

## From the ground up

QBE Insurance is an experienced player in the construction and engineering insurance market, offering protection for many significant residential, commercial/industrial and infrastructure projects throughout New Zealand.

Our leading suite of Civil Works® products are designed for construction projects relating primarily to structures rather than buildings. We define a project as being 'civil' when approximately seventy-five per cent (75%) of the contract value (ie Civil Works® plus Principal Supplied Materials) sum insured relates to the following:

- subdivisions
- earthworks
- retaining walls
- galleries
- shafts
- tunnels
- culverts
- pipelines
- sewerage
- irrigation
- syphons
- canals
- dams
- reservoirs
- roads
- railways
- bridges
- harbour facilities
- docks/jetties
- breakwaters

QBE's Civil Works®, like its sister product, Contract Works®, provides cover for:

- accidental loss or damage to the works and principal supplied materials held on site;
- theft, vandalism and arson caused by unauthorised persons on the site;
- fire, natural disaster and weather damage (eg. storm, flood, hail, snow, frost);

plus many other costs associated with a loss (see 'Automatic Extensions' over page).

## Leading by design

All our Civil Works® policies have been designed to include valuable benefits often omitted by our competitors:

- subcontractors are automatically insured if required by contract or without their own insurance;
- no 'discovery period' after which claims are inadmissible;
- no time limit for off-site storage;
- up to NZD 10,000 Protection Costs;
- possible thirty (30) days cover after practical completion;
- possible thirty (30) days cover for property taken into use by the Principal.

Our soundly built Civil Works® products are supported by experienced claims handlers who work hand-in-hand with independent, specialist loss adjusters. Their mutual focus is on the hard commercial fact that downtime costs money and the project must be put back on track as soon as possible.

## Which QBE Civil Works® policy?

QBE underwrites single contracts as well as annual policies on either an 'open' or a 'project declaration' basis. There are advantages to both options so it is important for your clients to weigh up the various benefits.

### Single Project (CVS 1009)

Ideal for one-off builds or smaller firms wanting to maximise cash flow by paying premium 'as they go' (ie on a project by project basis).

A Single Project Proposal is completed before the start of each project, either online through Broker Xchange or hard copy. Each project is then individually underwritten and rated.

### Annual Open (CVO 1009)

A good way to minimise paperwork, an 'annual open' policy provides clients with automatic cover up to an agreed value for all contracts that start within the period of insurance and fall within pre-agreed parameters.

An Annual Proposal is completed at the start of each twelve (12) month period and a provisional premium is paid based on estimated turnover. This is adjusted up/down at year end, once actual turnover has been declared.

### Annual Project Declaration (CVA 1009)

Annual Project Declaration policies offer the comfort of pre-agreed terms and conditions whilst still providing some cash flow benefits via project by project payment.

An Annual Proposal outlines the general nature of work to be undertaken, and a non-refundable deposit premium is paid up front. The Insured then has forty-five (45) days from the start of each project in which to complete a Project Declaration form, advising QBE of specific project details. The deposit premium is credited against contract premiums due until such time as it is exhausted.

## Automatic extensions

All our wordings include many automatic extensions to cover, at no additional cost.

Note: All standard sub-limits are flexible and increases are available upon request.

Automatic extensions	Simply explained
<b>Transit</b> (up to NZD 50,000)	Materials and components are covered whilst in transit to/from the contract site. Cover is provided for transit by road, rail, sea or air anywhere in New Zealand and includes transshipment.
<b>Materials in Storage</b> (up to NZD 50,000)	Materials belonging to (or in the care, custody and control of) the Insured are covered whilst held off-site.
<b>Expediting Expenses *</b> (up to 5% Civil Works® SI)	When urgency is key, QBE will pay for express deliveries (eg. scheduled overseas air freight), over-time, and additional resource costs to help put the project back on track.
<b>Removal of Debris *</b> (up to 5% Civil Works® SI)	Funds to remove debris and damaged property from the site, so that restoration can begin quickly. It also pays for any necessary shoring, propping or supporting of undamaged property - or even removal of such property if it's hindering restoration activities.
<b>Professional Fees *</b> (up to 5% Civil Works® SI)	Following an insured loss, QBE will pay for professional fees required to reinstate the works, such as those from architects, surveyors and consulting engineers.
<b>Increased Costs during Construction *</b> (up to 5% Civil Works® SI)	QBE automatically allows for 5% inflationary costs on top of the declared Civil Works® sum insured. This is to cater for any change in specification or increases in material or labour costs.
<b>Increased Costs during Reconstruction *</b> (up to 5% Civil Works® SI)	If the cost of reconstruction exceeds the initial cost quoted to build, QBE will pay the difference, up to 5% of sum insured.
<b>Protection Costs *</b> (up to NZD 10,000)	The Insured can reclaim up to NZD 10,000 towards the cost of fighting or controlling a situation which threatens to result in a claim against the policy.

Automatic extensions	Simply explained
<b>Testing and Commissioning of Machinery</b> (20 days)	Pays for property damaged as a result of the breakdown, failure or explosion/implosion of equipment being commissioned or tested under normal operating conditions.
<b>Temporary Buildings *</b>	Huts, site offices, portaloos and hoardings, either hired or owned by the principal or main contractor, are all covered up to a flexible, pre-agreed limit.
<b>Road Construction</b>	Insured property remains covered even when roads on the contract site are open for use by normal traffic.

\* Payable in addition to the sum insured for Civil Works®.

Note: The key policy benefits above have been summarised for your convenience. However, please remember that they always remain subject to full policy terms and conditions.

### Optional Extension - Existing Property

QBE's Civil Works® policies can also provide protection for any 'Existing Property', meaning structures, contents, services and utilities already at the contract site before the construction period began.

## How is it underwritten?

### Quote 'n' Bind via QBE's Broker Xchange

Single projects under NZD 1,000,000 in value can now be quoted and bound using QBE's online broker portal, Broker Xchange:

<https://brokers.qbe.co.nz>

If you are not yet registered to use Broker Xchange, please ask your QBE underwriter for a registration form.

Broker Xchange is ideal for placing less complex new business risks and enables all policy documentation to be produced online:

- pre-populated proposal (no signature required);
- quote;
- policy wording;
- policy schedule;
- certificate of insurance.

(You can also use Broker Xchange for online mid term adjustments, eg policy period extensions, increased sums insured and additions to interested parties.)

Annual risks, or complex single risks, should be presented to your QBE underwriter for individual underwriting. Key rating factors will include:

- complexity and scale of the project;
- project duration;
- location;
- construction methodology.

## What isn't covered?

Some key exclusions include:

- defective design, materials or workmanship\*;
- electrical, electronic or mechanical breakdown or explosion/implosion;
- losses discovered at inventory;
- loss of or damage to cash, cheques and such negotiable instruments;
- consequential loss, loss of use, liquidated damages, fines or penalties;
- construction plant, equipment or vehicles.

(Please refer to a copy of the policy wording for full details of exclusions, terms and conditions.)

\* Defective workmanship is excluded whether performed by the main contractor, insured subcontractors or self-insured subcontractors. However, only the immediate defect or damage is excluded - the policy is still able to respond to consequential damage subject to contractual exclusions, terms and conditions.

## Claims scenarios

### Blame it on the rain

Services were being laid in a new subdivision and plastic conduit pipe had been laid in a shallow trench. Just as the trench was ready to be backfilled, heavy rain flooded the trench causing the pipe to float away.

QBE's Civil Works® Policy met the cost of re-digging the trench and laying new pipe.

### Slip sliding away

A heavy storm caused a storm drain to overflow and the water ran straight into new earthworks, partially submerging the works in rainwater. Part of the earthworks collapsed and debris was scattered widely.

The QBE Civil Works® Policy paid for the cost of removing debris and for reinstating the earthworks to put the project back on track.

### Bulldozer damage

In the early stages of a subdivision project, pipes were laid to a specified depth in all Stage 1 lots. A subcontractor, eager to complete a job at the rear of the site, forgot about the recently laid pipes and drove his bulldozer directly over the top of them.

Six (6) months later, a small pond started to form above the line of the pipes. The pipes were dug up and many were found to be cracked.

Fortunately, QBE's Civil Works® Policy extended to the sub-contractor and the delay in notification was not a problem thanks to a 'discovery period' not being imposed by the policy, which responded in full.

### Wall bowled over

During construction of a retaining wall, heavy rain caused a landslip which brought about the collapse of a partially completed wall.

The QBE Civil Works® Policy paid for the removal of debris and the reconstruction of the retaining wall.

### For more information contact your QBE underwriter.

The objective of this Product Briefing is to summarise the purpose of the product, the main market for which the product has been designed and key aspects of cover. For full details of cover, please refer to a copy of the policy wording.