360 Construction

Annual Construction Policy

360 Underwriting Solutions

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Annual Construction Policy

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Important Information

About the Policy

This policy is a legal contract between the **insured** and the **Insurer**. The policy is made up of this Policy Wording, the **schedule**, and any endorsements; they should all be read together.

Please read this Policy Wording together with any endorsements and the **schedule** very carefully. If anything is not correct or the **insured** needs to change anything, the **insured** should ask their insurance intermediary to tell the **Insurer**. If a prospective **insured** does not understand any part of this notice, it should obtain independent advice.

In this Section: *About the Policy*, '**we**', '**our**' and '**us**' means the **Insurer** (and 360 Construction & Engineering Limited on their behalf to administer this insurance).

'**You**' and '**your**' means the person(s) or entity named in the **schedule** as '**Insured**' including any new entity or subsidiary companies or subsidiaries thereof or any controlled or managed entity now or hereafter formed or acquired. **We** may also use the word '**Insured**' to describe **you**.

About 360 Construction & Engineering Limited

360 Construction & Engineering Limited (**360 Construction**) NZBN 9429053930767 and Company Number 9456091.

About the Insurer

The policy is underwritten by Certain Underwriters at Lloyd's led by Lancashire Syndicates Limited Lloyd's Syndicate 3010.

Duty of Disclosure

THE INSURED'S DUTY OF DISCLOSURE

Before entering into a contract of insurance with the **Insurer**, each prospective **insured** has a duty to disclose to the **Insurer** information that is material to the **Insurer's** decision whether to accept the insurance and, if so, on what terms. This includes material information about the **insured**, any other people and all property and risks **insured** under the policy. Information may be material whether or not a specific question is asked.

There is the same duty to disclose material information to the **Insurer** before renewal, extension, variation or reinstatement of a contract of insurance with the **Insurer**. The **insured** should also provide all material information when they make a claim or if circumstances change during the term of the contract of insurance.

It is important that each prospective **insured** understands all information provided in support of the application for insurance and that it is correct, as each prospective **insured** will be bound by the answers and by the information it has provided.

The duty of disclosure continues after the application for insurance has been completed up until the time the contract of insurance is entered into.

CONSEQUENCES OF NON-DISCLOSURE

If an **insured** fails to comply with its duty of disclosure, the **Insurer** may be entitled, without prejudice to its other rights, to reduce its liability under the contract in respect of a claim or refuse to pay the entire claim. The **Insurer** may also have the right to avoid the contract from its beginning. This means the contract will be treated as if it never existed and no claims will be payable.

Fair Insurance Code

The **Insurer** is a member of the Insurance Council of New Zealand (**ICNZ**) and a signatory to ICNZ's Fair Insurance Code (**the Code**).

The Code and information about the Code is available at www.icnz.org.nz and on request.

Financial Strength Rating

At the time of print, Lloyd's has an AA- financial strength rating given by S&P Global Ratings.

The rating scale is:

AAA Extremely Strong	AA Very Strong	A Strong
BBB Good	BB Marginal	B Weak
CCC Very Weak	CC Extremely Weak	
SD or D Selective Default or Default	R Regulatory Action	NR Not Rated

The rating from 'AAA' to 'CC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standings within the major rating categories. A full description of the rating scale is available on the S & P Global Ratings www.spglobal.com.

The **Insurer's** rating is reviewed annually and may change from time to time, so please refer to the **Insurer's** website for the latest financial strength rating.

Privacy Statement

This statement is a summary of **our** Privacy Policy and provides an overview of how **we** collect, disclose and handle **your** personal information.

We are committed to protecting **your** privacy. **We** collect, use and retain **your** personal information in accordance with the requirements of *New Zealand's Privacy Act*, as amended or replaced from time to time.

Personal Information Handling Practices

WHEN DOES THE INSURER COLLECT THE INSURED'S PERSONAL INFORMATION?

The **Insurer** (and 360 Construction & Engineering Limited on the **Insurer's** behalf) collects **your** personal information (which may include health information) from **you** when **you** interact with the **Insurer**, including when **you** are applying for, changing or renewing an insurance policy with the **Insurer** or when the **Insurer** is processing a claim, complaint or dispute. The **Insurer** may also (and **you** authorises the **Insurer** to) collect **your** personal information from other parties such as brokers or service providers, as detailed in the **Insurer's** privacy policy.

PURPOSE OF COLLECTION

The **Insurer** will collect and hold the information to offer products and services to **you**, including to assess applications for insurance, to provide and administer insurance products and services, and to handle any claim, complaint or dispute that may be made under a policy.

If **you** do not provide the **Insurer** with this information, the **Insurer** may not be able to provide **you** or **your** organisation with insurance or to respond to any claim, complaint or dispute, or offer any other products and services to **you** or **your** organisation.

Sometimes, the **Insurer** may also use **your** personal information for the **Insurer's** marketing campaigns and research, to improve **our** services or in relation to new products, services or information that may be of interest to **you**.

RECIPIENTS OF THE INFORMATION AND DISCLOSURE

The **Insurer** may disclose the information collected to third parties, including:

+ contractors and contracted service providers engaged by **us** to deliver **our** services or carry out certain business activities on **our** behalf (such as actuaries, loss adjusters, claims investigators, claims handlers, professional advisers including lawyers, doctors and other medical service providers, credit reference bureaus and call centres);
+ intermediaries and service providers engaged by **you** (such as current or previous brokers, travel agencies and airlines);
+ the policy holder (where **you** are not the policy holder);
+ insurance and reinsurance intermediaries, other **Insurers**, the **Insurer's** reinsurers, marketing agencies; and
+ government agencies or organisations (where the **Insurer** is required to by law).

These third parties may be located outside New Zealand. In such circumstances the **Insurer** also takes steps to ensure **your** personal information remains adequately protected.

From time to time, the **Insurer** may use **your** personal information to send **you** offers or information regarding the **Insurers** products that may be of interest to **you**. If **you** do not wish to receive such information, please contact **our** Privacy Officer using the contact details provided below.

RIGHTS OF ACCESS TO, AND CORRECTION OF INFORMATION

If **you** would like to access a copy of **your** personal information, or to correct or update **your** personal information, want to withdraw **your** consent to receiving offers of products or services from **us** or persons **we** have an association with, please contact the Privacy Officer by posting correspondence to:

360 Construction & Engineering Limited
Post. Level 12, 66 Wyndham Street, Auckland 1010
Email. construction@360uw.co.nz

Complaints and Dispute Resolution

HOW TO MAKE A COMPLAINT

If **you** have a complaint or would like more information about how **we** manage **your** Personal Information, please review **our** Privacy Policy for more details, or contact **our** Privacy Officer at the details above.

You also have a right to address **your** complaint directly to the Privacy Commissioner by telephoning 0800 803 909, emailing enquiries@privacy.org.nz or using the online form available on the Privacy Commissioner's website at www.privacy.org.nz.

COMPLAINT HANDLING ARRANGEMENTS

We take the concerns of **our** customers very seriously and **we** have detailed complaint handling and dispute resolution procedures that **you** may access, at no cost to **you**. To assist **us** with **your** enquiries, please provide **us** with **your** claim or policy number (if applicable) and as much information as **you** can about the reason for **your** complaint or dispute.

The complaints and dispute procedures are as follows:

STAGE 1 – COMPLAINT HANDLING PROCEDURE

If **you** have any concerns or wish to make a complaint in relation to this policy, **our** services or **your** insurance claim, please let **us** know and **we** will attempt to resolve **your** concerns in accordance with **our** Internal Dispute Resolution procedure. Please contact **360 Construction** in the first instance:

360 Construction & Engineering Limited
Post. Level 12, 66 Wyndham Street, Auckland 1010
Email. construction@360uw.co.nz

We will acknowledge receipt of **your** complaint within 5 business days and do **our** utmost to resolve the complaint to **your** satisfaction within 10 business days, unless **we** require further information in which case, **we** will agree an alternate time frame with **you**.

We will update **you** at least once every 20 business days, or at another interval agreed with **you**, until the complaint is resolved.

STAGE 2 – DISPUTE RESOLUTION PROCEDURE

If **we** cannot resolve **your** complaint to **your** satisfaction, **you** can escalate the matter to Lloyd's General Representative in New Zealand:

Lloyd's General Representative
Post. c/- Hazelton Law, PO Box 5639, Wellington 6145
Telephone. +64 4 472 7670
Email. idrnz@lloyds.com

Following receipt of **your** complaint, **you** will be advised whether **your** dispute will be handled by the Complaints team at Lloyd's Australia or the Lloyd's Complaints team in the UK, or what other avenues are available to **you**.

A final decision will be provided to **you** within 2 months of the date on which **you** first made the complaint unless certain exceptions apply.

STAGE 3 – EXTERNAL DISPUTE RESOLUTION

If **your** complaint is not resolved in a manner satisfactory to **you** or **we** do not resolve **your** complaint within 2 months of originally receiving it, **you** may refer the matter to the Insurance and Financial Services Ombudsman (**IFSO**). **We** will provide **you** with a "deadlock letter". **IFSO** can be contacted as follows:

Insurance and Financial Services Ombudsman
Post. PO Box 10-845, Wellington 6145
Freephone. 0800 888 202
Telephone. +64 4 499 7612
Email. info@ifso.nz
Website. www.ifso.nz

Your complaint must be referred to **IFSO** within 3 months of the final decision, unless **IFSO** considers special circumstances apply. If **your** complaint is not eligible for consideration by **IFSO**, **you** may be referred to the Financial Ombudsman Service (UK) or **you** can seek independent legal advice. **You** can also access any other external dispute resolution or other options that may be available to **you**.

The complaints handling arrangements above are without prejudice to **your** rights in law.

Several Liability

The subscribing **Insurers**' obligations under this policy are several and not joint and are limited solely to the extent of their individual specified participations. The subscribing **Insurers** are not responsible for the subscription of any **co-Insurers** who for any reason does not satisfy all or part of its obligations to the **insured**.

Definitions

In this policy the following words in bold shall have the definitions that follow under all Policy Sections unless stated otherwise.

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 means:
Unexpected and unintended by the **insured**.

Actual value means:
The cost of the **contract works** as at the time immediately before **damage**, less any salvage.

Constructed value at the time of damage means:
The **actual value** of the covered **contract works** already completed as at the time of the **damage**, including the **actual value** of any **existing structures** covered under the Optional extensions *4. Existing Structures* (if applicable).

Construction period means:
The period starting at the date **you** take possession of the **contract site**, provided such date is within the **period of insurance**, and ends upon the earliest of the following:

a. Completion or Partial Completion

   In relation to any applicable portion of the **contract works**:

   I. at the time a partial practical completion certificate is issued; or

   II. at the time that portion of the **contract works** is occupied, taken over or put into use by the purchaser, principal or authorised person,

   whichever is the earlier; or

   III. at the time a practical completion certificate is issued; or

   IV. at the time the **contract works** are occupied, taken over or put to use by the purchaser, principal or authorised person,

   whichever is the earliest; or

b. Maximum period

For each **contract works insured** by this policy, upon the expiry of the maximum period as stated in the **schedule**.

Construction plant means:
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 means:
The contract between the principal and the contractor to perform the **contract works**.

Contract site means:
The location referred to in the contract at which the **contract works** are to be undertaken.

Contract works means:
Scope of works all permanent or temporary works agreed in the contract to be performed by the **insured**.

Damage means:
Unexpected and unintended physical loss or physical damage during the **period of insurance**.

Destroyed means:
Physical **damage** to the **insured property**, by reason only of that **damage**, cannot be repaired or cost of the repair is uneconomic.

Electronic data means:
Facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment.

Event means:
Any one event or series of events arising from one source or original cause.

Existing structures means:
Structures and/or property which existed at the **contract site** prior to the commencement of the **contract works** and which are included in the sum insured for existing structures shown in the **schedule** and which will be worked upon as part of the **contract works**.

First insured means:
The first named person or entity listed in the **schedule** as '**insured**' and owner of this policy.

No other '**insured**' will have the rights to make changes to this policy.

Immediately preceded by means:
The **event** occurring immediately in sequence prior to the **damage**. If there is a chain of events, this will be the last **event** occurring immediately prior to the **damage**.

Insured means:
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 means:
The **contract works** and any other property shown in the **schedule** once it becomes the responsibility of the **insured**.

Insurer means:
the entity stated in the **schedule** as the Insurer.

Maintenance period means:
The period starting when any part of the **contract works** is put into service, taken over, occupied or issued with a certificate of partial or practical completion, and finishing at the end of the:

a. Maintenance or Defects Liability Period referred to in the contract; or
b. period shown in the **schedule**, whichever is the earlier.

Natural disaster damage means:
Damage 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 means:
The period shown in the **schedule** that includes both the **construction period** and the **maintenance period** together for this insurance contract.

Regions means:
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 means:
Any Act of Parliament or regulations made under or framed in accordance with any Act of Parliament, or regulation or bylaw of any local authority.

Schedule means:
The latest version of the schedule issued to the **insured** for this policy.

We or us or our means:
360 Construction & Engineering NZ on behalf of the underwriter(s) or **insurer** noted in the **schedule** or entity acting on behalf of the underwriter(s) or **insurer** noted in the **schedule**.

You means:
First insured of this policy who has arranged this cover or to the intermediary acting on behalf of the **first insured**.

1. Insurance Agreement

1.1 Our Agreement

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

2. What This Policy Covers

2.1 Damage During the Construction Period

The **Insurer** will indemnify the **insured** for **accidental damage** to the **insured property**, occurring at the **contract site** during the **period of insurance** for all build contracts of the type shown in the **schedule** in New Zealand where:

a. the contract price and principal supplied material is within sum insured of the maximum any one contract value shown in the **schedule**; and

b. the **construction period** is no greater than the maximum any one contract period shown in the **schedule**.

2.2 Damage During the Maintenance Period

The **Insurer** will indemnify the **insured** during the **maintenance period** for its legal liability to rectify **accidental damage** to any of the **insured property** under the Maintenance or Defects Liability Conditions of the **contract**, provided the **damage**:

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**.

2.3 Policy Limit

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**.

Where the sum insured expressed as a percentage in the **schedule**, the limit of indemnity shall be the percentage value of the contract value related to the site specific **contract** and not on the maximum any one **contract** value amount.

2.4 Basis of Settlement

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 **damage**; or

b. pay the cost of repairing the **insured property** to a condition substantially the same as, but not better nor more extensive than, its condition at the time of the **damage**; or

c. where the **damage** is not economic to repair, **we** will pay the **actual value** of the **insured property**.

2.5 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 **damage** from a single **event**, only the single highest excess will apply.

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

2.6 Reinstatement of the Sum Insured

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

3. Standard Extensions

The standard extensions 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.

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

3.1 Principal Supplied Materials and/or Value of Items to be Incorporated

This policy extends to insure costs to replace materials and property supplied by the principal 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 5% of the **contract works** value unless otherwise stated in the **schedule**.

3.2 Costs of Demolition

This policy extends to insure costs of demolition incurred to:

1. dismantle, demolish and remove the debris; and/or
2. 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**

3.3 Professional Fees

This policy extends to insure 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 **damage** (but excluding any fees for the preparation of a claim or estimate of fees).

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

3.4 Increased Cost During Construction

This policy extends to insure 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**.

3.5 Escalation Cost During Reconstruction

This policy extends to insure 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**.

3.6 Expediting Expenses

This policy extends to cover costs and expenses for:

a. the reasonable cost of express delivery of replacement materials within New Zealand, including domestic airfreight within New Zealand by licensed operators on a regular scheduled service but excluding chartered services unless **insured** obtain **our** prior written agreement.
b. the reasonable cost of overseas airfreight of replacement materials by licensed operators on a regular scheduled service but excluding chartered services unless **insured** obtain **our** prior written agreement.
c. any overtime wage payments reasonably required to repair or reinstate the insured **contract works**.
d. any other additional costs reasonably incurred with **our** prior written agreement.

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

3.7 Profit Margin

This policy extends to insure 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.

3.8 Protection Costs

This policy extends to insure 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 **damage** would be covered by this policy.

The most **we** will pay under this extension is $25,000.

3.9 Temporary Buildings

This policy extends to insure the **insured** for **accidental damage** 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

This policy extends to insure the **insured** for **accidental damage** 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 containerized 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**.

Prefabricated structure, modular structure or relocatable structure is excluded.

3.11 Practical Completion Extension Cover

This policy extends to insure any sudden and **accidental damage** to the completed **contract works** occurring within the period up to 30 days following practical completion is signed or code of compliance certificate is issued, whatever is agreed first, subject to this extension cover is within the expiry date of this policy. No practical completion extension cover will be offered post expiry date of this policy.

This extension will not cover any **damage** at all if it is **insured** to any extent under any other insurance policy, **we** will not contribute towards any claim under any other insurance policy.

4. 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 Employee Hand Tools

This policy extends to insure the **insured** for **accidental damage** during the **construction period** to hand tools belonging to the **insured's** specified employees, while the hand tools are at the **contract site** provided they are not otherwise **insured**.

This extension does not cover:

a. theft unless it is accompanied by violence, or threat of violence to any person, or as a result of violent and forcible entry to, or exit from an enclosed building or shipping container; or

b. any sub-contractor's employees.

Exclusion 5.1.a.VIII does not apply to this extension. The most **we** will pay under this optional extension is $10,000 per specified employee and is subject to an excess shown in the **schedule**.

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

4.2 Hired or Borrowed Plant

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

This extension does not cover any of the following:

a. sub-contractor's plant, machinery, scaffolding, resusable formwork, equipment and tackle; or

b. theft, unless the equipment and mobile plant is normally stored in the open or it is accompanied by violence, or threat of violence to any person, or as a result of violent and forcible entry to, or exit from an enclosed building.

Exclusion 5.1.a.VI does not apply to this extension.

4.3 Natural Disaster

This policy extends to insure the **insured property** for **natural disaster damage**, provided that the **damage** occurs:

a. during the **construction period**; and

b. at the **contract site**.

Exclusion 5.7 does not apply to this extension.

4.4 Land

This policy extends to insure the **insured** for the cost of reinstatement of land if it is physically **damaged** during the **construction period** (other than by fire) provided that the land:

a. belongs to the **insured**; and

b. is part of the **contract site**; and

c. which suffers **damage** that is not otherwise excluded by this policy.

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

4.5 Testing and Commissioning

This policy extends to insure the **insured** for **accidental damage** caused by electrical or mechanical breakdown or explosion during testing, test loading or commissioning, occurring during the **construction period** to electrical or mechanical plant forming part of the **contract works** at the **contract site**. Provided that:

a. the testing and commissioning period does not exceed 14 days for any single item of plant; and

b. second hand, prototype or experimental machinery is not included. *Exclusion 5.2.d.IV* does not apply to this extension.

5. Exclusions

5.1 Types of Property Not Covered

This policy does not insure:

a. any of the following:
   I. motor vehicles,
   II. other mechanically or electrically propelled vehicles (including railway locomotives and rolling stock),
   III. watercraft of any kind,
   IV. aircraft of any kind,
   V. accessories in or on any of the vehicles or craft in *a.I* to *a.IV* above,
   VI. **construction plant**,
   VII. tyres or tracks, unless as a result of other **insured damage** to a vehicle/mobile plant,
   VIII. employees' personal effects or hand tools.

b. files, deeds, evidence of debt, bonds, bills of exchange, promissory notes, cash, bank notes, cheques, securities or money, stamps, accounting or computer records.

5.2 Damages 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. **damage 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. **damage** caused by any of the following:
   I. action of micro-organisms, vermin or pests,
   II. corrosion, action of light, or inherent nature of the property,
   III. wear and tear,
   IV. fumes, gas, dust, smoke or soot,
   V. maintenance of **insured property**.

This exclusion only applies to the **insured property** first affected. It does not apply to any resultant **accidental damage** to other parts of the **insured property**.

d. **damage** caused by any of the following:
   I. unexplained disappearances, shortages revealed only by the taking of an inventory, shortages resulting from clerical or accounting errors,
   II. any fraudulent scheme or device, or false pretence practiced on the **insured** or any other person,
   III. recklessness,
   IV. the operation, or mechanical or electrical failure, derangement, breakdown, or pressure explosion to any mechanical or electrical items incorporated in the **contract works**,
   V. mechanical or electrical failure, derangement or breakdown of **construction plant**.

e. **damage** 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 **damage** to **insured property**,
   III. normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements.

f. **damage** 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 **damage** 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 **damage** that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

5.4 Confiscation

This policy does not insure **damage** 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 **damage** provided that the **damage** would be covered by this policy if it did occur).

5.5 Consequential Loss

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

a. penalties; or
b. loss of use of any property; or
c. delays; or
d. loss or market.

5.6 Costs Not Insured

This policy does not insure the cost of:

a. repairing or replacing faulty materials; or
b. fixing faulty workmanship; or
c. fixing any work performed to a faulty:
    I. design plan; or
    II. design specification.

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.

5.7 Natural Disaster

This policy does not insure **damage** 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.

5.8 Nuclear

This policy does not insure any **damage** 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.

5.9 Seepage, Pollution and Contamination

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

5.10 Seismic Costs Upgrade

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

5.11 Terrorism

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

For the purpose of this Exclusion, Act of Terrorism means an act including but not limited to the use or threat of force or violence 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) which from its nature or context is committed 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.

5.12 Unlawful Substances

This policy does not cover any **damage** 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*.

5.13 War

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

6. Claims Conditions

6.1 Insured's Obligations

ADVISE US

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

MINIMISE THE LOSS

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

NOTIFY THE POLICE

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

PROVIDE FULL INFORMATION

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

a. disclosed to **us**; and
b. transferred to the Insurance Claims Register Limited.

The **insured** must:

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

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.

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.

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.

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.

COMPLY WITH DIRECTIONS AND CONTRACT

The **insured** shall at its expense:

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

6.2 Managing a Claim

SUBROGATION

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

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

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.

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.

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**.

7. General Conditions

7.1 How We Administer This Policy

ASSIGNMENT

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

CANCELLATION

By the insured

The **insured** may cancel this policy at any time by notifying **us**. If they do, **we** will refund any premium that is due to the **insured** 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**.

CHANGE OF TERMS

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

CURRENCY

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

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.

OTHER INSURANCE

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

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

SEPARATE INSURANCE

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

7.2 Laws and Acts That Govern This Policy

DISPUTES ABOUT THIS POLICY

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

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.

INSURANCE LAW REFORM ACTS

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

7.3 Insured's Obligations

COMPLY WITH THE POLICY

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

If:

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

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

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.

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.

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:

a. declare this policy unenforceable; and/or

b. decline any subsequent claim either in whole or in part.

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

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

I. accepting **your** insurance; or

II. setting the terms of **your** insurance,

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

360 Construction

360 Underwriting Solutions

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