

# Single Project Construction Insurance Policy Wording

Material Damage & Public Liability



## GLOSSARY OF TERMS USED

**‘Aircraft’** means any craft intended to float in or travel through air or space, or float on a cushion of air over the surface of land or water.

**‘Business’** means performance and administration of the Project. It also includes operations incidental to the performance of the Project such as the occupation of temporary premises; the operation of any canteen or other facility for the benefit of Employees; internal first aid services; fire brigade services and the like.

**‘Contractors Plant’** means any tools, plant or equipment owned by You and being used for the Project. It does not include equipment that is rented or leased.

**‘Defects Liability Period’** means the period specified as such in the Schedule for the Project. During the Defects Liability Period, cover under Section One of the Policy is limited to loss or damage:

- that You cause to the Project while rectifying defects; or
- that happens to the Project during the Defects Liability Period but was caused by an event during the physical performance of the Project and prior to Practical Completion.

If Section Two of this Policy is in effect, cover under that Section during the Defects Liability Period is limited to liability arising out of Personal Injury or Property Damage that You caused while rectifying defects.

Where there is no formal agreement between principal and contractor for a Defects Liability Period, the Defects Liability Period for the purpose of this insurance is nil.

**‘Employee’** means any person engaged by You under a contract of service or apprenticeship. This includes both statutory and common law employees.

**‘Endorsement’** means a certificate or replacement Schedule issued by IAA noting alterations or changes to the Policy.

**‘Excess’** is the amount You are required to pay towards all claims. The insurer is only liable for the remaining balance of the insured loss value after application of the Excess.

**‘Existing Structures’** means any structure that was permanently located on the Project site before the Project work commenced.

**‘Flood’** means the covering of normally dry land by water that has escaped or been released from the normal confines of a lake, river or other natural watercourse, reservoir, canal or dam.

**‘IAA’** means Insurance Agency Australia Pty Ltd (ABN 98 166 013 734) as corporate authorised representative (447235) of Underwriting Australia Pty Ltd (AFSL 322536).

**‘Limit of Liability’** means the amount specified as such in the Schedule.

**‘Market Value’** means cost of replacing lost or damaged property with property of similar age, condition and capacity. This includes any necessary installation and commissioning costs.

**‘Occurrence’** means an event that You neither expect nor intend. It includes any continued or repeated exposure of people or property to conditions that are generally the same.

**‘Period of Insurance’** means period shown as such in the Schedule, except it does not begin until the Project starts and it does not continue after Practical Completion. The Defects Liability Period (if applicable) will then follow.

**‘Personal Injury’** means:

- bodily injury, death, sickness, disease, shock, fright, mental anguish or mental injury;
- false arrest, false detention, wrongful imprisonment, or malicious prosecution;
- defamation;
- wrongful entry or wrongful eviction or other invasion of privacy; or
- assault committed by any of Your Employees while engaged in the Business, but not if the assault was committed at Your direction for any reason other than to avoid or reduce harm to people or property.

**‘Policy’** means this policy wording, the application, the Schedule, any extension certificate and any special conditions or

Endorsements issued to You in either electronic or written form.

**‘Pollutant’** means any solid, liquid, gaseous, biological or thermal irritant or contaminant, including but not limited to Waste.

**‘Practical Completion’** means:

- stage at which the Project is complete except for minor omissions and defects that do not prevent it from being reasonably capable of use for its intended purpose; or
- where the Project is subject to issue of a Certificate of Practical Completion or an Occupancy Certificate or equivalent, the date upon which the certificate or permit is issued, or would have been issued but for reasons that do not involve construction work.

**‘Premium’** means the amount payable by You for the insurance provided by IAA under this Policy including all applicable taxes, duties and imposts as invoiced by IAA or on IAA’s behalf.

**‘Principal Supplied Materials’** means the amount specified as such in the Schedule, for materials supplied by the principal/owner.

**‘Product’** means anything that You have manufactured, grown, extracted, produced, processed, sold, supplied, distributed, repaired, serviced, treated, installed, assembled, erected or constructed in the course of the Business.

This includes any packaging and containers. However, none of these things is deemed to

be a Product until after it has left Your physical custody and legal control.

**‘Project’** means the project covered by this insurance. Depending on context, it includes the performance of work on the project and all property and labour incorporated or to be incorporated in the completed project.

**‘Project Value’** means the contract price or, if the work is not performed under contract, the cost that would reasonably have been incurred at commercial rates had the work been performed under contract.

**‘Property Damage’** means physical loss of or damage to tangible property resulting from an Occurrence. It includes consequential loss of use of the property.

**‘Property of Historical Significance’** means any property that is listed on any form of State or National record of heritage or historical properties.

**‘Schedule’** means Schedule of Cover attaching to and forming part of this Policy.

**‘Storm’** means a violent weather condition including but not limited to windstorm, cyclone, tornado, thunderstorm, hailstorm, or snowstorm.

**‘Territorial Limit’** means the territorial limit shown as such in the Schedule.

**‘Vehicle’** means any type of machine on wheels or on self-laid tracks made or

intended to be propelled other than by manual or animal power and any trailer made or intended to be drawn by, or attached to, any such machine.

**‘Waste’** means any material destined to be discarded, recycled, reconditioned or reclaimed.

**‘Watercraft’** means anything intended to float or travel on, through or under water.

**‘You’** and its derivatives mean you in your capacity as an insured entity under this Policy, and who is named as such in the Schedule.

Section Two of this Policy also insures the Contractors and Subcontractors as if they were you, but only where you had a written contractual obligation, to provide the contractor with such cover as afforded under this Policy, prior to the Occurrence. Liquidators, receivers and the like are not insured under this Policy and neither is any company in liquidation, receivership or which has ceased trading.

## GENERAL CONDITIONS

### DUTY OF DISCLOSURE

Before You enter into a contract of general insurance with an insurer You have a duty of disclosure, under the Insurance Contracts Act 1984, to disclose every matter that You know, or could be reasonably expected to know, is relevant to the insurer's decision whether to accept the risk of insurance and, if so, on what terms.

Your duty however does not require disclosure of the matter:

- That diminishes the risk to be undertaken by the insurer;
- That is of common knowledge;
- That Your insurer knows or, in the ordinary course of its business, ought to know; or
- As to which compliance with Your duty is waived by the insurer.

### NON DISCLOSURE

If You fail to comply with Your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a claim or may cancel the contract.

If Your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

### BASIS OF AGREEMENT

This Policy and the Schedule shall be read as one contract.

The insurance provided by the Policy takes into account the information provided in the proposal form and as disclosed elsewhere to IAA at the time of arranging this cover. If You have fulfilled Your duty of disclosure, then, upon payment of the required Premium, IAA will insure You during the Period of Insurance in the manner and to the extent specified in the Policy.

### HEADINGS

The headings of sections in this Policy are for reference purposes only and do not affect interpretation.

### HOW PREMIUM IS CALCULATED

A deposit Premium will be calculated by applying the rate of Premium to the estimated Project Value. On expiry of the Period of Insurance, You must declare the actual Project Value. If this is greater than the estimated Project Value, the Premium will be adjusted on the difference. The additional Premium will then be payable by You.

### PARTIAL OCCUPANCY

The insurance on any part of the Project or the Existing Structures will not cease solely because the part or Existing Structure is taken

over and put to use before completion of the Project as a whole. However, this insurance will not cover any liability caused by or arising out of that use.

### ADMISSION OF LIABILITY

None of the persons Insured shall make any admission of liability, take any action which may be considered to be an admission of liability, or repudiate or settle a claim, without the prior written consent of IAA.

### ALTERATION OF RISK

If changes in risks, plans or methodology occur which may render the previously provided information incorrect at any point during the Period of Insurance You must immediately advise IAA.

### CANCELLATION

The Policy may be cancelled:

- by You at any time, and the Premium will be adjusted on a pro rata basis having regard to the unexpired component of the Period of Insurance, after the Premium on the value of Project work commenced prior to cancellation has been adjusted, subject to minimum premium, and less 20% for IAA's costs.
- by IAA in accordance with the Insurance Contracts Act 1984 by giving You at least 3 business days written notice.

### **CLAIM NOTIFICATION**

If there is any Occurrence which may give rise to a claim under this Policy You must, as soon as reasonably practicable, inform IAA of such Occurrence, and provide all information and assistance which IAA may reasonably require in relation to investigating the Occurrence.

### **FRAUD**

If You make a claim that is in any way fraudulent, IAA will have the right to cancel this Policy, and may seek legal recourse against You.

### **SUBROGATION**

Except as expressly provided in the Cross Liability and Waiver of Subrogation clause in Section Two of this Policy, where You have a right to recover Your loss from any other party, then, if we have accepted Your claim, IAA will be entitled to exercise that right in Your name and to its own benefit. You must take all reasonable steps and provide all assistance reasonably necessary to assist us in exercising this right.

### **INSPECTION**

You must allow IAA to inspect the insured property and examine any records or documentation as soon as is practicable after notification of IAA's intent to do so.

### **RISK MANAGEMENT**

At all times You must :

- fully comply with manufacturer's instructions; and
- fully comply with all relevant licensing restrictions and work place authority regulations; and
- take all reasonable steps to prevent incurring any loss, damage or liability; and
- ensure that any person who is engaged to perform work is suitably skilled and qualified.

### **SEVERABILITY**

Any term of condition of the Policy that is illegal or unenforceable may be severed from this Policy and the remaining terms and conditions of the Policy, or parts thereof, continue in force.

## **SECTION ONE MATERIAL DAMAGE**

### **INSURANCE PROVIDED**

IAA agrees to indemnify You for any sudden and accidental physical loss or damage to Your insured property that You could not reasonably have expected to occur, where that loss/damage occurs within the Territorial Limit during the Period of Insurance.

The following additional benefits (1-5) are provided by the Policy:

### **1. VARIATIONS AND ESCALATION**

If during the Period of Insurance there are variations to the Project, or an escalation in value due to inflation, then the Policy covers an additional 10% (unless a different amount appears in the Schedule) of the sums insured for Project Value and Principal Supplied Materials.

### **2. REMOVAL OF DEBRIS**

This sum insured covers the necessary cost of demolishing insured structures prior to replacement, and disposing of debris. The Policy will cover 10% (unless a different amount appears in the Schedule) of the sums insured for Project Value, Principal Supplied Materials, Existing Structures and Contractors Plant.

### **3. PROFESSIONAL FEES**

This sum insured covers professional fees necessarily incurred in reinstating insured property on the Project site, including those of architects, surveyors and consulting engineers or similar. It does not include fees incurred in preparing Your claim or negotiating the outcome of a claim. The Policy will cover 10% (unless a different amount appears in the Schedule) of the sums

insured for Project Value and Principal Supplied Materials.

#### 4. EXPEDITING COSTS

This sum insured is provided for the costs of express delivery within Australia, the hire of additional equipment and the costs of purchasing resources necessary to reinstate, repair or replace the insured property. Cover for delivery is limited to use of licensed airlines operating on a regular scheduled service. Costs associated with chartered Aircraft are not covered.

The Policy will cover 5% (unless a different amount appears in the Schedule) of the sums insured for Project Value, Principal Supplied Materials and Existing Structures.

#### 5. MITIGATION COSTS

This sum insured covers the reasonable cost of actions taken to reduce the size of an insured loss. It applies to actions taken after damage has commenced, or is otherwise inevitable.

The Policy will cover 5% (unless a different amount appears in the Schedule) of the sums insured for Project Value, Principal Supplied Materials and Existing Structures.

#### BASIS OF SETTLEMENT

- IAA will pay the cost of reinstating or repairing the insured property to a condition

the same as but not better than its condition immediately prior to the loss or damage, less the Excess shown in the Schedule.

- If the damage can be repaired, then settlement will be based on repair, unless the cost of repair exceeds that of replacement.
- Where the loss or damage is for Contractors Plant, settlement will instead be based on the lesser of the Market Value of the property or the cost of repair or replacement.
- Any amount paid will be limited by the relevant sum insured shown in the Schedule, prior to deduction of the Excess.
- Where You have been indemnified for insured property, any remaining salvage value of that property will belong to IAA.
- IAA will not cover the cost of any modification or improvement made to insured property during its reinstatement.

### SECTION ONE - CONDITIONS

#### REINSTATEMENT OF SUM INSURED

Following loss or damage to insured property the amount by which the sum insured is reduced as a consequence of the loss or damage will be automatically reinstated as from the date of loss. This reinstatement does not apply where the loss or damage is deemed to be a total loss. You may be required to pay additional Premium for the reinstatement at the original rate of Premium.

#### AVERAGE CLAUSE

If at the time of loss the sum insured on the insured property is less than 85% of its full value as required to indemnify You within the terms of this Policy, the claim payment will be reduced in proportion to the difference between 85% of the full value of the property and the sum insured. Where this is to be applied the full value of the property will be determined by a registered valuer, or similar professional who will take into account its defined meaning.

#### LOSS ACCUMULATION

For the purpose of the application of the Excess all loss or damage to insured property arising during any period of seventy two consecutive hours caused by Storm, tempest, Flood, cyclone or earthquake shall be deemed to be a single Occurrence. You may choose the time at which a 72 hour period commences, but no two periods may overlap.

### SECTION ONE - EXCLUSIONS

Section One of Your Policy does not cover loss or damage directly or indirectly arising from, or in connection with:

#### BREAKDOWN

Mechanical, electrical and/or electronic

breakdown or malfunction of any plant, equipment or machinery.

#### **BUSHFIRE WITHIN 14 DAYS**

Any bushfire, grass fire or scrub fire occurring within 14 days following inception of the Policy.

#### **CONSEQUENTIAL LOSS**

Consequential loss of any kind, including penalty, loss due to delay, lack of performance, or loss of contract.

#### **CONTENTS**

Any household items, including but not limited to furniture, artwork, entertainment equipment, and white good, that are not permanently wired, plumbed or fixed to the building, or intended to be so.

#### **CONTRACTORS PLANT**

Any Contractors Plant located away from the Project site.  
Any Contractors Plant at the Project site, unless a sum insured for this is stated in the Schedule.

#### **DEWATERING**

Costs associated with the installation and operation of any dewatering equipment or any other dewatering operations.

#### **EARTHWORKS**

Costs associated with the reinstatement of form or position of any earth, soil, rock or other natural substance forming part of the Project site, except as is necessary in reinstating a separate insured loss.

#### **ELECTRONIC DEVICES**

Any computer, software, computer accessory or mobile communication device unless otherwise stated in the Schedule.

#### **EXISTING STRUCTURES**

Any Existing Structures, except where a sum insured is specified for this in the Schedule.

#### **GRADUAL DETERIORATION**

Wear and tear, corrosion, oxidation, change of colour or abrasion, howsoever caused, or deterioration from lack of use or normal atmospheric conditions.

#### **HERITAGE BUILDING**

Any additional costs associated with a Property of Historical Significance, or parts thereof, when compared to modern functional equivalents using readily available materials from suppliers in Australia.

#### **INVENTORY**

Any loss that is discovered only by taking an inventory unless You can prove the time and cause of the loss.

#### **TEMPORARY REPAIRS**

Any temporary repairs other than as provided for as a Mitigation Cost as described in Section One of this Policy.

#### **VEGETATION**

Any loss or damage of trees or plants of any kind.

#### **WORKMANSHIP**

The cost of correcting any fault, defect, error or omission in material, workmanship or design.

## **SECTION TWO PUBLIC LIABILITY**

#### **INSURANCE PROVIDED**

IAA agrees to indemnify You for sums that You become legally liable to pay for compensation in respect of Personal Injury or Property Damage as the result of an Occurrence in connection with the Project, where occurring during the Period of Insurance and within the Territorial Limits.

In addition to the cover provided, but subject to the Limits of Liability, the following costs are also covered by the Policy, if they are incurred by IAA or by You with IAA's consent.



- Legal and other costs incurred in connection with any liability or allegation of liability to which this insurance applies.
- All interest accruing from the entry of judgement against You until IAA has paid such part of the judgement as does not exceed the Limit of Liability.

## SECTION TWO - CONDITIONS

### CROSS LIABILITY AND WAIVER OF SUBROGATION

Each party insured under Section Two of this Policy will be insured as if a separate policy had been issued to each. This is called 'Cross Liability'. This does not increase any Limits of Liability, which apply to all parties collectively. Where a claim of Cross Liability occurs, IAA waives all rights of subrogation or action which it may have or acquire against any party who is insured.

## SECTION TWO - EXCLUSIONS

Section 2 does not cover liability directly or indirectly arising from, or in connection with:

### ASSAULT AND BATTERY

Personal Injury or Property Damage caused by You, with Your knowledge, or at Your direction.

### DANGEROUS GOODS

Fireworks, ammunition, gunpowder, nitro-glycerine, celluloid, pyroxylin or other explosives. This also includes gases under pressure in containers in quantities exceeding 500 litres in total.

### DEFAMATION

The publication of a libel, utterance of a slander or defamation, made by You or with Your authority, that You could reasonably have known was false or unlawful.

### DISEASE

The contraction or transmission of any communicable disease.

### FRAUD

Any act of fraud, embezzlement or misappropriation, made by You or with Your authority.

### INJURY TO EMPLOYEES

Personal Injury to any person employed by You or deemed by law to be employed by You. This includes any claim that is within the scope of compulsory worker's compensation insurance, even if that compulsory insurance has not been taken out.

### LOSS OF USE

The loss of use of any property, that is not itself lost, destroyed or damaged, caused by

or arising out of any delay or lack of performance, any design or defect, or Your failure to comply with Project specifications.

### MOLESTATION

The molestation of, or physical or psychological interference with, any person.

### POLLUTION

The actual, alleged or threatened discharge, dispersal, release, seepage, migration, emission or escape of Pollutants, any costs associated with removing, nullifying or cleaning up any Pollutant, or any costs incurred in preventing the escape of any Pollutant. This does not however apply to any sudden and unexpected identifiable event that took place entirely at a specific time and place.

### PRODUCT LIABILITY

Any liability arising out of a Product.

### PROFESSIONAL ADVICE

The provision or failure to provide professional advice or service by You or on Your behalf, or any error or omission in any such advice.

### RADIATION

Ionising radiation or contamination by radioactivity from any nuclear fuel, nuclear Waste, or radioactive explosive.



### **SWIMMING POOLS**

Any failure by You or Your Employees to take the following precautions:

- Any excavation must be kept constantly drained when left unattended.
- Any excavation must be kept fenced or hoarded-off when left unattended.
- Any pool or spa must be surrounded by fencing in compliance with all relevant regulations when they are left unattended with water in them.

### **UNDERGROUND SERVICES**

Any excavation, except where You have contacted the appropriate authorities to verify the location of any underground services, have obtained a plan which shows their location prior to commencement of work, and take reasonable care to avoid the pipes or cables.

### **VIBRATION, REMOVAL OR WEAKENING OF SUPPORTS**

The vibration, removal or weakening of or interference with support to land, buildings or any other property, except where:

- any works leading to such is performed entirely by suitably qualified and insured contractors,
- a dilapidation report on the affected property was completed prior to the Occurrence, and

- the work that vibrated, weakened or removed the support was performed in strict accordance with the plans and specifications for the work.

## **GENERAL EXCLUSIONS**

Both Section 1 and Section 2 of the Policy do not cover loss, damage or liability directly or indirectly arising from, or in connection with:

### **AIRCRAFT AND WATERCRAFT**

Any activity performed on or with any Aircraft or Watercraft.

### **ASBESTOS**

Any asbestos or any material containing asbestos in any form or quantity.

### **CESSATION OF WORK**

Any cessation of work exceeding 60 consecutive days, or immediately following abandonment of work.

### **DEMOLITION**

Demolition work over 10m in height, and any demolition work that is not permitted within the scope of Your licence.

### **ELECTRONIC DATA**

Any data that can be, or has been, distributed

or stored by electronic, electrical or electromechanical equipment and includes programs, software and coded instructions for such equipment.

### **MOULD**

Mould, mildew, fungus, spores or other micro organism of any type.

### **PESTS AND VERMIN**

Loss or damage caused by the action of vermin, termites, moths, or other insects.

### **TRANSIT**

Any transit of materials or structures outside of the Territorial Limits, or any transit of the whole or part of any kit home, whether or not within Territorial Limits.

### **VEHICLES**

Any Vehicle licenced for road use, or any Watercraft or Aircraft.

## **IMPORTANT INFORMATION**

### **ABOUT INSURANCE AGENCY AUSTRALIA PTY LTD**

Insurance Agency Australia Pty Ltd (IAA) A.B.N. 98 166 013 734 is a Corporate Authorised Representative (447235) of Underwriting Australia Pty Ltd (AFSL 322536).

IAA specialises in developing and providing tailored insurance solutions in Australia. To find out more about us, visit [www.insuranceaa.com.au](http://www.insuranceaa.com.au), contact us at [admin@insuranceaa.com.au](mailto:admin@insuranceaa.com.au), by phone (08) 9248 3679 or by post at PO Box 1768 Malaga WA 6090.

## PRIVACY STATEMENT

IAA uses personal information You have provided for the purposes of assessing Your request for insurance, issuing, administering and managing Your insurance, and may also occasionally notify You of other IAA products. In providing Your insurance, IAA may need to share Your information with third parties including Your agent or broker, IAA's reinsurers and claims service providers.

## TERRORISM COVER

The Commonwealth Government has enacted the Terrorism Insurance Act 2003 (the Act). Under the Act, eligible insurance contracts are now deemed to cover terrorism risks as defined in the Act. Cover afforded under the provision of the Act is otherwise limited by the sum insured and is subject to the terms, Conditions, Exclusions and limitations of the Policy. The Act contains terms which require that the insurer submit a percentage of the Premium You pay to the Commonwealth Government.

## GST

This Policy has a GST provision in relation to Premium and our payment to You for claims. If You are not registered for GST, then Your sums insured and Limits of Liability under the Policy are inclusive of GST. If You are registered for GST, then Your sums insured and Limits of Liability under the Policy are exclusive of GST.

When we calculate the amount we will pay You for a claim, where we have agreed to pay the claim, IAA will reduce the GST amount it pays by the amount of any Input Tax Credit (ITC) to which You are entitled. Where a payment is made under this Policy as compensation instead of payment for a relevant acquisition, IAA will reduce the GST amount it pays by the amount of any ITC to which You would have been entitled had the payment been applied to a relevant acquisition.

## DISPUTE RESOLUTION

If a situation arises where You would like to make a complaint, IAA will try to resolve it as promptly and reasonably as possible. Please contact IAA's service staff in this case. If You prefer to address the matter in writing send it to: [team@underwriting.com.au](mailto:team@underwriting.com.au), or mail to: "Customer Service Underwriting Australia Pty Ltd PO Box 7100 McMahon's Point NSW 2060."

The Customer Service team is trained to respond to Your concerns efficiently and professionally. If they are not able to resolve the matter to Your satisfaction, they will request that their Supervisor or Manager address Your concern.

You will be notified of IAA's decision within 15 working days of us receiving notice of the dispute.

### **If Your complaint is still unresolved**

If Your concern is not resolved to Your satisfaction You may contact the:

Financial Ombudsman Service

GPO Box 3 Melbourne VIC 3001

Phone. 1300 780 808. Fax. (03) 9613 6399

Email. [info@fos.org.au](mailto:info@fos.org.au), Web. [www.fos.org.au](http://www.fos.org.au)