

Please read your Policy and Schedule carefully to ensure it meets your needs. If there is any error please contact us immediately.

This Policy and Schedule explains

- who is insured
- what is insured
- when the insurance begins and ends
- the amounts that can be claimed
- the conditions of the insurance
- what is not insured
- definitions

This insurance is arranged on the basis of the information provided by you. It is essential that all information is truthful and correct. If there is any information which we have not been given or any change in circumstances during the Period of Insurance you must tell us.

Failure to tell us may affect the outcome of any claim you make.

Please keep this Policy in a safe place, you will find it useful in the event of a claim.

The Insurance

State, a business division of IAG New Zealand Limited (State) provides the Insured with insurance as set out in this Policy during the Period of Insurance. All amounts shown in this Policy and the Schedule exclude GST.

Cover

State will, subject to the terms, exclusions, conditions and clauses of this Policy, indemnify the Insured for

- unforeseen and sudden physical loss of or damage to the Property Insured from any cause other than those specifically excluded;
- costs or losses for which this Policy is expressly extended.

Cover Limits

The liability of State shall in no case exceed

- in respect of each item the Sum Insured applicable to that item shown in the Schedule, or
- in the aggregate the Total Sum Insured shown in the Schedule.

The Sum Insured in respect of each item is inclusive of the sub-limit shown for any Special Clause relating to such item.

Exclusions

State will not be liable in respect of –

- loss or damage caused by faulty design.
- mechanical and/or electrical breakdown or derangement, but this Exclusion shall only apply to loss of or damage to the property immediately affected and shall not apply to other property lost or damaged in consequence of such breakdown or derangement.
- wear and tear, corrosion, oxidation, deterioration due to lack of use and normal atmospheric conditions.
- the cost of replacement, repair or rectification of defective material and/or workmanship but this Exclusion shall be limited to the items affected and shall not exclude loss or damage to correctly executed items resulting from an accident due to such defective material and/or workmanship.
- loss of or damage to any water-borne craft or aircraft or any mechanically-propelled vehicle registered for use on any public road.
- loss or damage discovered only at the time of taking an inventory.
- loss of or damage to any part of the Contract Works taken over or put into service.
- consequential loss or damage of any kind or description whatsoever including penalties, losses due to delay, lack of performance or loss of contract.
- loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by
 - war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, insurrection, rebellion or revolution.
 - confiscation, commandeering, requisition or destruction of or damage to property by order of any government de jure or de facto or any public, municipal or local authority.
 - cessation of work whether total or partial.
- loss or damage directly or indirectly caused by or arising from or in consequence of or contributed to by
 - nuclear weapons material.
 - ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only combustion shall include any self-sustaining process of nuclear fission.
- loss or damage to second hand machinery directly resulting from any test operation or test loading of that machinery.
- loss or damage
 - any costs or expenses to repair or modify any part of any computer, data processing equipment or media, microchip, integrated circuit or similar device or any

computer software, whether the property of the Insured or not

directly or indirectly caused by or consisting of or arising from the failure of any computer, data processing equipment or media, microchip, integrated circuit or similar device or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000

- (i) to correctly recognise any date as its true calendar date
- (ii) to capture, save or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- (iii) to capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.

13 an act of terrorism. Notwithstanding any provision to the contrary, this insurance excludes loss, damage, death, injury, illness, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with

- (a) an act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss, damage, death, injury, illness, liability, cost or expense.
- (b) any action taken in controlling, preventing, suppressing or in any way relating to an act of terrorism.

An 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.

Special Clauses

Basis of Loss Settlement

- 1 In the event of any loss or damage the basis of any settlement under this Policy shall be
 - (a) in the case of damage which can be repaired, the cost of repairs necessary to restore the items to their condition immediately before the occurrence of the damage less salvage, or
 - (b) in the case of a total loss, the actual value of the items immediately before the occurrence of the loss less salvage,

however, only to the extent the costs claimed had to be borne by the Insured and to the extent they are included in the sums insured and provided always that the provisions and conditions have been complied with.

State will make payments only after being satisfied by production of the necessary accounts and documents that the repairs have been effected or replacement has taken place, as the case may be. All damage which can be repaired shall be repaired, but if the cost of repairing any damage equals or exceeds the value of the items immediately before the occurrence of the damage, the settlement shall be made on the basis provided for in (b) above.

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

The cost of any alterations, additions and or improvements shall not be recoverable under this Policy.

Excess

- 2 Each loss or series of losses arising out of one event shall be adjusted separately and net of salvage and other recoveries.

The Excess specified in the Schedule shall be subtracted from the amount of the adjusted loss.

A series of events arising from any one cause during any one period of 72 hours will be treated as one event for the purpose of applying the Excess.

Disaster Damage

- 3 This Policy extends to include loss of or damage by earthquake, volcanic eruption, hydrothermal activity, tsunami, landslip or subsidence unless otherwise specified in the Schedule.

Expediting Costs

- 4 Where a claim is payable under this Policy for the cost of reinstating any Property Insured, State will also indemnify the Insured for such additional costs of express freight and overtime labour as are reasonably incurred for the purpose of expediting that reinstatement.

The indemnity provided by this Special Clause will not increase State's liability beyond the Sum Insured on the affected property.

Maintenance Period

- 5 Notwithstanding Exclusion (7), where the contract between the Principal and the Contractor contains maintenance provisions, this insurance shall be extended for the Maintenance Period specified in the Schedule to cover solely loss of or damage to the permanent works caused by the insured Contractor(s) in the course of operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract between the insured Principal and the insured Contractor(s).

Reinstatement of Amount of Insurance

- 6 In the event of a loss for which a claim is payable under this Policy, and in the absence of written notice by State or the Insured to the contrary, the amount of insurance cancelled by loss will be automatically reinstated from the date of loss. The Insured undertakes to pay such premium as may be required for such reinstatement from that date.

Transit

- 7 This insurance extends to cover transit by road, rail, air or sea (including loading and unloading) from anywhere in New Zealand to the Contract site of materials, plant, machinery or components that form or are intended to form part of the Contract Works.

The liability of State under this Special Clause shall not exceed \$2,500 for overseas airfreight and \$5,000 for any other form of transit, unless a different amount is stated in the schedule.

Conditions

Duty to Comply

- 1 State will not pay any benefit under this Policy if the Insured or anyone acting on behalf of the Insured breaches any provision of this Policy.

Care of the Property Insured

- 2 The Insured shall take
 - (a) all ordinary and reasonable precautions for the safety of the Property Insured;
 - (b) all reasonable precautions in the selection of labour and shall comply with any statutory requirement designed to ensure the safe working of the plant and equipment and State shall at all reasonable times have access to such plant and equipment.

Claims

- 3 If anything happens which may give rise to a claim under this Policy the Insured must
 - (a) do as much as can be done to take care of any item and to prevent further damage;
 - (b) obtain State's agreement before the Insured incurs any expense, negotiates, pays, accepts payment, settles, admits or denies any claim or does anything which may in any way prejudice State's rights;
 - (c) tell the Police immediately of any loss or damage by burglary, theft, vandalism or malicious acts;
 - (d) tell State as soon as possible and complete a claim form;
 - (e) send to State immediately any letter or other document received from anyone else;
 - (f) give State any information or assistance State requires.
- 4 State shall have the right to refuse to pay for any claim if
 - (a) it is false;
 - (b) the Insured gives any information known to be untrue;
 - (c) the loss or damage was caused by the Insured's wilful act or with the Insured's connivance.

- 5 State shall have the right to take action in the Insured's name
 - (a) in the defence or settlement of any claim;
 - (b) to make a recovery from any other person for anything insured by this Policy.
- 6 In settling any claim State may
 - (a) appoint any loss assessor or adjuster with the agreement of the Insured;
 - (b) take recovery action in the name of the Insured;
 - (c) deal with salvage in any reasonable way provided that the Insured is not entitled to abandon any property to State.
- 7 If agreement over a claim cannot be reached then
 - (a) the claim may be referred to arbitration but only if the Insured and State both agree;
 - (b) State will not be liable under this Policy unless
 - (i) the Insured commences Court action, or
 - (ii) arbitration proceedings begin within 12 months from the date of the loss or damage.

Other Insurance

- 8 If the Insured can claim under any other policy State will only pay the amount of any loss in excess of that recoverable under the other insurance.

Changes to Risk

- 9 If there shall occur any change involving a material alteration in the facts set out in this Policy and forming the basis of this Insurance the Insured shall as soon as possible give notice thereof to State and the premium shall if necessary be adjusted by agreement.

Joint Insurance

- 10 If the Schedule names more than one person or party as the Insured
 - (a) this Policy insures all the named persons or parties jointly;
 - (b) State will treat a breach of any part of this Policy by any one of the named persons or parties as a breach by all of them.

Definitions of Property insured

The items of insured property are defined as below:

Contract Works

On Contract Works being the permanent and temporary works forming part of the Contract and all unfixed materials (but excluding plant, tools and equipment) all being the property of the Insured or held by the Insured in trust for which the Insured is responsible whilst at the Situation of the Contract Works.

Principal Property

On unfixed materials and other property (but excluding plant, tools and equipment) that forms or is intended to form part of the Contract Works all being supplied by the Principal or others and not included in the Sum Insured under Contract Works.

Demolition Costs

On costs and expenses necessarily incurred by the Insured with the consent of State in removing debris of the portion or portions of the property described under Contract Works and Principal Property destroyed or damaged by any peril hereby insured against.

Professional Fees

On Architects', Surveyors' and Legal and Consulting Engineers' fees and the like for estimates, plans, specifications, quantities and tenders and supervision necessarily incurred in connection with the superintendence of the reinstatement of damage by any peril hereby insured against to the property described under Contract Works and Principal Property but excluding fees for preparing any claim hereunder.

Increase in Building Costs

On costs additional to those insured under Contract Works, incurred during and in connection with the reinstatement of the Property Insured as a result of fluctuation in costs during the construction period.

Extra Costs for Unfinished Work

On the increase in the cost of any portion of the Contract Works lost or damaged, incomplete or not yet built at the time of the loss or damage, but only if the increase results from delay to the completion of the Contract Works caused by the loss or damage. For the purpose of this item "increase in cost" means the amount by which the actual cost of the portion of the Contract Works exceeds the original cost allowed.