

On solid ground

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 Contract Works products can be tailored to meet the needs of construction companies of all sizes and covers:

- accidental loss or damage to the contract 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).

Which QBE Contract Works[®] policy?

QBE writes 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 (CWS 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 (CWO 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 (CWA 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.

Leading by design

All QBE's Contract 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 Contract 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.

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
Transit (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.
Materials in Storage (up to NZD 50,000)	Materials belonging to (or in the care, custody and control of) the Insured are covered whilst held off-site.
Expediting Expenses * (up to 5% Contract 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.
Removal of Debris * (up to 5% Contract 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.
Professional Fees * (up to 5% Contract 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.
Increased Costs during Construction * (up to 5% Contract Works SI)	QBE automatically allows for 5% inflationary costs on top of the declared Contract Works sum insured. This is to cater for any change in specification or increases in material or labour costs.
Increased Costs during Reconstruction * (up to 5% Contract 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.
Protection Costs * (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.
Testing and Commissioning of Machinery (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.
Temporary Buildings *	Huts, site offices, portalos and hoardings, either hired or owned by the principal or main contractor, are all covered up to a flexible, pre-agreed limit.
Road Construction (Annual policies only)	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 Contract 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 Contract 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 2,000,000 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;
- vicinity of other structures;
- existence of subcontractor insurances.

What isn't covered?

Some key exclusions include:

- defective design, materials or workmanship*;
- losses discovered at inventory;
- loss of or damage to cash, cheques and such negotiable instruments;
- liquidated damages;
- 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. (See claims scenario below.)

Claims scenarios

Water damage to existing property

A two-storey office building was being extended upwards by a level. As the contractor was lifting steelwork into position on the new floor it fell, fracturing one of the pipes of a newly installed fire sprinkler system. Water escaped at high pressure, causing extensive damage to the floors below.

Fortunately, the contractor had included cover for existing property and contents. The claim was paid in full and included the cost of replacing PCs, carpets, wiring and lighting, re-decoration and additional labour costs. It also paid for repair of the damaged sprinkler system, which required replacement parts to be flown in, and recommissioning in accordance with New Zealand standards.

Subcontractor causes electrical fire

A retail building was being extended on the lower level, following purchase by a new investor who was keen to maximise potential window space. Four (4) weeks out from the completion date, things were looking tight and the subcontracted electricians were working over-time, putting in a new switchboard.

Soon after there was a failure in the switchboard, causing it to overload. This resulted in a fire that reduced the extension to ashes and severely damaged the existing building. It was established that the fire was due to faulty workmanship by the electricians who were named insureds under QBE's Contract Works insurance.

The claim paid out and covered removal of debris, engineering consultancy fees and rebuild of both the extension and existing building. The only item uncovered by insurance was the switchboard itself, payment for which was prohibited by the faulty workmanship exclusion.

Rain washes foundations

News of an expected big rain storm was announced just after a concrete base of a new home had been poured. In a bid to protect the base, the contractors immediately hired and erected a tarpaulin shelter over the base. Despite their efforts, the torrential rain proved too much and the weight of water brought down the shelter and the foundations were washed away, taking with it a site portaloos.

Their QBE Contract Works Policy reimbursed the hire of the shelter and paid for clean up costs, replacement of the base and damage to the leased portaloos.

[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.