completion certificate.
  - b. This cover is on the same basis as 'Cover for the contract works' on page 2.

### Cover for additional costs

Where there is a loss or damage covered by 'Cover for the contract works' or 'Cover during the maintenance period', we will pay the following additional costs up to the sum insured stated in the policy schedule for each.

- 1 Removal of debris
  - a. We will pay the reasonable cost of demolition and debris removal necessary for reinstatement of the loss or damage. These expenses must be approved by us before they are incurred.
- 2 Professional fees
  - a. We will pay the reasonable costs of any architects', surveyors', consulting engineers' or clerk of works' fees to reinstate the contract works, excluding any fees for the preparation of a claim or estimate of fees. These expenses must be approved by us before they are incurred.
- 3 Increased costs
  - a. We will pay the actual amount by which the cost of reinstating the contract works exceed the initial cost of that part of the contract works due to increases in the costs of labour and / or materials, provided the reinstatement is completed without delay.
- 4 Overtime and express delivery
  - a. We will pay the reasonable additional costs of reinstating the contract works in the most expeditious time possible, including:
    - i. penal pay rates, and
    - ii. express delivery and airfreight, but only within New Zealand.
  - b. The most we will pay is 30% more than ordinary labour and road carriage charges and ordinary costs, or the sum insured stated in the policy schedule, whichever is lesser.
- 5 Transit and storage
  - a. The insured property is covered for any loss or damage during:
    - i. storage at a place other than the building site, and
    - ii. transit within New Zealand by road, rail, airfreight, inter-island ferry or containerised shipping between New Zealand ports.

### What is not covered by this policy

- 1 No cover for certain kinds of damage

Clauses 1 a. to 1 c. are limited to the part of the insured property directly affected.

- a. Gradual damage There is no cover for loss or damage caused, directly or indirectly by:
  - i. gradual deterioration of the insured property or any part of them, or
  - ii. depreciation, wear and tear, seepage, corrosion, erosion or the action of natural atmospheric conditions, or
  - iii. rot, mould, mildew, fungi or the action of micro-organisms.



- b. Faults and defects There is no cover for loss or damage caused, directly or indirectly by:
    - i faulty or defective workmanship or materials, or
    - ii fault, defect or omission in design, plan, specification, sequence, procedure or programme.
  - c. Breakdown There is no cover for:
    - i loss or damage to mechanical or electrical items incorporated in the contract works caused directly or indirectly by their operation, or mechanical or electrical failure, derangement, breakdown or pressure explosion, or
    - ii loss or damage caused directly or indirectly by mechanical or electrical failure, derangement or breakdown of construction plant.
  - d. Deliberate damage There is no cover for any deliberate damage caused, directly or indirectly by:
    - i you, or
    - ii your employees, subcontractors, or
    - iii anyone who ordinarily resides with you, or
    - iv any guest, or
    - v tenants or guests of tenants.
- 2 Excluded losses
- a. There is no cover for:
    - i disappearance or shortage of any property revealed only by the taking of an inventory or by periodic stocktaking and where such loss is not traceable to any specific event, or
    - ii consequential economic loss of any kind or description, including (without limitation) penalties for non-completion or delay in completion or non-compliance with building contract conditions, loss of use, loss due to delay, penalties, fines, liquidated damages, aggravated, punitive or exemplary damages, or
    - iii loss of or damage to any existing structure or property at the building site before commencement of the contract works, or
    - iv extra charges for overtime, night work, work on public holidays, express delivery or airfreight, unless such charges are reasonable and occurred solely for the purpose of minimising further loss to the insured property following an insured loss and these expenses are approved by us before they are incurred, or are covered under clause 4 'Overtime and express delivery' (page 3), or
    - v loss to contract works in transit, not on the building site, or are covered under clause 5 'Transit and storage' (page 3), or
    - vi the cost of normal upkeep of and normal making good of the contract works.

3 No cover for certain kinds of property

- a. There is no cover for loss or damage to:
  - i any vehicle, or
  - ii construction plant, or
  - iii tyres or tracks, or
  - iv any aircraft, watercraft, or
  - v employees' personal effects or hand tools.
- b. There is no cover for loss of files, deeds, evidence of debt, bonds, bills of exchange, promissory notes, cash, bank notes, cheques, securities or money, stamps, accounts, computer records, credit cards, files, computer software, drawings and plans.

4 No cover for certain events

- a. There is no cover for any loss, damage or liability caused, directly or indirectly by the following events:
  - i interruption of access to, or the supply of telecommunications, water, gas, electricity or other services to, the building site, or
  - ii total or partial cessation of the contract works, or
  - iii war, invasion, act of foreign enemy, hostilities (whether or not war is declared), civil war, rebellion, revolution, insurrection or military or usurped power, or
  - iv ionising radiation or the escape or existence of, or contamination by, radioactivity, or
  - v confiscation, nationalisation, requisition or destruction by or under the order of any Government or Public Authority.

5 No cover for terrorism

- a. There is no cover for death injury, illness, loss, damage, cost, expenses or liability of any nature whatsoever, directly or indirectly caused by, or in connection with an act of terrorism.
- b. Act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) or persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and or to put the public or any section of the public in fear.

6 No cover for electronic data losses

- a. There is no cover for loss 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 of functionality or any other associated loss or expense in connection with the electronic data.
- b. In this clause 6:
  - i 'electronic data' means facts, concepts and information converted to a form useable for communications display, distribution, interpretation or processing by electronic and electro-mechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such agreement, and
  - ii 'computer virus' means 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".

7 No cover for leaky buildings

- a. There is no cover for loss, damage, liability, prosecution or expense of any type connected in any way with an internal part of a building or structure being wet, damp or moist that is caused directly or indirectly by:
  - i the faulty design or faulty specification, including faulty sequence, procedure or programme, or
  - ii faulty materials, or
  - iii faulty workmanship, when it was constructed, repaired, rebuilt, reinstated or altered.

8 No cover for pollution

- a. There is no cover for loss, damage, liability, prosecution or expense of any type caused directly or indirectly by:
  - i seepage, pollution, or contamination (including the costs of removing, nullifying or cleaning up) unless the seepage pollution or contamination occurs during the period of insurance and is caused by a sudden and unforeseen occurrence during the same period of insurance, or
  - ii mining, processing, transporting, distributing or storing asbestos, or
  - iii manufacturing or processing material containing asbestos, or
  - iv any process of decontamination, treatment or control of asbestos, or
  - v the presence of asbestos in any building or structure, or
  - vi asbestos pollution or contamination (the proviso in clause 8 a. i will not apply).

## Your deductible

1 What you must pay (your deductible)

- a. Your deductible is the amount you must contribute as the first payment towards the cost of each claim you make. The policy schedule states the deductible that applies under different parts of the policy.
- b. The applicable deductible will be deducted from each adjusted loss for each event or series of losses from the same event.
- c. A series of losses arising from a natural disaster during any period of 72 consecutive hours will be treated as one event for the purpose of applying the excess.

## Claims

1 If you need to make a claim

These are your responsibilities when making a claim. If you do not fulfil these responsibilities, then we can decide not to accept a claim.

- a. If it is likely that you will make a claim, you must, at your expense:
  - i immediately notify us by fax or telephone,
  - ii immediately lay a complaint with police if you suspect a criminal act has occurred,
  - iii fill out our claim form,
  - iv take prompt steps to minimise the loss or damage, and to prevent any further loss or damage,
  - v take prompt steps to minimise any liability and avoid any further liability,
  - vi take reasonable steps to obtain details of any other person, property, or vehicle involved and any witnesses,
  - vii immediately tell us of any communication you receive that relates to an event which has resulted or could result in a claim,
  - viii provide us with any further information, documents, authorities or assistance that we may ask for,
  - ix help us as we require, including after your claim is settled; this may involve attending court to give evidence.



- b. If it is likely that you will make a claim, you must not:
  - i dispose of any property or any part of damaged property involved in the claim until we have given you permission to do so,
  - ii admit responsibility for any liability or do or say anything which may prejudice our ability to defend a claim against you or pursue recovery from the person or entity who caused the loss or damage,
  - iii release anyone from liability that could arise from loss or damage covered by this policy, unless agreed to by us.
- 2 Repairs
  - a. You may start repairs, without prejudice to our liability under the policy, provided all of the conditions under this policy are complied with.
- 3 Your rights
  - a. You are entitled to:
    - i have your claim acknowledged and dealt with in a professional and efficient manner, and
    - ii receive a fair settlement of your claim as quickly as circumstances allow, and/or
    - iii receive a clear explanation of why any claim has not been met, and
    - iv have free access to our formal complaints procedure (see general policy information on page 7)
- 4 Our rights
  - a. We are entitled to:
    - i enter and inspect any land or building where loss or damage has occurred, and
    - ii take and keep possession of any damaged items, and
    - iii deal with any salvage in a reasonable manner, and
    - iv negotiate or settle any claims against you for anything covered by this policy, and
    - v defend you or take legal action in your name against anyone else for anything covered by this policy, and
    - vi complete all necessary documents and authorities as your agent.

## Your responsibilities

These are your responsibilities as a policyholder. If you do not fulfil these responsibilities, we can decide not to accept a claim or to cancel or void your policy.

- 1 Reasonable care
  - a. You will, at your own expense, take all reasonable care to prevent loss or damage to property and avoid incurring any legal liability to others.
  - b. When hot work is being carried out on any insured property or at the building site, you must ensure compliance with any applicable New Zealand Standards and best industry practice.
- 2 Accuracy of your statements
  - a. Your policy is based on information supplied to us, either by you, or on your behalf. All information supplied by you or on your behalf must be truthful and correct.
  - b. You must tell us about any circumstances that may affect:
    - i our decision whether to accept your proposal and on what terms, or
    - ii any claim made under your policy.
  - c. You must:
    - i insure the contract works for its full value, inclusive of all items and materials for their new replacement value including freight, customs, duties, wages and sub-contractors' work, and
    - ii declare in the proposal the new replacement value of homeowner's supplied materials which form part of the project that have not been included in the contract works price.

If any values or sums insured are understated, average will apply and the claim payment for a partial loss will reduce by the same percentage which the amount of any understatement bears to that which should have been stated.
  - d. If you do not disclose all of the information you should have your policy may not operate, and we may refuse to meet a claim.
  - e. If you make a fraudulent claim, your policy will cease to operate.
- 3 Keeping us informed
  - a. You must immediately give us written notice of any change in circumstance since inception of the policy which increases the risk of a claim.

## General policy information

### Disputes

We have a formal complaints procedure to help resolve any aspect of our policies or our service that you are unhappy with. For information, please contact Southern Response Earthquake Services Limited. Call toll free on 0800 501 525, visit our website: [www.southernresponse.co.nz](http://www.southernresponse.co.nz) or write to PO Box 9052, Tower Junction, Christchurch, 8149

This insurance contract is governed by New Zealand law. The New Zealand courts and tribunals will have exclusive jurisdiction over any legal proceeding or action arising out of or in relation to the insurance contract.

### Other Insurance

At the time of loss, you will immediately give notice to us of any other policy of insurance covering the same contract works or liability, whether arranged by you or not.

If, at the time any claim arises under this policy, there is any other insurance covering you for the same risks, we will only pay or contribute over and above the sum payable under that other insurance.

### Reinstatement of sum insured

When we pay a loss, the sum insured is reduced by that amount. We will add that amount back onto the sum insured to give you the full sum insured again, after the loss.

### Receipts and other documents

We recommend that you keep all receipts and other documents that confirm your ownership of the property covered under this policy and all accounts, invoices, receipts, breakdown of costings and other documentation showing amounts spent, or indicating that repairs have been effected or replacement has taken place.

### Goods and Services Tax

All amounts referred to in this policy include any GST that may apply.

### Legislation

Any reference to a statute or regulation includes an amendment, replacement, or substitute statute or regulation.

### Dollar amounts

Any dollar amounts stated in this policy are in New Zealand dollars.

### Words in italics

Any words in italics do not form party of the policy and are provided by way of explanation only.

## Definitions

In this policy some words have special meanings. Wherever these words are mentioned in this policy, they have the following meaning.

claim	means a claim lodged under this policy or a series of claims arising from any one event.
contractor	means the person or firm named as the contractor in the building contract.
damage	means any unforeseen and sudden physical damage.
existing structures	means any building, structure or property already at the building site before the commencement of the contract works.
homeowner	means the person or entity named as the homeowner in the building contract.
insured property	means the contract works and any other property stated on the policy schedule.
loss	means any unforeseen and sudden physical loss.
period of insurance	means both the building period and the maintenance period.
policy schedule	means the most recent policy schedule we have produced for you.
project manager	means Arrow International (NZ) Limited
we, us or our	means Southern Response Earthquake Services Limited and includes its assignees.
you or your	means the homeowner.



**S O U T H E R N**  
**R E S P O N S E**

Urupare ki te Tonga

