

House Construction Insurance

Policy wording



In consideration of **you** agreeing to pay **us** the premium in the **schedule**, **we** agree to provide the insurance set out below.

headings

In this policy, headings are inserted for convenience and reference only and shall not affect the clause's interpretation.

definitions

Wherever these words are used in the policy in bold, this is what they mean. These definitions also apply to any derivatives of the words defined:

accidental: a happening or event which is unexpected and unintended from the **insured's** point of view.

actual value: the value calculated by deducting depreciation for age and use from the new replacement cost of **insured property** affected.

bodily injury:

- a.** accidental death of, or bodily injury to any person (including sickness, disease, disability, shock, fright, mental anguish or mental injury);
- b.** false arrest or false imprisonment; malicious prosecution or malicious humiliation;
- c.** defamation, or publication in violation of any individual's right to privacy, except:
 - i** defamation where **you** know the statement is false;
 - ii** defamation or publication made in the course of, or relating to, advertising, broadcasting or telecasting activities conducted by **you**, or on **your** behalf;
- d.** wrongful entry or eviction, or other invasion of the right of private occupancy;
- e.** battery or assault not committed by, or at **your** direction (unless committed for the purpose of preventing or eliminating danger to persons or property).

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 completed.

contract works: the whole of the works, whether temporary or permanent, to be performed by **you**, as described in the **contract**, which is the subject of this insurance, including all materials and items to be incorporated therein.

construction period: the period commencing on the date shown in the **schedule** and finishing:

- a.** Partial completion with respect to that portion only of the **contract works**:
 - at the time a partial practical completion certificate is issued; or
 - at the time that portion of the **contract works** is occupied, taken over or taken into use by the purchaser, principal or authorised person, whichever is the earlier; or
 - b.** Completion
 - at the time a practical completion certificate is issued; or
 - at the time 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
 - at the time the **contract works** are occupied, taken over or taken into use by the purchaser, principal or authorised person whichever is the earliest; or
 - c.** Speculative project with respect to any speculative project where there is no agreement to purchase, at the time 95% of the project price has been expended on the **contract works** and the **contract works** are made available for public viewing; or
 - d.** Scheduled date on the finishing 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 date, and **you** agree to pay any additional premium required whichever applies first.
- construction plant:** tools, plant or equipment, site encampments or hoardings used for the purpose of carrying out the **contract works**, excluding any plant or equipment forming, or to form, a permanent part of the **contract works**.

excess: the amount referred to in the **schedule** which **we** do not insure.

first insured: the first named person or entity listed in the **schedule** as **insured**.

immediately arising: the event occurring immediately prior to the **loss**, and if there is a chain of events, the last event occurring immediately prior to the **loss**.

insured property: the **contract works**; and any other property shown in the **schedule** once it becomes the responsibility of the contractor insured.

liable: legally liable according to the law of New Zealand.

loss: **accidental** physical loss or **accidental** physical damage.

maintenance period: the period commencing 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 Maintenance or Defects Liability Period referred to in the **contract**; or
- at the end of the period shown in the **schedule**,

whichever is the earlier.

Defects Liability Period shall have the same meaning.

natural disaster: earthquake shock, earthquake fire, tsunami, volcanic eruption, subterranean fire, and hydrothermal activity.

occurrence: an event (including continuous or repeated exposure to conditions), or a series of events resulting from, or attributable to, one source or original cause.

period of insurance: both the **construction period** and the **maintenance period**.

property damage:

- a. accidental** physical loss or **accidental** physical damage to any tangible property, including subsequent loss of use; and/or
- b. accidental** loss of use of tangible property which has not suffered physical loss or physical damage.

proximately caused: the active and efficient cause that sets in motion a train of events which brings about the **loss**.

regions and districts: the area of land in the regions and districts defined in the Department of Survey and Land Information Infomap 319B dated June 1994.

schedule: the current Schedule to this policy issued to **you**.

sum insured: the limit of **our** liability in New Zealand dollars for each Item as stated in the **schedule**.

vehicle: any type of machine on wheels, or tracks, made or intended to be propelled by its own power, or towed thereby.

we; our; us; company: AMI Insurance (AMI), a business division of IAG New Zealand Limited.

you; your; insured: the person(s) or entity(s) named in the **schedule**:

- 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**.

including: any director, employee or partner there of, but only while acting within the scope of their duties in that capacity, for their respective rights and interests.

section one: construction

insuring clauses

1 During the construction period

We will indemnify **you** against **loss** to **insured property** occurring at the **contract site** during the **construction period**.

2 During the maintenance period

We will indemnify **you** during the **maintenance period** for **your** legal liability to rectify **loss** to **insured property** under the Maintenance or Defects Liability

Conditions of the **contract**, provided the **loss** is discovered during the **maintenance period**, and:

- a.** arises out of the **contract works** during the **construction period**; or
- b.** arises out of **your** operations whilst executing work under the Maintenance or Defects Liability Conditions of the **contract**; or
- c.** occurs 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.

3 Additional items

These Additional Items only apply if shown in the **schedule**.

Where there is a **loss** covered by 1 or 2 above, this policy is extended to indemnify costs and expenses necessarily incurred up to the **sum insured** for each of the following Item(s) shown in the **schedule**:

- a. Principal's Supplied Materials**
being materials and items supplied by the principal to the contractor free of charge for inclusion in the **contract works**, provided they were not in their final position when supplied.
- b. Removal of Debris**
being all costs necessarily incurred to dismantle, demolish and remove the debris, and prepare the **contract works** for rectification of the **loss**.
- c. Professional Fees**
being architects, surveyors, consulting engineers, clerk of works and other fees incurred by **you** which are necessary to rectify the **loss** (but excluding any fees for the preparation of a claim or estimate of fees).
- d. Increased Costs During Construction**
being the costs incurred for variations and fluctuations in the **contract** price, and/or increases in the costs of labour and materials during the **construction period**.
- e. Escalation During Reconstruction**
being the actual amount by which the costs of reconstruction of the **contract works** exceed the initial costs, provided that reconstruction is completed without delay.

basis of settlement

- 1 In the event of **loss**, the basis of settlement shall be:
 - a.** where the insured damage can be repaired, the cost of repairs necessary to restore the **insured property** to its condition immediately before the **loss**;
Where the cost of repair equals or exceeds the **actual value** immediately before the **loss** of the **insured property** affected, settlement shall be made on the basis provided for in **b.**
 - b.** where the insured damage is not repairable, the **actual value** immediately before the **loss** of the **insured property**;
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(s) insured**.

2 We will indemnify you by:

- a.** cash payment; or
- b.** replacement; or
- c.** repair
at **our** option.

3 The **excess** shall be deducted from each adjusted **loss** for each event or series of **losses** from the same event.

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

4 The most **we** will pay:

- for each Item is the **sum insured** plus GST;
- under this policy is the TOTAL SUM INSURED shown in the **schedule** plus GST.

exclusions

This policy does not insure:

- 1 **a.** **loss proximately caused** by:
 - i** faulty or defective workmanship or material; or
 - ii** wear and tear, corrosion, erosion, or the action of normal atmospheric conditions;
- b.** **loss** to mechanical or electrical items incorporated in the **contract works proximately caused** by their operation, or mechanical or electrical failure, derangement, breakdown, or pressure explosion;
- c.** mechanical or electrical failure, derangement or breakdown of **construction plant**;
- d.** **loss** which is a gradual deterioration of the **insured property**, or any part of it;

These exclusion(s) (a)-(d) shall be limited to the:

- item of **construction plant**; or
- part of the structure or **contract works** directly affected, and shall not extend to other **insured property** which is affected as a result, (if any).

- 2 **loss proximately caused** by fault, defect, or omission in design, plan, specification, sequence, procedure or programme.
- 3 **loss immediately arising** from total or partial cessation of the **contract works**.
- 4 **loss** arising out of or resulting from rot, mould, mildew, fungi or the action of micro organisms.

- 5** loss of files, deeds, evidence of debt, bonds, bills of exchange, promissory notes, cash, bank notes, cheques, securities or money, stamps, account or computer records.
- 6** disappearance or shortage of **insured property** where that **loss** is revealed only by the taking of an inventory or stocktaking.
- 7** consequential economic loss of any kind or description, including (without limitation) penalties for non-completion or delay in completion or non-compliance with **contract** conditions.
- 8** loss to any structure or property already at the **contract site** before commencement of the **contract works**.
- 9** loss to:
 - a.** any **vehicle**; or
 - b.** **construction plant**; or
 - c.** tyres or tracks, unless as a result of other insured **loss** to a **vehicle**/mobile plant; or
 - d.** any aircraft, waterborne vessel or craft; or
 - e.** employees' personal effects or hand tools.
- 10** extra charges for overtime, night work, work on public holidays, express delivery or airfreight, unless such charges are reasonable, and incurred solely for the purpose of minimising further **loss** to the **insured property** following an insured **loss**.
- 11** loss to **insured property** during transit not on the **contract site**.

optional extensions

A Overtime & express delivery

Where shown in the **schedule**, this section of the policy is extended to cover the additional costs incurred in rectifying the **loss** in the most expeditious time, including:

- the cost of penal rates of pay; and
- express delivery and airfreight within New Zealand

Provided, however, **we** will not pay more than 30% of ordinary labour, road carriage charges or ordinary costs.

Exclusion 10 is modified accordingly.

B Overseas airfreight expenses

Where shown in the **schedule**, this policy is extended to include the cost of airfreight charges necessarily and reasonably incurred in rectifying the **loss**, provided that the airfreight carriage is by a recognised regular scheduled airline service and not carriage by an aircraft chartered for that purpose.

Exclusion 10 is modified accordingly.

C Transit

Where shown in the **schedule**, this section of the policy is extended to include **loss** of **insured property** during:

- storage at a place other than the **contract site**; and
- transit within New Zealand by road, rail, airfreight, inter-island ferry, or containerised shipping between New Zealand ports.

Exclusion 11 is modified accordingly.

D Natural Disaster

Where shown in the **schedule**, this section of the policy is extended to include **loss** caused by **earthquake**, but excluding any damage for which compensation is payable under any Act of Parliament.

General Exclusion 3 shall not apply.

For the purpose of this Extension only:

Excess

In respect of each location at which a **loss** occurs, the **excess** for each Area, shall be deducted from each adjusted **loss**:

Area (a)

The **regions** of Northland, Auckland, Waikato, Otago and Southland and the **districts** of Timaru and Waimate.

Area (b)

The **regions** of Bay of Plenty, Gisborne, Hawkes Bay, Taranaki, Manawatu, Wanganui, Tasman, West Coast and Canterbury excluding the **districts** of Timaru and Waimate.

Area (c)

The **regions** of Wellington, Nelson and Marlborough.



NOTE:

*These extensions must be selected by you and shown in the **schedule** of the policy. They are not automatic.*

*This section only applies if shown in the **schedule**.*

section two: public liability

insuring clauses

A Public Liability

We will indemnify **you** for all sums **you** become **liable** to pay arising from:

- a. bodily injury;** and / or
- b. property damage**

happening during the **period of insurance** resulting from an **occurrence** in New Zealand in connection with the **contract works**.

Employees' Vehicles Extension

Exclusion **4 a.** does not apply to **liability** for **property damage** to any motor **vehicle** or motor cycle belonging to, or in the charge of, or under the control of, any of **your** employees or agents in a private capacity (and not owned by **you**, or any member of **your** family ordinarily living with **you**).

Carparks Extension

Exclusion **3 a. ii** does not apply to **liability** for **property damage** to property in any car park operated by **you** for the **contract works**.

Overseas Visits Extension

Section Two is extended to indemnify **you** for all sums **you** become **liable** to pay arising from **bodily injury** and/or **property damage** which happens during the **period of insurance** provided that:

- a.** it results from an **occurrence** anywhere in the world in connection with any business trip by **you** solely in connection with the **contract works**; and
- b.** **you** are a New Zealand Resident and normally live in New Zealand at the time of the **occurrence**; and
- c.** the indemnity under this extension does not extend to **liability** in connection with the actual carrying out of any tangible part of the **contract works** or **you** engaging in any physical or manual work; and
- d.** with respect to **occurrences** in the United States of America and Canada (including their dependencies, mandated territories and protectorates):

- this extension does not apply to **liability** in connection with seepage, pollution or contamination of any kind; and
- this extension does not apply to **liability** arising from any premises owned, or leased to another party, by **you** in those countries; and
- Defence Costs are deemed to be included within the **sum insured** referred to in LIMITS OF INDEMNITY and not in addition to it.

For the purpose of this extension only, the definition of **liable** is extended to the legal **liability** according to the law of the country or state where the **occurrence** takes place.

Mechanical Plant and Cranes Extension

Section Two is extended to include **liability** resulting from the use by **you** of mechanical plant or machinery, including cranes and mobile cranes, but only whilst on, or adjacent to, the **contract site**.

Exclusion **4 a.** is modified accordingly

Removal of Support Extension

Section Two includes **liability** arising from:

- a. bodily injury;** and / or
- b. property damage**

happening during the **period of insurance** resulting from an **occurrence** at the **contract site** in connection with:

- vibration of; or
- removal or weakening of; or
- interference with the support

of land or buildings which are not part of the **insured property**.

The indemnity provided by this clause shall not exceed in the aggregate during the **period of insurance** \$250,000, unless a different amount is shown in the **schedule** for this extension.

An **excess** of \$5,000 shall apply for each **occurrence**, unless a different amount is shown in the **schedule** for this extension.

Exclusion **4 e.** does not apply to this extension.

Forest and Rural Fires Act Extension

We will indemnify you for:

- a. levies imposed by a fire authority under the Forest and Rural Fires Act 1977 and apportioned to you, (but excluding levies under Section 45); and
- b. liability for costs and losses recoverable under section 43 of the Forest and Rural Fires Act 1977. Provided that:
 - the costs are in connection with a fire, or threat of fire, that occurs during the period of insurance, and
 - the costs and losses result from an **occurrence** in New Zealand.

Provided however that the indemnity provided by this extension shall not exceed for each **occurrence** \$250,000 unless a different amount is shown in the **schedule** for this extension, which ever is the greater.

This extension is deemed to apply whether **property damage** has occurred or not, and exclusion **8** shall not apply to this extension.

B Defence Costs

We will indemnify you for all legal costs and expenses reasonably and properly incurred in defending any legal action against you arising out of **bodily injury** or **property damage** indemnifiable under this section of the policy, even if the legal action appears groundless.

optional extension

Defective Design

Where shown in the **schedule**, we will indemnify you for all sums you become liable to pay arising from:

- a. **bodily injury**; and/or
- b. **property damage**

happening during the **period of insurance** resulting from an **occurrence** in New Zealand in connection with any defective:

- i design; or
- ii formula; or
- iii specification; or
- iv plan; or
- v pattern

prepared by you for the **contract works**.

The indemnity provided by this extension shall not exceed in the aggregate during the **period of insurance** \$250,000. Defence Costs are included in this figure and are not in addition to it.

An **excess** of \$1,000 shall apply for each **occurrence** unless a different amount is shown in the **schedule** for this extension.

Exclusion **4 d.** does not apply to this extension.

limits of indemnity

1 Limits

Unless otherwise stated in the extension:

- a. The maximum indemnity payable by us for each **occurrence** during the **period of insurance** shall not exceed the limit shown in the **schedule** for each extension;
- b. Defence Costs shall be paid in addition to the limit set out in a. above;
- c. The **excess** shown in the **schedule** shall be deducted from the amount payable for each **occurrence**.

2 Discharge of Liability

We may at any time elect to pay you the **sum insured** applicable under this section of the policy, or any lesser sum for which the claim against you can be settled, and upon payment we shall be under no further **liability** to you under this policy except for Defence Costs already incurred up until the time of payment.

3 Cross Liability

This section insures all **insureds** separately.

PROVIDED that our liability shall not exceed the limit shown in the **schedule** in respect of the aggregate of all sums for which all **insureds** are **liable**.

exclusions

There is no indemnity under this section of the policy:

- 1 For **liability** created by an express term of a contract, where that liability exceeds what:

- a. The common law; and
- b. The statute law,

imposes on contracting parties in those circumstances. This exclusion does not apply to **liability** arising out of the use of **property** under an agreement entered into by the **insured** for the hire, lease, or rental of any **property** to the **insured**.

Provided that this exception to this exclusion 1 does not apply to **liability**:

- i for **property damage** to any of the property the subject of the agreement;



NOTE:

*This extension must be selected by you and shown in the **schedule** of the policy.*

It is not automatic.

*This section only applies if shown in the **schedule**.*

- ii arising from any provision in the agreement for the **insured** to arrange insurance over the **property** which is the subject of the contract.
- 2** For **liability** arising from **bodily injury** to any person:
- a. arising out of, and in the course of, employment of that person by **you**; or
 - b. who is a member of **your** family ordinarily residing with **you**;
- 3** For **liability** arising from **property damage**:
- a. to property:
 - i belonging to; or
 - held under a hire purchase agreement by; or
 - held under a conditional purchase agreement by; or
 - hired by; or
 - leased by; or
 - rented by; or
 - ii lent to; or
 - in the possession or control of **you** or any member of **your** family ordinarily residing with **you**;
 - b. to that part of any property on which **you** are, or have been, working, if the **property damage** is caused directly by the work done to that part. However, this exclusion **3 b.** does not apply to **property damage** to any other separate and identifiable components of that property not worked on;
 - c. to any part of property insured under Section One of this policy.
- 4** For **liability** in connection with:
- a. the ownership, possession or use by **you**, or on **your** behalf, of any **vehicle**.
PROVIDED this exclusion **4 a.** shall not apply to the loading and unloading of a **vehicle**, and the bringing to and taking away of a load from a **vehicle** at the **contract site**;
 - b. i the ownership, possession or use by **you**, or on **your** behalf, of any watercraft, or thing made or intended to float or travel on water;
ii work undertaken by **you** to any watercraft, or thing made or intended to float or travel on water;
 - c. i the ownership, possession or use by **you**, or on **your** behalf, of any aircraft, or thing made or intended to travel through air or space;
 - ii work undertaken by **you** to any aircraft, or thing made or intended to travel through air or space;
- d. i** any defective:
- design; or
 - formula; or
 - specification; or
 - plan; or
 - pattern
- prepared by **you**;
- ii the giving of advice; or the administering of medical treatment by **you** or anyone on **your** behalf.
- PROVIDED this exclusion **4 d. ii** shall not apply to any of **your** employees acting in the capacity of an industrial nurse;
- e. vibration of; or removal or weakening of; or interference with the support of land or buildings;
- 5** For **liability proximately caused** by :
- a. seepage, pollution, or contamination, (including the cost of removing, nullifying or cleaning up).
Unless the seepage, pollution or contamination occurs during the **period of insurance** and is caused by a sudden, unintended and unexpected **occurrence** during the same **period of insurance**,
 - b. mining, processing, transporting, distributing or storing asbestos;
 - c. manufacturing or processing materials containing asbestos;
 - d. any process of decontamination, treatment or control of asbestos;
 - e. the presence of asbestos in any building or structure;
 - f. asbestos pollution or contamination (notwithstanding the proviso to **5 a.** above);
- 6** For **liability** determined by a judgement (including the costs and expenses arising out of the litigation leading to the judgement) of any court other than a New Zealand Court, unless that judgement is enforceable by a New Zealand Court;
- 7** For **liability** in respect of any fine or penalty imposed on **you**, or any punitive or exemplary damages awarded against **you**.
- 8** For **liability** arising under the Forest and Rural Fires Act 1977.

general exclusions applicable to all parts of the policy

A This policy does not indemnify:

- 1** **loss or liability** directly or indirectly caused by or in connection with war, invasion, act of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, confiscation, nationalisation, requisition or destruction by or under the order of any Government or Public Authority.
- 2** **loss or liability proximately caused** by or immediately arising from ionising radiation or contamination by radioactivity.
- 3** **loss or liability proximately caused** by **Natural Disaster**.
- 4** 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:
 - a.** faulty design or faulty specification, including faulty sequence, procedure or programme, or
 - b.** faulty materials, or
 - c.** faulty workmanship
 when it was constructed or altered.

B Terrorism Exclusion

Notwithstanding any provision in the policy to the contrary, the policy excludes 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.

“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) 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 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.

C Electronic Data Exclusion

Notwithstanding any provision in the policy to the contrary, the policy excludes loss of or damage to Electronic Data, and any liability arising from this, directly or indirectly caused by, or in connection with a Computer Virus. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with the Electronic Data.

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

“Electronic data” means facts, concepts and information converted to a form useable for communications interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment. It includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

“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”.

claim conditions applicable to all parts of the policy

Notification

- 1** If **you** suffer any **loss** likely to give rise to a claim under this policy, or if **you** become aware of any potential **liability** likely to give rise to a claim under this policy;

You shall at **your** expense:

- a.** immediately notify **us** by fax or by telephone or via AMI Insurance;
- b.** take prompt steps to minimise the **loss**, and avoid any further **loss**;

c. take prompt steps to minimise any **liability**, and avoid any further **liability**;

d. if criminal offending is suspected, lay a complaint with the police;

e. take reasonable steps to obtain details of any other person, property or vehicle involved, and any witnesses;

You shall not:

- f.** dispose of any **insured property** which is intended to be the subject of a claim;
- g.** admit responsibility for any **liability** or do or say anything which may prejudice **our** ability to defend a claim against **you** or pursue recovery under subrogation.

2 Repairs

You may proceed with repairs, without prejudice to **our** liability under the policy, if **1 a.** and **b.** above are complied with.

3 How to claim

If **you** wish to make a claim under this policy, **you** shall:

- a.** complete in full **our** Claim Form as soon as practicable after the **loss**;
- b.** provide free access to examine and assess any **loss or liability**;
- c.** authorise the disclosure of **your** personal information held by other parties relating to the claim;
- d.** preserve the parts affected and make them available for inspection by **us**;
- e.** forward any letter of demand or court documents to **us** immediately;
- f.** provide any other information or assistance **we** reasonably require to process the claim;

We will not be liable to make any payment under this policy unless **you** have produced to **our** reasonable satisfaction all accounts,

invoices, receipts, breakdown of costings and other documentation supporting amounts expended, or indicating that repairs have been effected or replacement has taken place.

g. if requested by **us**;

- provide a statutory declaration to verify the **loss or liability**;
- submit to cross-examination under oath by any person **we** nominate.

4 Control of Claim

After **we** have accepted a claim, **we** have the sole right, at **our** expense, to act in **your** name and on **your** behalf to negotiate, defend or settle, as **we** see fit, any **liability you** are facing.

5 Subrogation

After **we** have accepted a claim either in whole or in part, **we** shall be fully subrogated to **your** position and shall be able to exercise for **our** own benefit any legal right of recovery held by **you**. **You** shall, at **our** expense, fully co-operate in the enforcement of this right by the **company**.

You shall not release any third party from **liability** that could arise from **loss** covered by this policy, unless agreed to by **us**.

6 Disputes

The law of New Zealand shall apply to any dispute about this policy and the New Zealand Courts shall have exclusive jurisdiction.

general conditions applicable to all parts of the policy

1 One Contract

This policy wording and the **schedule** and any endorsements shall be read together as one contract. The Application and other information submitted shall be incorporated in the contract.

2 Observance

It shall be a condition precedent to **our** liability under this policy that:

- a.** **you** have complied with all the terms of the policy; and
- b.** the statements and answers in the:
 - i** Application; and
 - ii** any Claim Form; and
 - iii** any notice of change in circumstance

or given separately in support of any of them (whether by any one of the **insured** or any other person), are true and correct; and

- c.** if the policy covers the interests of any person other than the **insured**, that person also complies with the same terms and conditions of the policy where applicable.

3 Insurance Law Reform Acts

The conditions and exclusions in this policy are subject to **your** rights set out in the Insurance Law Reform Acts.

4 Change in Circumstance

- a.** **You** shall give immediate written notice to **us** of any change in circumstance since inception of the policy which materially increases the risk of a claim.

We shall then be entitled to adjust the premium and/or the terms of this policy with immediate effect.

- b. If **you** fail to comply with this obligation, this policy shall be voidable at **our** option from the date **you** knew, or ought to have known, of the change in circumstance.

5 Other Insurance

At the time of **loss you** shall immediately give notice to **us** of any other policy of insurance covering the same **insured property** 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** shall only pay over and above the sum payable under that other insurance.

6 Interested Parties

Unless stated otherwise, any party whose interest in the **insured property** is noted by **us** shall not be an **insured** under this policy.

If **we** receive written advice of any mortgage or security over any **insured property** under this policy, **we** may, at **our** option, pay part or all of any claim to that party up to the limit of its **loss**. Any such payment shall, to that extent, discharge **our** obligations under the policy.

The **insured** authorises disclosure of information about this policy to any party whose interest is noted by the **company**.

7 Your Obligations

a. 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 (excluding GST); wages; and subcontractor's work.
- ii declare in the Application the value of principal's supplied materials which form part of the project that have not been included in the **contract works** price;
The value declared for this Item shall be the new replacement value of all the materials and items supplied.
- iii declare in the Application whether cover for the anticipated inflationary effect on the cost of the **contract works** during the period of this insurance is required;

- b. If **7 a.** above is not complied with and any values or **sums insured**, are understated, Average shall apply and the claim payment for a partial **loss** shall reduce by the same percentage which the amount of any understatement bears to that which should have been stated.

8 Precautions

You shall at **your** own expense:

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

9 Reasonable care

You (and **your** employees) shall at **your** own expense take all reasonable precautions to prevent **loss, bodily injury** or **property damage**.

10 Reinstatement of Sum Insured

When **we** pay for 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**, provided **you** agree to pay the additional premium required.

11 Acts of Parliament

Where this policy refers to an Act of Parliament, this includes any Regulations made under it. It also includes any Act or Regulations enacted in substitution.

12 Multiple Insureds

Where the **insured** consists of more than one person or entity, **we** shall:

- a. send all notices to the last known address of, the broker / agent of; and
- b. negotiate all claim settlements with; and
- c. pay all claim proceeds to; the **first insured**.

Duty of Disclosure

When **you** apply for insurance **you** must tell **us** all information **you** know (or could reasonably be expected to know) which would influence the judgement of a prudent underwriter:

- whether or not to accept **your** application, and
- if it is accepted, on what terms, and at what cost.

You also have this duty each time **your** insurance renews, and whenever **you** make any change to it.

Examples of information **you** may need to disclose include:

- any changes in circumstances which increases the risk of a claim;
- any criminal offence or traffic offence;
- any cancellation, refusal to renew insurance, or imposing of special terms by another insurance company;

- any insurance claim **you** have made in the past.

Examples of information **you** do not need to disclose include:

- anything **you** have already told **us**, or that **we** should be expected to know in the ordinary course of **our** business;
- anything **we** say **you** do not need to tell **us**;
- anything that is common knowledge;
- anything that reduces the risk of a claim.

These examples are intended as a guide only. If **you** are not sure whether **you** need to disclose a particular piece of information, please ask.

If **you** fail to meet **your** duty of disclosure, the consequences can be serious. **You** may find that **you** never had any insurance cover at all.

When in doubt – disclose. Please remember that all information will be treated confidentially.

**Thanks
for insuring
with AMI,
we're here
to help.**

Got any questions?

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