

# Wordings.





## **DUAL New Zealand**

Contract Works Policy Wording

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# DUAL New Zealand

## Contract Works Policy Wording

### Introduction

In consideration of the Insured named in the schedule having paid or promised to pay the required premium, Various Insurers (herein referred to as “the Insurers”) agrees subject to the terms, conditions and exclusions of the Certificate to indemnify the Insured to the extent set out in the Certificate. In issuing this Certificate, the Insurers rely upon the information contained in the proposal and any statements or representations made by the Insured or anyone acting on behalf of the Insured.

The Certificate and the schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this Certificate or of the schedule shall bear such meaning wherever it may appear.

The cover provided by this Certificate only attaches to those items shown in the attached schedule against which a sum insured has been shown.

Where an item is not shown in the schedule or there is no sum insured, or the number “0”, or the word “Nil” is shown, there shall be no cover unless specifically endorsed on to the schedule or Certificate.

### Period of Insurance

The period of insurance shall commence on the date specified in the schedule or at the time of possession of the contract site, (whichever is the latter), and shall continue until the expiry of the period of insurance or until completion of the Insured contract, (whichever is the sooner).

The period of insurance may be extended beyond the date shown in the schedule for the express purpose of completing the contract works, provided that the Insured agrees to pay the additional premium required. On completion of the contract works the period of insurance may be followed by a maintenance period, provided that details of such maintenance are disclosed to the Insurers in the proposal and the maintenance period is shown in the schedule.

# Section 1

## Property Insured

### Insuring Clauses

If at any time during the period of insurance physical loss of or damage occurs to any item of the property insured, then subject to the terms, conditions and exclusions of this Certificate the Insurers will indemnify the Insured for such loss or damage.

Subject to Condition 2, "Increase in Contract Cost" and Condition 4 "Reinstatement of amount of insurance" in Section 1 and General Condition 10 "Goods and Services Tax" described in the Certificate, the total liability of the Insurers under this section shall not exceed in respect of each item the sum insured shown for that item in the schedule.

### Memorandum 1

#### Transit of Goods and Materials including temporary storage

The Insurers will also indemnify the Insured in respect of goods and material for incorporation in the contract works whilst in transit from suppliers or contract site including any temporary storage in premises other than that at the contract site, manufacturers premises within New Zealand to the contract site, provided that:

1. The Insured is responsible for the property whilst in transit;
2. Any temporary storage of materials on the way to the contract site shall not exceed 50 days;
3. The Insurers liability shall be limited to \$25,000 any one conveyance and / or temporary storage.

## Definitions

### Insured Contract

The contract works described in the schedule. When the Certificate is issued with an annual turnover or declaration clause applicable, the definition above applies to each allowable contract.

### Insured

Unless otherwise stated in the schedule that parties insured under the Certificate are:

1. The Principal
2. The head / Main Contractor and sub-contractors.

Each in the capacity as stated above.

### Insurers

As named in the schedule.

### Situation

The contract site at which the *contract works* are to be performed.

### Contract Works

The term contract works in the schedule shall mean all permanent and temporary works to be executed in the performance of the Insured contract, plus all materials to be incorporated therein, the property of the Insured or for which they are responsible, whilst at the situation. The sum insured applicable to contract works shall not be less than the estimated replacement value of the contract works on completion of the work. The replacement value shall include all material, wages, freight, customs duties and dues if any, including any materials or items supplied by the principal. Work being performed by sub-contractors may be included provided provision has been made for such work within the sum(s) insured.

## Maintenance Period

When a maintenance period is specified in the schedule the Period of Insurance shall be extended for such maintenance period. However such maintenance period shall not exceed the corresponding maintenance period stated in the contract works document[s].

Provided that:

The Insurers shall indemnify the Insured for those costs, up to but not exceeding the sub-limit stated in the Schedule, necessarily and reasonably incurred by the Insured during the maintenance period, to rectify direct physical loss or damage to the contract works from a cause not otherwise excluded by the Certificate of Insurance and is in accordance with the conditions of the contract works document(s) and for which the Insured is solely responsible.

1. the contract works have been completed at the expiry date of the Period of Insurance, and
2. the Certificate of Insurance on the contract works has been kept in force until the contract works have been completed.

## Excess

The amount for which the Insurers will not be responsible in respect of each and every claim.

## Architects Fees

When shown in the schedule architects fees shall mean:

- architects, surveyors and consulting engineers fees up to the sum insured specified in the schedule which have been necessarily incurred in the reinstatement of the contract works consequent directly upon loss of or damage to the contract works for which indemnity is provided (but excluding any fees for preparing a claim); it being understood that the amount payable for such fees shall not exceed those authorised under the scales of being the various institutions regulation such charges prevailing at the time of loss or damage.

## Removal of Debris

When shown in the schedule removal of debris shall mean:

costs and expenses up to the sum insured specified in the schedule which have been necessarily incurred in consequence of an insured peril which results in physical loss or damage to the contract works in:

1. removing debris of the portion(s) of the property insured which has sustained physical loss or damage;
2. demolishing undamaged portion(s) of the property insured to enable the contract works to be continued;
3. shoring, propping up or supporting of undamaged proportion(s) of the property insured to enable the contract works to be continued;
4. effecting other necessary measures including temporary repairs to protect the property insured from further damage, or to allow continuation of the Insured contract;

# Conditions

## Basis of Indemnity

In the event of loss or damage to the property insured, for which indemnity is provided under this Certificate, the basis of any settlement shall be:

- a. in the case of damage which can be repaired, the cost or repairs necessary to restore the item(s) to their condition immediately before the occurrence of the damage less any salvage; or
- b. in the case of a total loss, the actual value of the item(s) immediately before the occurrence of the loss less any salvage; but only to the extent that the amounts claimed have been borne by the insured and to the extent that they have been included in the sum insured.

Insurers will make payments only after being satisfied by the production of the relevant invoices, receipts and other

documentation showing that the repairs have been effected or replacement has taken place.

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.

If repair has commenced and any parts are found to be unprocurable, the Insurers liability shall be discharged by effecting such repairs as may be possible and paying to the Insured in respect of those parts that are unprocurable the cost that would have been expended in purchasing parts of an equivalent condition to those lost or damaged.

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

The cost of any subsequent alterations, additions and improvements subsequent to the loss or damage occurring shall not be recoverable under this Certificate.

Extra charges for overtime wages, express delivery or air freight are not covered by this insurance unless specifically agreed to by the Insurers and shall be shown as expediting costs within the schedule where this cover applies.

### **Increase in Contract Cost**

- a. If during the period of insurance, the actual replacement value of the contract works increases, then the sum insured shown against contract works in the schedule shall be deemed to be increased by the amount of such increase, but not exceeding 10%.
- b. if allowances for fluctuations or increases of the contract works sum insured are shown in the schedule the amount thus shown will be operative and not in addition to (a) above.

### **Claims Procedure**

Upon becoming aware of any event giving rise or likely to give rise to a claim under this Certificate the Insured must:

- a. take prompt steps to minimise the damage;
- b. take reasonable steps to protect the property from further loss or damage;
- c. immediately notify the Insurers;
- d. if a criminal act is suspected, inform the police;
- e. within 30 days or as soon as practicable thereafter, submit full particulars of the claim in writing to the Insurers;
- f. at the Insured's expense, provide the Insurers with any reasonably required proof and information in respect of the claim.

### **Reinstatement of amount of Insurance**

In the event of a loss, for which a claim is payable under this section, and in the absence of any written notice by the Insurers or the Insured to the contrary, the amount of insurance cancelled by such loss or damage will be automatically reinstated from the date of the occurrence. The Insured undertakes to pay such pro-rata premium at the rate applicable as may be required for the reinstatement of any of the sums insured.

## **General Conditions**

### **Observance of terms and conditions**

The due observance and fulfillment of the terms and conditions of this Certificate by the Insured in so far as they relate to anything to be done or complied with by the Insured, and the correctness of any statements made to the Insurers (whether made by the Insured or not), are conditions precedent to any liability of the Insurers to provide any indemnity under this Certificate.

### **Misdescription**

If there is any material misdescription of any of the property hereby insured, or of any building or place in which such property is contained, or any misrepresentation as to any fact known to be material for estimating the risk, or any such omission to

state such fact, the Insurers shall not be liable under this Certificate so far as it relates to the risk arising out of any such misdescription, misrepresentation or omission.

### **Assignment**

The Insured shall not assign this Certificate or their interest in this Certificate to any other person or party without consent in writing.

### **Alteration of Risk**

If any change occurs involving a material alteration in the risk accepted by the Insurers the Insured shall as soon as possible give notice in writing to the Insurers. The Insured shall at their own expense take prudent precautions to minimise the risk of any claim arising under the Certificate because of the alteration of risk and shall comply with any reasonable directions or requirements of the Insurers. The terms and premium required for this insurance may be increased by the Insurers due to the alteration in risk.

### **Partial Occupation**

If the Insurance provided by this Certificate is to cover the use of or partial occupation by the principal or any tenant during the performance of any part of the Contract works, the insurance will be limited in accordance with General Exclusion 20(a), unless otherwise agreed to by endorsement.

### **Precautions**

The Insured shall take reasonable precautions in the selection of labour and for the safety of the property insured, and maintain in efficient condition all plant and appliances used in connection with any contract covered by the Certificate.

The Insurers shall at all reasonable times have by their representative's access to examine any such plant or appliances.

### **Subrogation**

Where, upon accepting liability for a claim under this Certificate, the Insurers is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation, the Insured must, at the Insurers expense do and concur in doing and permit to be done anything reasonably required by the Insurers for the purpose of enforcing that right. The Insured must comply with this condition when required, whether before or after having been indemnified by the Insurers.

### **Other Insurance**

If, at the time of any claim arising under this Certificate, there is any other valid and collectable insurance covering all or part of the same loss, this Certificate will apply only to the amount of any loss in excess of that recoverable under the other insurance.

### **Fraud**

If any claim is in any respect fraudulent or if any false declaration is made or used in support thereof or if any fraudulent means or devices are used by the Insured, or anyone acting on behalf of the Insured to obtain any benefit under this Certificate in respect of the claim, all benefit under this Certificate in respect of that claim will be forfeited.

### **Declaration**

The Insured shall within a reasonable time after completion of the contract works furnish to the company a declaration of the total final cost of the Insured contract described in the schedule.

In the event that the amount declared exceeds the sum insured shown against contract works in the schedule the Insured shall pay a further proportionate payment to the Insurers in respect of such increase in sum insured.

### **Goods and Services Tax**

Provided that Goods and Services Tax (GST) is recoverable by the Insurers, the sum or sums insured are exclusive of GST to the intent that in the event of a claim the Insurers will indemnify the Insured to the maximum of the sum insured or limit of liability under each item plus additional GST to a maximum of the current rate of GST applied to such amount.

## Excess

The excess shown in the schedule which shall be the amount borne by the Insured in respect of each and every claim for which indemnity is provided under Section 1. For the purposes of this Condition:

- a. a series of events arising from or caused by subsidence, erosion, flood, inundation, landslip, cyclone, storm or tempest during any period of 72 consecutive hours will be treated as one event for the purposes of applying the excess; and
- b. the excess shown as applying to contract works shall be applicable to architects fees and removal of debris. In the event of a loss arising from the same source and original cause giving rise to a claim against more than one of these items, the excess will not be cumulative. The aggregate adjusted loss will be subject to the highest excess only being applied.

## General Exclusions

This insurance does not cover the Insured for loss, claims, damages, defence costs, legal representation costs or any other amounts under this Policy, in respect of or in connection with whether indirectly or directly:

### 1. Antiques, Curiosities and Art

any one antique, curiosity, or work of art whose value exceeds the amount specified in the Schedule.

### 2. Biological or Chemical Materials

any actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

### 3. Communicable Disease

any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.

For the purposes of this Exclusion, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

- a. for a Communicable Disease, or
- b. any property insured hereunder that is affected by such Communicable Disease.

For the purposes of this Exclusion, **Communicable Disease** means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

- i. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and
- ii. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
- iii. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured under the Policy.

### 4. Cessation of Work

any loss or damage to property directly caused by cessation of work whether total or partial.

### 5. Consequential Loss, Penalties and Fines

any consequential loss, loss of use, loss due to delay, penalties, fines, liquidated damages, aggravated, punitive or exemplary damages, or liability of any nature whatsoever.



## 6. Defective Workmanship or Material

with the cost of repairing, replacing or rectifying any part of the contract works which is defective in material or workmanship.

However, this Exclusion shall only apply to that part of the machine or structure immediately affected and not to loss or damage to other parts of the contract works resulting therefrom.

## 7. Defects

any loss or damage arising out of rectifying existing or aggravated defects not forming part of the Insured Contract.

## 8. Deterioration, Erosion and Corrosion

caused by wasting, wearing away, discolouration, staining, aesthetic defects, delamination, corrosion, erosion or gradual deterioration, including that due to atmospheric conditions.

## 9. Earthquake

an earthquake, hydrothermal activity or volcanic eruption unless as otherwise stated in the Schedule and the appropriate premium being paid or agreed to be paid as per the earthquake rating scale of the main property section.

## 10. Electronic Data

arising out of:

- a. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data;
- b. error in creating, amending, entering, deleting or using Electronic Data; or
- c. total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

However, where an event listed below (being an event covered under Section 1 of this Certificate but for this Exclusion) is caused by any of the matters described in (a), (b) and/or (c) above, this Certificate, subject to all its provisions, will insure loss of or damage to insured property directly caused by the event.

Further, this Exclusion does not apply where an event listed below (being an event covered under Section 1 of this Certificate but for this Exclusion) causes any of the matters described in (a), (b) and/or (c) above.

- i. fire, explosion, lightning, or thunderbolt;
- ii. earthquake including subterranean fire;
- iii. volcanic eruption;
- iv. impact by any road vehicle or animal;
- v. impact by aircraft or anything dropped from them;
- vi. windstorm, hail, tornado, cyclone or hurricane;
- vii. tsunami, flood, freezing or weight of snow;
- viii. bursting, overflowing, discharging or leaking of water tanks, apparatus, or pipes;
- ix. theft of Electronic Data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

Any cover provided excludes the value to the Insured of any Electronic Data.

For the purposes of this Exclusion, **Electronic Data** means facts, concepts and information converted to a form useable for communication, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for such equipment.

This Exclusion prevails over any provision in this Certificate except any Terrorism Exclusion.

## **11. Electronic Date Recognition Exclusion**

arising out of or relating to:

- a. the calculation, comparison, differentiation, sequencing or processing of data involving the date change to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b. any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This clause applies regardless of any other cause or Event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

## **12. Employee Equipment and Items of Contractors**

any loss or damage to:

- a. employees' tools and equipment unless otherwise agreed by endorsement; or
- b. any item of contractors plant.

## **13. Explosives**

any explosives, being any material designed to explode with the object of causing damage for commercial or military purposes.

## **14. Fault, Defect, Error and Omissions**

with the cost of repairing, replacing or rectifying any part of the contract works in which there is a fault, defect, error or omission in design, plan or specification.

However, this Exclusion shall only apply to that part of the machine or structure immediately affected by such fault, defect, error or omission.

## **15. Machinery**

any item of machinery or plant, which has been installed as part of the Insured Contract, directly caused to that item by its testing or commissioning.

However, this Exclusion shall not apply to new building services plant forming an integral part of new buildings being constructed and insured by this Certificate, unless such plant is more specifically insured by the sub-contractor(s).

## **16. Money**

with accounts, bills, bonds, currency, stamps, deeds, evidence of debt, money, notes, securities, cheques, credit cards, files, computer software, drawings and plans.

## **17. Micro-organism**

arising out of or relating to:

- a. mould, rot, mildew, fungus, spores or other micro-organism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health or human life.

This Exclusion applies regardless whether there is:

- i. any physical loss or damage to insured property;
- ii. any insured peril or cause, whether or not contributing concurrently or in any sequence;
- iii. any loss of use, occupancy or functionality; or

- iv. any action required, including but not limited to repair, replacement, removal, clean-up, abatement, disposal, relocation or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Policy that provides insurance, in whole or in part, for these matters.

## 18. Property Cyber and Data

any Cyber Loss or loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data; regardless of any other cause or event contributing concurrently or in any other sequence thereto.

In the event any portion of this Exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect. This General Exclusion supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

For the purposes of this Exclusion, the following are defined terms:

**Cyber Loss** means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.

**Cyber Act** means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

**Cyber Incident** means:

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

**Computer System** means:

- a. any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the Insured or any other party.

**Data** means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

## 19. Property not insured

any of the following property unless it is specified in the Schedule:

- a. any standing timber, growing crop, livestock, dam, canal, tunnel, bridge (other than a bridge on the Insured's Premises), dock, pier, wharf, mining property located beneath the surface of the ground, or any land, including but not limited to topsoil and backfill.

## 20. Principal

any:

- a. loss or damage to the contract works or any part thereof which has been taken into use or occupation by the principal, unless such loss or damage occurred during any maintenance period specified in the Schedule and arose in the course of any operations carried out by the contractor solely for the purpose of complying with the stated obligations under the maintenance clauses of the contract; or
- b. loss or damage to any existing structures belonging to the principal, unless such loss or damage occurred to property specified in the Schedule which forms part of the Insured Contract and arose directly out of the performance of the Insured Contract.

## 21. Reckless Acts

Loss, damage, liability, death or incapacity directly caused by or arising from the deliberate or reckless acts of the Insured.

## 22. Riot, Civil Commotion and Industrial Dispute

caused directly by:

- a. partial or total cessation of work; or
  - b. delay, interruption or cessation of any process;
- consequent upon any riot, civil commotion or industrial dispute.

## 23. Sanctions

any cover or liability under the Policy to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that (re)insurer to any sanction, prohibition or restriction under United Nations resolution or the trade or economic sanctions, laws or regulation of the European Union, United Kingdom or United States of America.

## 24. Settling, Shrinkage or Expansion

any normal settling, normal shrinking or normal expansion of buildings, foundations, walls, pavements, roads, or any other structural improvement.

However, this General Exclusion does not apply to resulting damage to other Insured Property arising from this excluded damage that are not otherwise excluded.

## 25. Shortage

any property by disappearance or shortage revealed only by the making of an inventory or by periodic stocktaking, and where such loss is not traceable to any specific event.

## 26. Terrorism

any loss, destruction, damage, liability, death, incapacity, cost or expense directly or indirectly resulting from or in connection with any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this Exclusion, an **Act of Terrorism** means an act, including but not limited to the use of force or violence and/or the 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), committed for political, religious, ideological or similar purposes, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

This Exclusion also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any Act of Terrorism.

If the Insurers allege that by reason of this Exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured. In the event any portion of this Exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

## 27. Vehicles

any kind of motor vehicle or trailer or their accessories while in or on either of them other than as Stock of the Insured.

However, this General Exclusion does not apply to any mobile plant used in and around the Insured's Premises unless the plant is more specifically insured.

## 28. Vessel or Craft

arising out of the ownership or possession of or use under the control of the Insured or any person acting on behalf of the Insured of any vessel or craft or thing made or intended to be waterborne or airborne, or mounted upon such vessel or craft.

## 29. Weather Conditions

any Insured property directly caused by exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

## 30. War, Civil War and Nuclear Weapons

any:

- a. war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority; or
- b. confiscation, requisition, or destruction of or damage to property by order of Government or local Authority unless the order is given for the purpose of controlling fire or other peril for which insurance is provided by this Certificate; or
- c. nuclear weapons material; or
- d. ionizing radiations or contamination by radioactivity from any nuclear fuel or from nuclear waste from the combustion of nuclear fuel, including any self-sustaining process of nuclear fission; or
- e. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

# Warranties

These Warranties only apply if stated in the Schedule and are a condition precedent under the policy. Unless otherwise stated below, if the Insured or any of the Insured's employees fails to satisfy or fails to continue to satisfy the Warranty, and the loss claimed arises from the circumstance or event warranted, indemnity shall not be available under this Insurance.

## Hot Work Operations Warranty

It is hereby understood and agreed that:

This Insurance does not apply to "Property Damage" arising out of "Hot Work Operations" if the Insured or any of the Insured's employees is in breach of any of the following warranties.

### 1. Combustible Material:

All portable combustible material must be removed a minimum of 20 feet away from the working area and adjoining areas.

### 2. Flammable Liquids or Vapours:

Drums, tanks or other containers or explosive liquids or vapours must be cleaned and cleared of flammable or explosive liquids or vapours before work is done on them.

### 3. Pre-Operation Precautions:

When feasible, work area should be wetted down.

### 4. Spark Control:

Sheet metal guards, asbestos blankets and similar protection must be provided to prevent hot metal and sparks from falling on combustible material which cannot be moved.

### 5. Fire Protection:

If the area in which hot work operations are being performed are presently under operative sprinkler protection, the sprinklers in that area must be operative during welding or cutting operations. Suitable fire extinguishers or hand hose must be maintained near the operations, an extra person must be provided in the welding or cutting team whose sole responsibility is to watch for sparks and promptly use the extinguishing equipment.

### 6. Post-Operation Precautions:

After work, a thorough check must be made for smouldering fire in out-of-the-way places, and guard patrol protection must be maintained for a minimum of four hours.

**Hot Work Operations** means:

- a. the process whereby one or more of the parts to be joined is heated near or above its melting point, and the heated surfaces are caused to flow together;
- b. the process of applying heat to red heat the spot to be severed, gouged or pieced, and the metal is burned in a jet of oxygen;
- c. grinding operations that generates sparks;
- d. torch-on roofing operations;
- e. roof tarring operations.

### **Open Flame Heating Warranty**

It is warranted that during the course of construction of the Insured Project where a propane gas heater or other open flame heating device is used; the device will be positioned on fire resistive dry wall board, tied off to a wall or floor with not less than three (3) feet of clear space surrounding it.

### **Watchman Warranty**

It is warranted, and made a condition precedent to recovery under this Certificate, that the Insured shall provide a full time watchman/patrol service, at the project location described in the Certificate upon commencement of "framing" activities and continuing until the project is completed and no longer at the risk of the Insured.

For the purpose of this insurance, the definition of a Watchman shall mean an employee/representative of the Insured or hired professional watchman. This person shall be contracted to patrol the perimeter of the construction site, on a regular basis, during nights and weekends, and at all other times construction activities are suspended.

### **Contractors Warranty**

It is a WARRANTY precedent to this Certificate that all contractors engaged by the Insured have and maintain Commercial General Liability Insurance during construction for a minimum Limit of Indemnity of NZD 2,000,000.00 and / or always greater than the value of the building being worked upon and any works that are adjacent to existing property , with no waiver.

### **Subrogation Warranty**

It is a WARRANTY precedent to this Certificate that there will be no waiver of Subrogation by the Insured.

### **Refuse, Waste and Debris Warranty**

It is hereby warranted that there shall be no refuse, waste or debris burned at the construction site. Refuse, waste and debris to be removed regularly from the site.

### **Fence Warranty**

It is hereby warranted that the entire site is fenced with a fence that has a minimum height of 2 metres and access is controlled.

### **Construction Projects General Conditions**

It is hereby warranted that:

1. Adequate firefighting equipment and sufficient extinguishing agents are available and operate at all times.
2. Access Roads to be able to allow fire trucks to enter the site and access all fire hydrants prior to the start of framing.
3. All private hydrants to be operational prior to the start of framing activities.
4. There shall be no storage of building materials on the roads.

# Soft Costs Extension Endorsement

This additional extension shall only apply when shown in the Schedule.

## Indemnity Agreement

The insurance provided by this Extension Endorsement extends to cover "Soft Costs" resulting from a delay in completion of the project located at the "Project Site" described in the "Declarations" due to damage to the "Project Site" by an insured peril.

This Extension Endorsement shall cover the insured for those "Soft Costs" related directly to the "Project Site" necessarily incurred for the period of time that construction is extended beyond the scheduled completion date as a direct consequence of loss or damage to the "Project Site".

The length of time for which the Insurer shall be liable shall commence from the date that the project was scheduled to have been completed had no direct physical loss or damage occurred and shall terminate on the date that the construction is actually completed or the expiration of the "Indemnity Period" whichever first occurs.

## Additional Exclusions

1. The Insurer shall not be liable for any increase of loss occasioned by:
  - a. the suspension, lapse or cancellation of any lease or license, contract or order;
  - b. the delay of occupancy or use due to interference by strikers or other persons with the transportation of the property, the construction of the project at the "Project Site" described in the "Declarations", or with the rebuilding, repairing or replacing of property covered thereunder or with the occupancy and use of the premises.
2. The Insurer shall not be liable for any consequential loss or remote loss.
3. The Insurer shall not be liable for any delay which results from causes not covered under this Extension Endorsement.

## Deductible

The Insurer is liable only for loss of "Soft Costs" arising out of the delay in construction provided the delay construction provided the delay exceeds seven (7) days and then liability shall exist only for such part of the loss that is for the determined period of delay in excess of seven (7) days.

## Amount of Insurance

The Insurer shall not be liable for more than the amount specified in the "Declarations" for loss covered by this endorsement.

## Additional Conditions

In the event of such loss or damage under this endorsement the Insurer shall only be liable for loss during such period of time that would be required with due diligence and dispatch to rebuild or restore the damaged premises with like kind and quality. The insured shall do everything reasonably possible to minimize the loss.

## Additional Definitions

When used in this Extension Endorsement:

**Soft Costs** means additional interest on borrowed monies; real estate and property taxes; marketing, advertising, architect's, engineer's and consulting fees.

**Indemnity Period** means the period beginning with the date that the project was scheduled to be completed and is limited, in addition to those provisions set out in this endorsement, to twelve (12) consecutive calendar months, but this shall not be limited by the expiration of the Certificate period.