Annual Project Policy

ABOUT MECON INSURANCE LIMITED

MECON Insurance - Ltd (MECON) Company Number 5604485 and NZBN 9429041620298 has established a professional insurance service specialising in providing insurance solutions for construction project activities. MECON offers easily understood policies and extensions that are available to meet your requirements.

MECON has been founded on the principles of simplicity, integrity, service and innovation - all supported by experienced and knowledgeable staff.

If you would like any further information about MECON, please visit our website www.mecon.co.nz or contact our staff at customerservice@mecon.co.nz or by phoning 0800 632 666.

MECON administers this Policy on behalf of AIG Insurance New Zealand Limited.

ABOUT AIG INSURANCE NEW ZEALAND LIMITED

This insurance is issued/insured by:

AIG Insurance New Zealand Limited (AIG)
Company number 3195589
Level 19, The AIG Building,
41 Shortland Street, Auckland 1010

AIG is the marketing name for the worldwide property-casualty, life and retirement, and general insurance operations of American International Group, Inc.

American International Group, Inc. (AIG) is a leading insurance organization serving customers in more than 100 countries and jurisdictions. AIG companies serve commercial, institutional, and individual customers through one of the most extensive worldwide property-casualty networks of any insurer. In addition, AIG companies are leading providers of life insurance and retirement services in the United States. AIG common stock is listed on the New York Stock Exchange and the Tokyo Stock Exchange.

GENERAL INFORMATION

Basis of Agreement

Subject to payment of the required premium, we will insure you during the Period of insurance in the manner and to the extent specified in the Policy.

Other Information

Please refer to the Important Information section which includes contacting MECON, confirming transactions and your duty of disclosure.

Interpretation

The headings of clauses in this Policy are for reference purposes only. No specific meaning can be placed on any heading.
References in this Policy to any legislation, statute, regulation, code or other law or a provision of any of them include:

- any amendment, replacement or equivalent of them; and
- any regulation or other statutory instrument made under them, or made under them as amended, replaced or under their equivalent.

Your Insurance Policy Information

Your insurance Policy is made up of:

- this document.
- the Schedule (this also tells you who the Insurer is).
- any endorsement or notice we give you in writing.
- information supplied to us in submissions made by you or your insurance broker, whether verbal or in writing.

- The Policy, Schedule and endorsements (if any) will be read together and any word or expression which has a specific meaning in this Policy will have the same meaning wherever it may be used, unless the Policy specifically says it does not.

There are two policies in this document; Material Damage and, by way of endorsement (should you elect the cover), AIG\MECON Combined Liability Cover.

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GLOSSARY OF TERMS

Please read this Glossary first. It will help you understand the Policy. Defined words appear as shown below throughout the Policy wording:

Aircraft means craft intended to float in or travel through air or space.

Deductible is amount payable by you shown in the Schedule or elsewhere in the Policy for each claim made (including costs incurred in defence of such claims).

Defects Liability Period means lesser of the Maximum Defects Liability Period shown in the Schedule and the period specified in the contract for the Project. During the defects liability period, cover under the Policy is limited to loss or damage that originates from a cause that happens to the Project:

a. while you are rectifying defects, and /or
b. during the construction work at the Project site.

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.

Flood means covering of normally dry land by water that has escaped or been released from the normal confines of:

a. any lake, or any river, creek, or other natural watercourse, whether or not altered or modified; or
b. any reservoir, canal or dam.

Insurer means AIG Insurance New Zealand Limited, Company number 3195589.

Major Hazard means loss or damage resulting from collapse, erosion, fire, Flood, landslip, Natural Disaster, rain, Storm, subsidence or water.

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.

MECON means MECON Insurance Limited, Company Number 5604485 and NZBN 9429041620298.

Minor Hazard means loss or damage resulting from any cause other than a Major Hazard.

Natural Disaster means:

a. earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these; or
b. measures taken under proper authority, following an event listed in a. to:
   i. avoid it spreading, or
   ii. reduce its consequences.

Period of Insurance in this Policy has the following meaning:

a. Annual Turnover Basis:
Where this insurance is shown in the Schedule as being on this basis, the period of insurance begins for any Project at the start of the Policy Period or at the start of the Project, whichever is the later. It ends with Practical Completion, the expiry of the Maximum Project Duration (shown in the Schedule) or at the end of the Policy Period, whichever occurs first. The Defects Liability Period (if applicable) will immediately

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follow Practical Completion; but only where Practical Completion takes place before the end of the Policy Period. For the purpose of clarification, there will be no Defects Liability Period if Practical Completion takes place after the end of the Policy Period.

b. *Project Run-Off Basis:*
Where this insurance is shown in the Schedule as being on a Project Run-Off basis, the period of insurance begins for each Project from the date the Project commences during the Policy Period. It ends with Practical Completion or on expiry of the Maximum Project Duration shown in the Schedule, whichever occurs first. The Defects Liability Period (if applicable) will immediately follow Practical Completion but only where Practical Completion takes place before the end of the Maximum Project Duration. For the purpose of clarification, there will be no Defects Liability Period if Practical Completion takes place after the end of the Maximum Project Duration.

Notwithstanding the above, the period of insurance for each part of the Project will end at the time such part pf the Project attains Practical Completion or is taken over by the principal or put into service or is a deemed separable portion (or the equivalent) or a certificate of partial completion (or its equivalent) is issued for that part, whichever occurs first. This will be so even if the Project as a whole has not yet attained Practical Completion. The Defects Liability Period (if applicable) for that part will then follow. Where this Policy is not renewed, the insurance does not extend beyond the Policy Period for Contractor's Plant, Tools and Reusable Equipment insured under Item 1.05.

Policy means this Material Damage cover including the Schedule and any endorsement or notice we give you in writing.

Policy Period means period for which the Policy is in force. The period begins and ends on the dates shown in the Schedule.

Practical Completion means:

a. the stage when a Project is formally accepted by its owner, or the principal named as such in any contract, as being complete and is handed over to them and up to 90 days after such owner or principal formally accepts the Project as complete, but only if your contract requires this; or
b. in circumstances where you are a property developer and also the principal, the time a certificate of Practical Completion or occupancy (or their equivalent) is issued.

Project means any project covered by this insurance. It includes the performance of work on the project and all property and labour incorporated or to be incorporated in the completed project.

For the avoidance of doubt, a 'project covered by this insurance' is one having a Project value up to, but not exceeding, the aggregate sums insured for Items 1.02 (Maximum Project Value) and 1.06 (Variations and Escalations).

(Note: Exclusions in the Policy prevent some types of projects from being insured under this Policy.)

Schedule means schedule of cover attaching to and forming part of this Policy.

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

Territorial Limit means anywhere in New Zealand and elsewhere shown in the Schedule.

Vehicle is 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.

Watercraft is anything intended to float or travel on, through or under water.

we means MECON Insurance Limited, Company Number 5604485 when acting as agent for the **Insurer.**

you/your means you in your capacity as the insured entity specified as the "Insured" in the Schedule and other entities which are included elsewhere in the Policy.

This Policy also insures the principal named as such in any contract for the performance of an insured Project, but only to the extent of its joint interest in the Project. Accordingly, "you" also means the principal where necessary for that purpose.

Note: Our rights to recover off you (sometimes referred to as our "subrogation rights") are limited to those set out in the General Condition headed Subrogation.

MATERIAL DAMAGE

Insurance Provided

1.00 Insuring Clause

We will indemnify you for physical loss or damage to any property insured, within the **Territorial Limit** and during the Period of Insurance, in respect of:

a. construction works; and
b. testing and commissioning cover; and
c. defects liability cover (if applicable); and
d. transit and off-site storage and/or construction by you within the Territorial Limits of Project materials off-site.

Cover under this Policy is subject to all terms of this insurance. Our indemnity will not exceed the sum insured shown in the Schedule or elsewhere in the Policy.

1.01 Sums Insured, Property Insured and Insured Costs

Items 1.02 to 1.13 describe components of the total sum insured and include reference to special conditions related to the sums insured.

1.02 Maximum Project Value

This Item covers the maximum value of any Project that will fall within the scope of this Policy during the Policy Period. It covers all of the property and labour included in the Project's value. This sum insured is shown in the Schedule.

Additional Benefits

1.03 Principal Supplied Materials

This Item covers materials and components supplied by the principal (the value of which is not included in the Project value). This sum insured is shown in the Schedule.

1.04 Existing Structures

This Item covers any structure, which was permanently located on a Project site before the Project work commenced. This sum insured is shown in the Schedule.

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1.05 Contractor's Plant, Tools and Reusable Equipment

This Item covers plant, tools and reusable equipment such as formwork, hoardings, scaffolding and temporary buildings. This includes any plant, tools and reusable equipment for which you are responsible. This sum insured is shown in the Schedule.

1.06 Variations and Escalation

This Item covers the added value of alterations and extensions (usually called 'variations') to a Project. It also covers any escalation in the value at risk due to inflation during the Period of Insurance.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 20% of the sum insured on Items 1.02 and 1.03. It is available in full for any one loss or series of losses arising out of any one event.

Following physical loss or damage indemnified under clause 1.00 we will, in addition, indemnify you up to the sums insured shown in the Schedule for costs and expenses incurred by you for Items 1.07 to 1.12.

1.07 Removal of Debris

This Item covers the necessary cost of demolishing Project work and disposing of debris following physical loss or damage covered by this insurance.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 10% of the sums insured on Items 1.02, 1.03, 1.04 and 1.05.

1.08 Professional Fees

This Item covers professional fees necessarily incurred in reinstating physically lost or damaged property insured on the Project site. The insured fees include those of architects, surveyors and consulting engineers or other similar professional fees, but not fees incurred in preparing claim submissions or negotiating claims.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 10% of the sums insured on Items 1.02 and 1.03.

1.09 Expediting Costs

This Item covers the extra cost of expediting the reinstatement of property insured following physical loss or damage to which this insurance applies. The insured costs include those of express delivery, overtime wages, hire of additional labour and equipment and carriage by airfreight. However, cover on the cost of airfreight only applies to the use of licensed airlines operating regular scheduled services. It does not include the use of chartered Aircraft.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 5% of the sums insured on Items 1.02, 1.03 and 1.04.

1.10 Mitigation/ Temporary Protection Costs

This Item covers the reasonable cost of taking emergency action to reduce the size of an insured loss. The cover applies to action taken after physical loss or damage has commenced or when it is otherwise imminent and inevitable.

Unless a different sum insured appears in the Schedule for this Item, the sum insured will be equal to 5% of the sums insured on Items 1.02, 1.03 and 1.04. It is available in full for any one loss or series of losses arising out of any one event.

1.11 Leak Search and Repair Costs

This Item covers the cost of searching for and repairing leaks in pipelines that suffered physical loss or damage, but only where the physical loss or damage discovered in the pipeline falls within the scope of cover under this Policy.

Cover under the Item shall be limited to the cost of:

a. searching for and locating leaks, including the cost of excavation for that purpose;
b. effecting repairs; and
c. replacing the excavated material.

The most that we will pay for these costs in total for the Period of insurance is the sum insured shown in the Schedule for this Item. If no such sum is shown, the most that we will pay for these costs in total for the Period of insurance is $250,000 in the aggregate.

1.12 Testing and Commissioning

This Item covers physical loss or damage occurring during any testing and/or commissioning operations, or pre-commercial operational running, or trial operations to new electrical and mechanical equipment for a period not exceeding four weeks, unless a longer period is specified in the Schedule. Provided that, the testing and commissioning period must be specified in a contract for the Project and will not exceed the lesser of:

a. the duration specified in that contract; or
b. the period shown in the Schedule or, if no period is shown in the Schedule, four weeks.

1.13 Reinstatement of Sums Insured

Other than for a Natural Disaster event, where a sum insured is reduced by payment of a claim, it will be automatically reinstated to its original amount. This will take effect from the time of the physical loss or damage. You will have to pay the reasonable extra premium which we require for the reinstatement.

How Premium is Calculated

2.00 Premium is calculated as shown in 2.01 to 2.05 below.

2.01 Annual Turnover Basis

If the insurance is on an Annual Turnover Basis, a deposit premium will be calculated by applying the rate of premium to the estimated annual turnover from all Projects to be insured.

On expiry of the Policy Period, you must complete a declaration form confirming the annual turnover actually earned from Projects. If this is greater than the estimated annual turnover, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the turnover from any Project has been omitted from your declaration of annual turnover, that Project is deemed excluded from cover under this Policy.

2.02 Project Run-Off Basis

If the insurance is on a Project Run-Off Basis, a deposit premium will be calculated by applying the rate of premium to the estimated total value of all Projects that you expect to commence during the Policy Period.

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On expiry of the Policy Period, you must complete a declaration form confirming the total value of all Projects actually commenced during that period. If this is greater than the estimated total value of Projects expected to have commenced, the premium will be adjusted on the difference. The additional premium will then be payable by you.

If the Schedule shows a different basis for premium adjustment, the different basis will apply instead of the above.

If the value of any Project has been omitted from your estimate or declaration of the total value, that Project is deemed excluded from cover under this Policy.

2.03 Premium for cover under Items 1.03, 1.04 and 1.05 will, at the time of underwriting, be either calculated by applying the rate of premium to the sums insured or will be a fixed premium.

2.04 Premium for cover under Items 1.07, 1.08, 1.09, 1.10, 1.11 and 1.12 is included in the premium specified in clause 2.00. Reducing any automatic sum insured under these Items will not reduce the premium.

2.05 Additional premium will be payable for any optional endorsement that increases the amount of cover.

Basis Upon Which Claims are Paid

3.00 For property insured, other than Plant, Tools, Reusable Equipment insured under Item 1.05, we will pay the cost of reinstating the property insured to a condition the same as but not better than its condition immediately before the physical loss or damage with allowance for any Deductible.

We will not pay more than the sum insured on any lost or damaged property and, although the total Project turnover or value of Projects must be declared at the end of the Period of insurance (see Item 2.01 or 2.02 above), the sum insured shown in the Schedule at the time loss or damage happens will be used to adjust the claim for that loss or damage. Where appropriate, your reasonable mark-up or margin applicable to the Project will be included in any settlement.

3.01 Where property insured has been destroyed and you have been fully indemnified for it, any remaining salvage value of that property will belong to us.

3.02 If the physical loss or damage happens to Plant, Tools, Reusable Equipment insured under Item 1.05, payment will be based on the lesser of the Market Value of such property insured and the cost of repair unless such property is not more than 24 months past its purchase date when new, in which case we will pay the lesser of the current new replacement value of such property or the cost to repair such property.

3.03 Physical loss or damage resulting from earthquake, fire, water, rain, landslip, erosion, subsidence, collapse, Storm or Flood during any period of ninety-six consecutive hours will be deemed one event of physical loss or damage for the purpose of applying a Deductible. You may choose the time at which a 96-hour period commences, but no two periods may overlap.

3.04 Where you have effected separate “marine cargo insurance”, in the event of physical loss or damage to property insured being discovered after the marine voyage has terminated under such marine cargo insurance, and if after proper investigation it is not possible to ascertain whether such physical loss or damage happened prior to the termination of the marine voyage, or subsequently, we will contribute 50% of the properly adjusted claim, provided that the marine cargo insurers also agree to contribute 50% of the claim. Such contribution to be without prejudice to subsequent final apportionment of the claim as may be agreed between us and the marine cargo insurers in the light of the terms and conditions of the respective policies.

It is further agreed that in the event of the Deductible under this Policy being different from the deductible/excess under the marine cargo insurance policy, in settling claims as described above, each insurer shall deduct 50% of its deductible/excess from its 50% share of the adjusted claim.

3.05 Where the property insured sustains physical loss or damage, which we deem to be total, but the foundations are not destroyed, and due to the exercising of statutory powers and/or delegated legislation and/or authority by Government Department, Local Government or any other Statutory Authority reinstatement of the Project has to be carried out upon another site, then the abandoned foundations will be deemed to be lost too.

3.06 This insurance does not cover the cost of any modification or improvement made to property insured during its reinstatement following physical loss or damage.

Exclusions

4.00 Cover under the Policy is subject to the following exclusions.

4.01 Aluminium Composite Panelling

This insurance does not cover any loss or damage in connection with the combustion of ACP where such combustion directly or indirectly results from, or is exacerbated by, or is due to the application of heat:

i. from any source connected with a Project, or
ii. connected with, from or due to anyone allowed on the Project site.

For the avoidance of doubt, “the Project site” does not include other tenancies or common areas in a complex where the Project is being undertaken.

For the purpose of this exclusion only, “ACP” means Aluminium Composite Panelling of a type which is not approved by relevant authorities for use in new construction work.

4.02 Breakdown

This insurance does not cover loss or damage caused to:

a. secondhand machinery forming part of the Project; or
b. any plant, tools or reusable equipment;

through its own mechanical, electrical or electronic breakdown, failure or derangement.

4.03 Cessation of Work

This insurance does not cover loss or damage happening to the Project if no physical building work has been carried out on it for more than sixty consecutive days unless, prior to or during the sixty days, you have notified us that you require cover to continue and you have received our written acceptance of extended cover.

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4.04 Communicable Disease

a. This insurance does not cover any loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease regardless of any other cause or event contributing concurrently or in any other sequence.
b. In this insurance, a 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 bodily injury, illness, damage to human health, human welfare or property.

4.05 Consequential Loss

This insurance does not cover consequential financial loss such as any penalty, any loss due to delay, lack of performance or loss of contract, or any liquidated damages.

4.06 Design, Material and Workmanship

This insurance excludes loss of or damage to and the cost necessary to replace, repair or rectify:

a. any component part or individual item of property insured which is defective in design plan specification materials or workmanship;
b. property insured lost or damaged to enable replacement repair or rectification of property insured excluded by a. above.

Note: a. above shall not apply to other parts or items of property insured which are free from defect but are lost or damaged in consequence thereof.
For the purpose of the Policy and not merely this exclusion, property insured shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design plan specification materials or workmanship in the property insured or any part thereof.
Despite anything in this exclusion to the contrary, the cost of removal and disposal of undamaged parts of the Project necessary to enable the lost or damaged parts of the Project to be replaced, repaired or rectified are covered up to $50,000 for any one claim event.

4.07 Electronic Data

This insurance does not cover any loss or damage arising in connection with Electronic Data. However, this does not apply where the loss is a direct consequence of loss or damage to property insured.

'Electronic Data' means data that can be, or has been, distributed or stored by electronic, electrical or electro-mechanical equipment and includes programs, software and coded instructions for such equipment.

4.08 Fungus, Mildew and Mould

This insurance does not cover any loss or damage to the Project directly or indirectly connected with any type of biological contaminant, including but not limited to any kind of fungus, mildew or mould and any substance produced by, emanating from, or arising out of any fungus, mildew or mould, unless the parts of the Project biologically contaminated are in addition to other parts of the Project which have suffered loss or damage resulting from a Major Hazard event where, due to the event, access to the Project site was prevented and work on the Project could not be resumed following the event.

4.09 Insurance Sanctions

If, by virtue of any law or regulation which is applicable to us, our parent companies or our ultimate controlling entity, at the inception of this insurance or at any time thereafter, providing coverage to you is or would be unlawful because it breaches an applicable embargo or sanction, we will provide no coverage and have no liability whatsoever nor provide any defence to you or make any payment of defence costs or provide any form of security on your behalf, to the extent that it would be in breach of such embargo or sanction.

4.10 Internet Operations

This insurance does not cover any loss or damage directly or indirectly caused by or arising from your Internet Operations.

"Internet Operations" means any of the following:

a. the use of any electronic mail system by you or by anyone else at your order or with your consent; or
b. access through your network to the World Wide Web or a public Internet site by you or by anyone else at your order or with your consent; or
c. access to your internal company information and computing resources that is made available through the World Wide Web; or
d. the operation and maintenance of your web site.

This exclusion will not apply to loss or damage arising out of any material reproduced on your web site that is already in print by a manufacturer in support of its products. However, the exclusion will apply to any other advice or information located on your website for the purpose of attracting customers.

4.11 Inventory

This insurance does not cover loss that is discovered only by taking an inventory unless you can prove the time and cause of the loss.

4.12 Ocean Shipment

This insurance does not cover loss or damage arising during transit by sea unless the shipment is by barge or roll-on, roll-off ferry in coastal waters within the Territorial Limit.

4.13 Other Insurance

a. If you make a claim under this Policy in respect of an event recoverable under this Policy which claim is, or may be, covered in whole or in part by any other contract of insurance, then you must advise us of the full details of such other insurance when making a claim under this Policy.
b. Despite anything contained in this Policy to the contrary, where you have effected any other contract of insurance or are a beneficiary under any other contract of

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insurance or where any third party beneficiary under this Policy has entered into any other contract of insurance and/or has effected any other contract of insurance which but for the existence of this Policy would cover any claim under this Policy then we shall in respect of such claim not be liable to pay any amount except to the extent that the amount of such claim exceeds the amount payable under such other contract of insurance.

c. This exclusion shall not operate in respect of a claim by you where you are a contracting party to, or has entered into, this Policy and where you are also a contracting party to, or has entered into, the other contract of insurance.

4.14 Paper Records and Money

This insurance does not cover loss of or damage to paper records, including but not limited to files, drawings, accounts, deeds, bills and evidence of debt. Nor does this insurance cover loss of or damage to any currency, money, stamps, securities or cheques.

For the avoidance of doubt, loss of money includes that money paid to a supplier for services, goods or materials which the supplier fails to supply to you, unless the cause of non-supply is sudden and accidental physical damage to such goods or materials.

Despite this exclusion, costs (including overtime working or research) in re-writing or re-drawing or re-creating plans and drawings or other contract documents or data including computer data as a result of loss or damage are covered by the Policy. Unless another amount is shown in the Schedule, the maximum amount payable for these items is $20,000.

4.15 Radioactive Contamination

This insurance does not cover any loss or damage directly or indirectly caused by, or contributed to, or arising from:

a. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion or fission of nuclear fuel; or
b. radio-active toxic explosive or other hazardous properties of any nuclear assembly or nuclear component thereof.

4.16 Terrorism

This insurance does not cover any loss or damage of any nature directly or indirectly caused by, resulting from or in connection with any act of Terrorism regardless of any other contributing cause or event.

For the purpose of this exclusion, "Terrorism" means an act, including but not limited to the use or threat of force, or violence by any person or group of people, whether acting alone or on behalf of or in connection with any organisation or government which, from its nature or context, is committed for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government or put the public or any section of the public in fear.

This insurance also excludes any loss or damage of any 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.

4.17 Vehicles, Watercraft and Aircraft

This insurance does not cover loss of or damage to any Vehicle licensed for general road use, nor to any Watercraft longer than 10 metres, nor to any Aircraft. The Policy does not cover contractor's plant at all unless a sum insured is shown for it in Item 1.05.

4.18 War

This insurance does not cover any loss or damage of any nature directly or indirectly caused by, resulting from or in connection with or in consequence of war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, or military or usurped power.

4.19 Wear and Tear, Corrosion and Deterioration

This insurance does not cover the cost of repairing or replacing any part due to:

a. its wear and tear; or
b. any corrosion or oxidation of that part howsoever caused; or
c. deterioration of any part that is due to lack of use or normal atmospheric conditions.

CONDITIONS

5.00 These conditions must be complied with before you become entitled to any benefit under this Policy. If you fail to observe any of them and the failure increases our exposure to any insured loss, we may reduce the amount of your claim or decline to pay it altogether.

5.01 Alteration of Risk

You must immediately advise us of any alteration to the type, maximum value or duration of Projects or to the description of Business or other information that differs from that which you or your insurance adviser previously disclosed to us.

5.02 Cancellation

The Policy may be cancelled by you at any time by giving notice to us in writing. The cancellation will take effect from the date we receive your notice. Unless the premium is minimum and deposit, you will be entitled to a pro rata refund of premium for any unused Period of Insurance.

Because it is no longer the business we agreed to insure, the Policy will automatically be cancelled from the time your business is wound up or carried on by a liquidator, receiver, administrator or is permanently discontinued.

5.03 Claim Conduct

If any loss or damage occurs that may give rise to a claim under this Policy, you must:

a. inform us of this as soon as you can; and
b. provide such written documents and information as we may reasonably require; and
c. take all steps within your power to minimise the extent of loss or damage or liability; and
d. where reasonably possible, preserve any property affected and make it available for us or our representatives; and
e. inform the Police if the loss or damage has been caused by any malicious act, theft or other crime; and
f. provide any assistance that we may reasonably require.

5.04 Cross Liability

Each party insured will be insured as if a separate Policy had been issued to each. Accordingly, each party will be insured for their liability to any other party. However, this does not increase any sum insured. The sum insured applies to all of the insured parties collectively (This paragraph or its equivalent is known as a 'Cross Liability' clause).

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5.05 Fraud

If you make a claim that is fraudulent in any way, or if you collude with anyone in making a claim, we may have the right to cancel this Policy and may seek legal recourse against you.

5.06 Inspection

You must allow us or our representative, after reasonable notice to you and at an arranged time, to inspect any property insured and to review any financial or other records where it is reasonably required for this insurance or a claim under it.

5.07 Risk Management

Without exception, you and your Employees must:

a. fully comply with manufacturer's instructions; and
b. take all reasonable steps to prevent incurring any loss or damage; and
c. ensure that only suitably qualified operators are employed for the operation of plant and equipment and that suitably skilled workers are employed to perform work.

5.08 Subrogation

If you have a right to recover your loss from any other party, then, on accepting cover under this Policy, we will be entitled to exercise that right in your name and to our own benefit. This is called 'subrogation'. You must fully co-operate with us in exercising that right. If you are the other party, we will not exercise subrogation against you as long as you have not forfeited your right to indemnity under this Policy.

IMPORTANT INFORMATION

Contacting Us and Confirming Transactions

You can contact MECON by:

Telephone:	0800 632 666
E-mail:	customerservice@mecon.co.nz
By Post:	PO Box 180 Shortland St Auckland 1140

If you need confirmation of any of the Policy details please contact MECON.

Duty of Disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, which may affect our decision to insure you and on what terms.
You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an insurer; or
- we waive your duty to tell us about.

Non-disclosure

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Disputes

If a situation arises where you feel we are not listening to you, or you are dissatisfied with our service and have a complaint, we want to know about it.

The first step
Any enquiry or complaint relating to this insurance should be referred to us in the first instance. Please contact our staff. If you prefer, address the matter in writing to:

MECON Insurance Limited
PO Box 180
Shortland St
Auckland 1140

or by emailing customerservice@mecon.co.nz.

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 addresses your concern.

The next step
You will be notified of our decision within 15 business days of us receiving notice of the complaint. If we need more information or more time to respond properly to your complaint, we will contact you to agree an appropriate timeframe to respond. Provided we have the information needed, this review will be completed within 15 business days.

If this does not resolve the matter or you are not satisfied with the way a complaint has been dealt with, you can contact the Insurer via email at customerfeedbacknz@aig.com or by writing to:

The Complaints Manager, AIG
PO Box 1745, Shortland Street, Auckland 1140

The Insurer will:

- Acknowledge receipt within 5 business days of receiving your complaint.
- Give you the name and contact details of the person handling your complaint.
- Ensure that someone experienced who has not been handling your case fully investigates your complaint.
- Respond to your complaint within 10 business days of the date it has all the information needed to determine your complaint. Where further information, assessment or investigation is required, it will agree reasonable timeframes with you. If the Insurer cannot agree on reasonable timeframes, you can contact its independent external dispute resolution scheme about those timeframes.
- Update you at least once every 20 business days, or another such interval agreed with you, until your complaint is resolved.

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What should you do if you are not happy with our response to your complaint?

If you are not satisfied with our response to your complaint, you can request to have the matter reviewed by the Insurer's Internal Dispute Resolution Committee ("Committee"). The Committee is made up of AIG New Zealand Management with the experience and authority to decide on matters brought before it.

You can request a review by the Committee by contacting the person who signed your complaint response letter or by contacting:

The Chairperson IDRC, AIG Insurance New Zealand Limited
PO Box 1745, Auckland 1140
customerfeedbacknz@aig.com

To assist the Committee in reviewing your complaint, please provide your reasons for requesting the review.

The Committee will provide their decision with reasons within 15 business days of receipt of your request to refer your dispute to the Committee.

Financial Services Complaints Limited

If your complaint cannot be resolved to your satisfaction through the Committee within 40 business days of when you first lodged it with us, the Insurer will provide you with a 'deadlock' letter so you can take your matter to the Financial Services Complaints Limited (FSCL). FSCL is a free and independent body approved by the Ministry of Consumer Affairs. AIG New Zealand will comply with any decision made by FSCL. Contact details for FSCL are:

Financial Services Complaints Limited
PO Box 5967 Wellington, 6101
0800 347 257
info@fscl.org.nz
http://www.fscl.org.nz

Use of the FSCL scheme does not preclude you from subsequently exercising any legal rights which you may have and if you are still unhappy with the outcome, we strongly recommend that you obtain independent legal advice.

If your complaint does not fall within the Terms of Reference of FSCL, we recommend you to seek independent legal advice about options that may be available to you.

Fair Insurance Code

The Insurer is a signatory to the Fair Insurance Code. This Code aims to raise the standards of practice and service in the insurance industry, and it includes the following:

When you lodge a claim we will tell you in plain language what information we need and how you should go about making a claim.

We will respond promptly to any request you make for assistance with a claim and it will be considered and assessed promptly.

The sum or sums insured by this Policy are exclusive of New Zealand GST to the extent that, in the event of a claim, Insurers will pay a maximum of the Sum Insured plus additional New Zealand GST if applicable, to a maximum of the current rate of New Zealand GST applied to that sum insured. All other amounts, including the excess and any sub limits noted in this Policy and the attached Schedule are exclusive of New Zealand GST where payable by law.

Privacy Statement

We have adopted the Information Privacy Principles. The Information Privacy Principles apply to any personal information collected by us.

Purpose of collection

We, together with the Insurer, collect personal information about you for the purposes of assessing your application for insurance and administering your Policy. Failure to provide relevant personal information may result in us not being able to administer your Policy, process any claim under your Policy or you may breach your duty of disclosure.

Disclosure

In the course of administering your Policy the Insurer may disclose your information to:

- an entity to which the Insurer is related either in New Zealand or overseas;
- contractors or third party providers providing services related to the administration of your Policy;
- banks and financial institutions for the purpose of processing your application for insurance and obtaining Policy payments;
- in the event of a claim, assessors, lawyers, third party administrators, emergency providers and medical providers;
- third party service providers to enable the Insurer to advise you of their insurance products or services; and
- reinsurers for the purpose of obtaining reinsurance, if required.

The Insurer will only disclose your personal information to these parties for the primary purpose for which it was collected or to enable the Insurer to advise you of our insurance products or services. In some circumstances the Insurer is entitled to disclose your personal information to third parties without your authorisation such as law enforcement agencies or government authorities.

Access to your information

You may gain access to your information by submitting a written request to the Insurer. In some circumstances the Insurer may not permit access to your personal information. Circumstances where access may be denied include where it would compromise the privacy of other individuals or where it would be unlawful.

The Insurer has also established an internal dispute resolution process for handling customer complaints and an access and correction procedure. Both procedures are generally free of charge however the Insurer reserves the right to charge for access requests in limited circumstances.

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If you feel you have a complaint about the Insurer's information privacy principles, require assistance in lodging a privacy complaint or you wish to gain access to your information, you may write to:

The Privacy Manager
AIG Insurance New Zealand Limited
PO Box 1745, Shortland Street, Auckland 1140
(64) 9 355 3100

Your complaint will be reviewed and you will be provided with a written response. If it cannot be resolved, your complaint will be referred to the Internal Disputes Resolution Committee who will respond within 15 business days. In either case the matter will be reviewed by a person or persons with appropriate authority to deal with the complaint. Should your complaint not be resolved by the Insurer's internal dispute resolution process, you may take your complaint to the Privacy Commissioner for review of the determination.

Utmost Good Faith

The law obligates all parties to a contract of insurance to act towards each other in 'utmost good faith'.

The result is that all material facts within the knowledge of the parties must be disclosed, otherwise the party to whom disclosure should have been made may avoid the contract.

The main implications from the duty of utmost good faith for an insured include:

- Fulfil your duty of disclosure;
- Make honest statements in the proposal form;
- Fulfil our requests.

We are obliged to:

- Settle claims quickly;
- Disclose restrictions in the Policy.

Failure to act with the utmost good faith may prejudice any claim you have or the continuation of this contract of insurance.

Sanctions

Notwithstanding anything contained herein to the contrary, the Insurer shall not be deemed to provide cover and the Insurer shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Insurer, its parent company or its ultimate controlling entity to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, Australia, New Zealand or United States of America.

END OF POLICY

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ENDORSEMENTS

Each of these endorsements will only apply if the Schedule shows it. The endorsement then forms part of the Policy. It overrides anything in the Policy to the contrary. All terms of the Policy otherwise remain in full effect.

Appliances / Contents

This Policy does not cover any of the following:

a. any white goods that are not shown on the original plans; or
b. any home entertainment equipment, such as:
   - any television set;
   - any radio; or
   - any device for recording or playing movies, music, games and the like, that is not included in the original plans; or
c. any household furniture; or
d. any artwork.

Contract of Sale Extension

Where the Project is subject to a contract of sale at the time of its Practical Completion, cover under this Policy will be extended for a period up to ninety days after the cover for such Project has ended under the term of this Policy. For the purpose of cover under this extension, physical loss or damage arising out of any insured event during the extended period will be subject to the Deductible shown for this clause in the Schedule. If no such Deductible is shown, a Deductible of $5,000 will apply. This clause has no effect on the end date of the Defects Liability Period which applied before the application of this clause.

Contractors and Subcontractors Insurance

This Policy extends to insure any of your contractors (which term includes: any of their subcontractors; your subcontractors, engineering consultants and other consultants) and the entity which has retained you to perform the Project ("your direct employer") as if they were you (but only to the extent to which they are not insured for the same loss under any other contract of insurance). However, this endorsement only applies:

a. where you have a written contractual obligation to provide the contractor and / or your direct employer with insurance as afforded by this Policy; and
b. the obligation was in effect before anything happened that could give rise to a claim involving the contractor and / or your direct employer; and
c. the value of the work performed by the contractor is included in your declaration of Project value; and
d. in respect of engineering consultants and other consultants, only for loss, damage or liability resulting from manual activities they perform on the Project site.

This endorsement does not extend to insure any tools, plant, machine or reusable equipment of any kind belonging to, or loaned or hired by, the parties covered by this endorsement, unless you have a contractual or legal responsibility for such tools, plant, machine or reusable equipment and there is a sum insured under Item 1.05 (Contractors Plant, Tools and Reusable Equipment).

For the avoidance of doubt, "your direct employer" in this endorsement does not mean the principal referred to in the definition of "you" in the glossary of terms used.

Note: If this endorsement does not apply, but the party specifically named as "the insured" in the Schedule is held responsible for loss or damage caused by any of your contractor(s) and/or your direct employer, then this Policy will indemnify the party named for that loss or damage but only if this Policy would have indemnified the loss or damage had the endorsement applied. For the avoidance of doubt, if this endorsement does not apply, your contractor(s) and/or your direct employer are not insured.

Defective Workmanship

Despite anything contained in the Policy to the contrary, the Policy covers physical loss or damage arising out of defective workmanship. The maximum aggregate amount for which we will indemnify you in respect of all claims made in any one Policy Period is $100,000.

Demolished Areas

This Policy does not cover any areas of the existing structure (insured under Item 1.04 Existing Structures) which are shown on the original approved development application plan for the Project as areas to be demolished.

Dewatering (Limited)

This Policy does not cover any of the following:

a. any dewatering cost incurred because the amount of water was more than the initial Project design allowed for; or
b. any cost incurred for any facility to discharge run-off or underground water; or
c. any cost incurred for grouting or any other measure taken to stop water leaking into any excavation, foundation or basement; or
d. physical loss or damage caused to any basement structure by ground-water pressure.

Despite anything in (a) to (d) above, this insurance covers the cost of dewatering where necessary to gain access to, and enable repairs to be carried out on, any completed section of the Project physically lost or damaged by an insured event. The cover does not apply to the cost of any dewatering that was already being incurred at the time of the physical loss or damage.

Dewatering (Total)

This Policy does not cover any loss or damage associated with dewatering.

Existing Structures (Alterations)

a. Where you are working on a structure that was permanently located on a Project site before the Project commenced; you must ensure that it is made waterproof at the end of each working day and at any time rain is forecast. If you fail to do this we will not pay any claim for consequent loss or damage.
b. Where Existing Structures (Item 1.04) is insured, the Period of insurance for such Existing Structures is deemed to begin on the date shown in the Schedule notwithstanding anything to the contrary in the definition for the Period of Insurance.

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Financiers Interests

The interest of any financier of the Project is noted in this Policy, but only to the extent of that interest. Before you become entitled to any claim proceeds, they will first be used to settle any financial obligation that you have with the financier.

Flood Exclusion

This Policy does not cover loss or damage caused by flood, (being the covering of normally dry land by water that has escaped or been released from the normal confines of:

a. any lake, or any river, creek, or other natural watercourse, whether or not altered or modified; or
b. any reservoir, canal or dam).

Heritage Buildings

Any claim payable for damage to heritage listed structures included in the sum insured for Item 1.04 (Existing Structures) will not exceed the cost of reinstatement using modern techniques and readily available materials (of the closest kind to those damaged) from suppliers in New Zealand.

Misalignment of Piles

This Policy does not cover loss of or damage to any pile or casing:

a. resulting from an error in positioning, misplacement or misalignment of piles;
b. by the pile or group of piles or pile casings becoming jammed or obstructed;
c. that fails to pass any load bearing test or any other performance criteria;
d. nor to disconnected or declutched sheet piles or abandoned piles.

Natural Disaster Exclusion

Despite anything contained in the Policy to the contrary, this Policy excludes loss or damage resulting from Natural Disaster.

Partial Occupancy

Notwithstanding anything to the contrary in the Policy, the Period of insurance for each part of a Project will not end at the time that such part of the Project is taken over by the principal or put into service or a certificate of partial completion (or its equivalent) is issued for that part, subject however to the following:

Any cover provided under or arising out of this endorsement does not extend to any loss, damage or liability arising out of or in connection with:

a. the occupation or use of any such part of the Project unless:
    i. the occupation or use was for residential purposes; or
    ii. the occupation or use was necessary to complete the Project.
b. work done in preparation for the occupation or use of any such part of the Project unless:
    i. the occupation or use was for residential purposes; or
    ii. the occupation or use was necessary to complete the Project.

Notwithstanding, anything to the contrary in the Policy, the Period of insurance specified and/or determined in this endorsement will end:

a. where the insurance is shown in the Schedule as being on an Annual Turnover Basis, at the time defined in paragraph a. of the definition of Period of insurance found in the Policy wording; and
b. where the insurance is shown in the Schedule as being on a Project Run-Off Basis, at the time defined in paragraph b. of the definition of Period of insurance found in the Policy wording.

Period of Insurance (Extended)

Where the insurance on any part of the Project ends sooner than it ends for the Project as a whole, cover will continue on that part until the end of the Period of insurance for the whole Project. However, the cover on that part will only apply to loss or damage resulting from the performance of work on the Project.

Pipelines and Trenches

This Policy restricts cover for physical loss of or damage to any open trench together with any pipeline, duct or cable in the trench, to the length or value specified for "Pipelines and Trenches" in the Schedule. The additional exclusion below applies to this endorsement.

Additional Exclusion

Pipelines, conduits or cables in open trenches are not insured unless:

a. they have been secured in a manner which will prevent them being displaced if water enters the trench; and
b. the open ends of the pipe or conduit have been sealed on completion of work on them for the day in such a way that will prevent entry of water or debris; and
c. trenches containing pressure tested lengths of pipeline were backfilled over the whole tested length on the day the test was completed.

For the avoidance of doubt, the length of any open trench (including pipeline, duct or cable in it) which exceeds the length or value specified in the Schedule is not covered by this insurance. This endorsement does not apply to completed or backfilled trenches.

Pools

This Policy does not cover loss or damage to any pool structure caused by its displacement.

Project Run-Off Basis With Premium Based on Annual Turnover

The definition of Run-Off in part b. of the glossary definition for "Period of insurance in the Policy" is deleted and replaced with the following:

b. Project Run-Off Basis:

Where this insurance is shown in the Schedule as being on a Project Run Off basis, the Period of insurance begins for each Project from the date the Project commences during the Policy Period. It ends with Practical Completion, the expiry of the Maximum Project Duration shown in the Schedule or at the end of the Policy Period, whichever occurs first. The Defects Liability Period (if applicable) will immediately follow Practical Completion; but only where Practical Completion takes place before the end of the Policy Period.

For the avoidance of doubt, all cover ceases at the end of the Policy Period. However, up to fourteen (14) days before the end of the Policy Period, you may request that MECON

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extends the Policy Period to cater for the run-off of incomplete Projects. If we agree, you must also:

i. pay any additional premium we require; and
ii. accept any other terms we may require; and
iii. understand that there is no obligation for us to agree to your request.

Item 2.02 (How Premium Is Calculated – Run-Off Basis) are deleted and replaced with the following:

The annual premium is based upon all Projects commenced during the Policy Period for the estimated value that each will have attained at the end of the Policy Period.

Road Works

This Policy does not cover any unsealed road that exceeds the maximum length or value shown for "Road Works" in the Schedule. A road is deemed to be unsealed if it does not have at least one application of a weatherproof substance.

Where a Project includes more than one section of unsealed road, the maximum length or value applies to their combined length or value.

Tunnels, Shafts and Declines

In relation to Projects that include underground work such as any tunnel, shaft or gallery, this Policy covers the following costs:

a. Cost of replacing previously installed grouting, lining, crib, set or other support that has been lost or damaged.
b. Cost of additional permanent linings, cribs, sets or other supports where necessary to reinstate previously completed sections of the Project that have been lost or damaged. However, this does not include the cost of lining, cribs, sets or other supports that would have been incorporated into the Project to deal with any physical ground conditions surrounding the Project had the condition been detected or anticipated at the time of the original construction planning.
c. Cost of removing collapsed ground material where necessary to gain access to the damage and to provide a clear working area for repairs to previously completed sections of the Project.
d. Cost of dewatering where necessary to gain access to the damage and to provide a clear working area for repairs to previously completed sections of the Project (whether damaged or undamaged) following loss or damage. The cover is only granted up to the daily cost of dewatering being incurred immediately before the loss or damage.

However, this Policy does not cover:

e. any cost associated with any tunnel, shaft, decline or gallery that is not constructed in accordance with the International Code of Practice for Tunnelling Works;
f. cost of grouting unsound earth or rock strata;
g. cost of any measure to control water inflow;
h. cost of removing excavation material in excess of the minimum excavation line provided in the plans;
i. cost of dewatering;
j. cost of any facility for discharging run-off or underground water;
k. cost of refilling cavities that result from overbreak;
l. loss or damage due to failure of the dewatering system if the failure could have been avoided through use of sufficient stand-by facilities.

Usual Action of the Sea

This Policy does not cover loss or damage resulting from usual action of the sea.

Usual action of the sea means the usual behaviour of the sea at the Project site at previous times of the year corresponding to the time of loss or damage with regard to:

a. tidal movement;
b. currents, whether tidal or otherwise caused;
c. wave action, whether wind or tide driven;
d. sediment transport; or
e. any other usual behavior patterns of the sea experienced at such corresponding times.

In determining this usual action, weather records for the same month corresponding to the month of the loss or damage will be reviewed for the previous ten years using records from the area.

If the action of the sea that caused the loss or damage has not occurred in any corresponding period during the previous ten years, then the loss or damage will be insured.

Vegetation

This Policy does not cover loss of or damage to vegetation caused by any disease, pest, vermin, lack of water, excess-water, lack of nutrient, or lack of proper care.

Welding and Hot Work

This Policy does not cover loss or damage resulting directly or indirectly from heat-producing equipment such as welders, metal or masonry cutters or grinders used on the Project site unless the following precautions have been taken:

a. Where the operator's view is obstructed or impaired by any device, such as a visor or spark shield, another person must be standing-by to watch for incipient fire.
b. Adequate firefighting equipment and extinguishing agents must be readily at hand, together with a sufficient number of workers on site trained in their use.
c. Combustible materials must be located a safe distance away from the area where the equipment is being used. Any materials that cannot be moved must be protected by overlapping sheets of non-combustible material.
d. If practical, the area where the equipment is to be used must be damped.
e. Any flammable gas-line in the vicinity of the operation must be disconnected and purged of gas.
f. Glass must be located a safe distance away from the area where the equipment is being used. Any glass that cannot be moved must be protected by overlapping sheets of non-combustible material.
g. About an hour after use of the equipment has ceased for the day, the area in the vicinity of the work, including floors above and below, the other side of walls and ducts, voids and conduits, all must be examined .

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