

# Contract Works Construction Section

## Section Definitions

### Additional Cost of Construction

The additional amount by which the cost of **Contract Works** uncommenced or unbuilt at the date of the loss or damage shall exceed the cost which would have been incurred but for the occurrence of the loss or damage.

### Premium Adjustment

If the premium calculated on the basis agreed between **the Insurer** and **the Insured** on the declarations made for the **Period of Insurance** exceeds or falls short of the deposit then **the Insured** shall pay or **the Insurer** shall refund the difference subject to the minimum premium retention shown in the **Schedule** or if no amount is shown in the **Schedule** 75% (seventy five percent) of the deposit premium.

### Business

The undertaking of the **Contract Works** shown in the **Schedule**.

### Commissioning

The operational testing commencing either with the introduction into the **Contract Works** of feedstock or other materials for processing or handling or when supply to a system commences.

### Contract

The agreement under which the **Contract Works** are undertaken.

### Contractor

The party undertaking the **Contract Works** on behalf of the **Employer**.

### Contract Period

The duration of the **Contract** (excluding the maintenance or defects liability period) or in respect of **Speculative Developments** the duration of the works to be completed in a single defined phase.

### Contract Site

- a. The single site where the **Contract Works** will be
  - i. performed and
  - ii. permanently situated when completed

and including adjacent thereto

or

- b. where the cover applies to a specific **Contract Works** project the site address stated in the **Schedule** including adjacent thereto.

### Contract Value

The awarded value of the **Contract Works** including the value of **Free Issue Materials** and all other costs associated with the completion of the **Contract** or in respect of **Speculative Developments** the value of the works to be completed in a single defined phase.

### Employee

Any person under a contract of service or apprenticeship with the **Contractor**.

## Employer

The party on whose behalf the **Contract Works** are undertaken (other than a director partner or **Employee** of the **Contractor**).

## Nuclear Material

- a. nuclear fuel (other than natural uranium and depleted uranium) capable of producing energy by a self sustaining chain process of nuclear fission outside a nuclear reactor either alone or in combination with some other material and
- b. radioactive products or waste produced in or any material made radioactive by exposure to the radiation.

## Overnight

From 9pm to 6am.

## Practical Completion

The completion of construction apart from the decorations finishes and fitments that will be chosen by the purchaser or tenant.

## Production Use or Storage of Nuclear Material

The production manufacture enrichment conditioning processing use storage handling or disposal of **Nuclear Material**.

## Property Insured

### 1. Contract Works

The permanent works undertaken in the performance of the **Contract** or **Speculative Development** and allocated to or incorporated in the works including

- a. **Temporary Works** and
- b. **Free Issue Materials**

**Contract Works** does not include

- i. any works where the original **Contract Value** or **Contract Period** exceeds the maximum specified in the **Schedule**
- ii. prototype experimental untried or unproven works or machinery
- iii. **Employees Tools and Personal Effects**
- iv. contractors plant
- v. temporary buildings
- vi. hired in plant.

### 2. Employees Tools and Personal Effects

Tools and personal effects belonging to **Employees** but not

- a. motor vehicles precious metals or stones watches jewellery or money
- b. tools and personal effects belonging to **Employees** which are insured by or would but for the existence of this **Section** be insured by any other policy except in respect of any excess beyond the amount payable under the other policy or which would have been payable under the other policy had this insurance not been effected.

### 3. Free Issue Materials

Materials supplied by the **Employer** or their agents for which **the Insured** is responsible under the terms of the **Contract** and for which the value has

- a. been declared to **the Insurer** at the expiry of the **Period of Insurance** in accordance with Section Condition 3 Declarations and
- b. where the presence of such materials is known of at the time been included in the estimates supplied by **the Insured** to **the Insurer** prior to the **Period of Insurance**.

#### **4. Temporary Works**

Structures and their materials that are necessary for access to or support of the works and will

- a. be removed from the **Contract Site** on or before the date of completion of the works
- b. not normally be used again in connection with other **Contract Works**.

#### **Speculative Developments**

Buildings constructed by **the Insured** other than under **Contract**

#### **Territorial Limits**

Great Britain Northern Ireland the Isle of Man and the Channel Islands.

#### **Testing**

The application of power or driving force to an item of machinery prior to the introduction of feedstock or raw materials or the application of a load.

#### **Unattended**

Where the **Property Insured** can be stolen or removed without the immediate intervention of **the Insured** or **Employee**.

#### **Vicinity**

Within one mile of the situation of the **Property Insured**.

#### **Vitiating Act**

Fraud material misrepresentation material non-disclosure or breach of any Section Condition in this **Section**.

## Cover

### A. Contract Works

Loss of or damage to the **Contract Works** described in the **Schedule** anywhere in the **Territorial Limits** occurring during the **Period of Insurance**

a. Transit

while in transit within the **Territorial Limits** other than by sea or air (including incidental storage for a period not exceeding 14 (fourteen) days) from the commencement of loading on to transport vehicles until the completion of unloading at the destination.

Provided that in a. above allocation to an insured **Contract** or **Speculative Development** can be proved.

b. **Contract Site**

at the **Contract Site** until

- i. the issue of a certificate of completion or taking over certificate or
- ii. the completion of construction or
- iii. until taken into use

whichever is the earlier and for a further 14 (fourteen) day period where the **Contractor** is required to insure under the terms of the **Contract**.

c. Maintenance

during the maintenance or defects liability period

- i. from a defect originating prior to the commencement of this period or
- ii. caused by the **Contractor** in the course of any operations they carry out at the **Contract Site** for the purpose of remedying any defects in the **Contract Works** or otherwise fulfilling the maintenance obligations under the terms of the **Contract**.

Provided that c. above

- i. shall not exceed 12 (twelve) months from the issue of a certificate of completion or taking over certificate or completion of construction or being taken into use whichever is the earlier
- ii. applies to the extent that the **Contractor** is responsible under the terms of the **Contract**.

## B. Additional Cost of Construction

The **Additional Cost of Construction** which occurs during the **Period of Insurance** incurred by **the Insured** in the event of loss of or damage to the **Contract Works** for which liability has been admitted (or would have been admitted but for the application of the **Excess**)

Provided that such additional amount shall solely relate to the effect of inflation on the cost of materials usage of plant and labour

**The Insurer** will not pay for any cost

- a. which would have been incurred irrespective of whether the loss or damage had occurred
- b. incurred solely to expedite the completion of the **Contract Works** or any part of the **Contract Works** at an earlier date than would have been attained had the loss or damage not occurred
- c. incurred in redesigning altering adding to or improving the **Contract Works** or rectification of defects or faults or elimination of any deficiencies carried out after the occurrence of the loss or damage or any increase in the cost as a result of redesigning alteration addition or improvement
- d. or additional cost resulting from any delay due to the inability of **the Insured** to provide sufficient funds for the repair or replacement of the **Contract Works** suffering the loss or damage
- e. in respect of any
  - i. additional insurance premiums
  - ii. management expenses and/or overheads of any kind whatsoever
  - iii. idle time costs in respect of contractors plant temporary buildings hired in plant or labour
  - iv. additional finance charges or legal expenses
  - v. any change from the **Contract Works** programme which would otherwise have occurred had it not been for the loss or damage
- f. arising from or in respect of any other consequential losses not specifically provided for by this Cover
- g. incurred which is covered elsewhere in this **Section**
- h. arising out of avoidable delay in making good the loss of or damage or completing the **Contract Works**.

## C. Employees Tools and Personal Effects

Loss of or damage to **Employees Tools and Personal Effects** anywhere in the **Territorial Limits** occurring during the **Period of Insurance**.

## Limit of Liability

### A. Contract Works

The liability of **the Insurer** under Cover A Contract Works shall not exceed the lesser of

- a. the **Contract Value** plus the cost of any additions amendments or variations including the value of **Free Issue Materials** or
- b. the maximum **Contract Value** shown in the **Schedule**

and in addition

- c. any amounts shown in the Section Extensions

in respect of any one accident or series of accidents arising from one occurrence of loss or damage.

The amount under b. above may be increased by not more than 25% (twenty five percent) should the **Contract Value** plus the cost of any additions amendments or variations including the value of any **Free Issue Materials** exceed the maximum **Contract Value** shown in the **Schedule**.

### B. Additional Cost of Construction

The liability of **the Insurer** under Cover B Additional Cost of Construction shall not exceed an amount equivalent to 10% (ten percent) of the original cost of construction or the maximum **Contract Value** shown in the **Schedule** whichever is the lesser in respect of any one accident or series of accidents arising from one occurrence of loss or damage.

### C. Employees Tools and Personal Effects

The liability of **the Insurer** under Cover C Employees Tools and Personal Effects shall not exceed the Limit of Liability shown in the **Schedule**.

Provided that the liability of **the Insurer** for any individual **Employee** shall not exceed £1,000 in respect of any one accident or series of accidents arising from one occurrence of loss or damage.

## Section Extensions (Subject to the terms Conditions and Exclusions of this Section and Policy)

### 1. Avoidance of Impending Damage

This **Section** extends to cover the cost incurred by **the Insured** in taking exceptional measures that are reasonable to avoid or reduce impending loss or damage which would have resulted in a claim under this **Section**.

Provided that

- a. the impending loss or damage did not arise from any defect in the **Property Insured**
- b. the impending loss or damage did not arise from a reasonably foreseeable cause
- c. the loss or damage would have been the natural outcome to be expected in the absence of the measures taken
- d. **the Insurer** is satisfied that loss or damage which would have been insured under this **Section** has been avoided or reduced in consequence of the measures taken
- e. the liability of **the Insurer** shall not exceed the cost which would have been incurred had the measures not been taken and loss or damage insured by this **Section** had occurred.

### 2. Breakdown or Explosion

This **Section** extends to cover damage to new and unused machinery forming part of the **Contract Works** caused by electrical or mechanical breakdown or explosion.

This Section Extension shall continue

- a. for a period of 7 (seven) days from the commencement of **Testing** of an individual item and
- b. for a period of 1 (one) calendar month from the commencement of **Commissioning**.
- c. during the maintenance or defects liability period

Provided that 2. c. above

- i. shall not exceed 12 (twelve) months from the issue of a certificate of completion or taking over certificate or completion of construction or being taken into use whichever is the earlier
- ii. applies to the extent that the **Contractor** is responsible under the terms of the **Contract**

Section Exclusion 13 Breakdown or Explosion shall not apply to this Section Extension.

### 3. Debris Removal and Protection

This **Section** extends to cover the cost necessarily and reasonably incurred by **the Insured** in

- a. removing debris
- b. dismantling or demolishing
- c. shoring up or propping
- d. fencing off
- e. repairing or cleaning drains sewers service mains gullies manholes and the like and/or dewatering
- f. temporary boarding up of windows following breakage of glass

following damage for which **the Insurer** has admitted liability.

Provided that

- i. the liability of **the Insurer** shall not exceed 10% (ten percent) of the **Contract Value**
- ii. **the Insurer** will not be liable for the cost incurred arising from pollution or contamination of property not insured by this **Section**.

#### 4. European Union

This **Section** extends to cover loss of or damage to **Contract Works** within the member States of the European Union or European Economic Area occurring during the **Period of Insurance**.

Provided that

- a. the **Contract Value** shall not exceed £250,000 or 25% (twenty five percent) of the maximum **Contract Value** shown in the **Schedule** whichever is the lesser
- b. the maximum **Contract Period** shall not exceed 180 (one hundred and eighty) days
- c. during the **Period of Insurance** the total value of **Contract Works** undertaken outside of Great Britain Northern Ireland the Isle of Man and the Channel Islands but within member States of the European Union or European Economic Area shall not exceed 10% (ten percent) of the total **Contract Works** insured under this **Section**
- d. all claims shall be paid in the UK in sterling and all disputes shall be settled within the English courts in accordance with English law
- e. Section Extension 8 Joint Names or Multiple Insureds shall not apply to the cover provided by this Section Extension
- f. the total value of **Contract Works** undertaken outside of Great Britain Northern Ireland the Isle of Man and the Channel Islands but within member States of the European Union or European Economic Area shall be
  - i. declared by **the Insured** in accordance with Section Condition 3 Declarations and
  - ii. where such information is known of at the time included in the estimates supplied by **the Insured to the Insurer** prior to the **Period of Insurance**.

Notwithstanding anything contained herein to the contrary this **Section** does not provide any cover or benefit for any business or activity to the extent that the provision of such cover payment of any claim or provision of such benefit would expose **the Insurer** 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 or United States of America.



## 5. European Union and Local Authorities Cost

This **Section** extends to cover the additional cost of reinstatement of the **Contract Works** following loss or damage for which **the Insurer** has admitted liability as may be incurred solely to comply with European Union legislation and/or building or other regulations under or framed in pursuance of any act of parliament and/or with by-laws of any municipal or local authority and/or any change by the Secretary of State to regulations with or without an act of parliament and/or the requirements of **the Insurer** to replace an automatic sprinkler installation in accordance with the current Loss Prevention Council (LPC) Sprinkler Rules or any change in interpretation of existing regulations.

Provided that

- a. the work of reinstatement is commenced and carried out within a reasonable timescale and in any case completed within 12 (twelve) months after the occurrence of loss or damage or within such further time as **the Insurer** may during that 12 (twelve) months in writing allow and may be carried out wholly or partially upon another site (if the legislation or regulations or by-laws or requirements detailed in this Section Extension so necessitate) subject to the liability of **the Insurer** under this Section Extension not being thereby increased
- b. if the liability of **the Insurer** under this **Section** or **Policy** apart from this Section Extension shall be reduced by the application of any of the terms Conditions and Exclusions of this **Section** or **Policy** then the liability of **the Insurer** under this Section Extension in respect of any such item shall be reduced proportionately
- c. all the Section Conditions of this **Section** except insofar as they may be expressly varied for the purposes of this Section Extension shall apply as if they had been incorporated into this Section Extension
- d. the liability of **the Insurer** shall not exceed 10% (ten percent) of the **Contract Value**
- e. the amount recoverable under this Section Extension will not include
  - i. the cost incurred in complying with any of the legislation or requirements or regulations or by-laws detailed in this Section Extension
    1. in respect of loss or damage not insured by this **Section**
    2. under which notice has been served upon **the Insured** prior to the happening of the loss or damage
    3. in respect of **Property Insured** or portions of **Property Insured** which have not suffered loss or damage other than foundations (unless foundations are specifically excluded by this **Section**) of that portion of the **Property Insured** subject to loss or damage
  - ii. the additional cost that would have been required to make good the **Property Insured** subject to loss or damage to a condition equal to its condition when new had the necessity to comply with any of the legislation or regulations or by-laws or requirements detailed in this Section Extension not arisen
  - iii. the amount of any rate or tax or duty or development or other charge or assessment arising out of capital appreciation which may be payable in respect of the **Property Insured** or by the owner of the property by reason of compliance with any of the legislation or regulations or by-laws detailed in this Section Extension.

## 6. Expediting Expenses and Temporary Repairs

This **Section** extends to cover the necessary and reasonable additional cost of effecting temporary repairs and expediting permanent repair replacement or rectification including overtime weekend and shift working payments plant hire charges express delivery including air freight following loss of or damage to the **Contract Works** for which **the Insurer** has admitted liability but excluding any cost solely to expedite the completion of any construction or installation of **Property Insured** that has not suffered loss or damage.

Provided that the liability of **the Insurer** shall not exceed 25% (twenty five percent) of the cost of repair replacement or rectification had the additional cost not been incurred.

## 7. Fire Brigade Charges

This **Section** extends to cover the cost of charges arising from the activities of the Fire Brigade in dealing with the consequences of loss or damage for which **the Insurer** has admitted liability.

Provided that the liability of **the Insurer** shall not exceed £10,000.

## 8. Joint Names or Multiple Insureds

This **Section** extends to cover indemnity to any party that is required under the terms of the **Contract** to be a joint named insured to this **Section**.

If there is more than one insured party each operating as a separate and distinct entity then cover shall apply in the same manner and to the same extent as if individual policies had been issued to each party.

Provided that

- a. the total liability of **the Insurer** to all of **the Insured** parties collectively shall not exceed the Limit of Liability
- b. any payment or payments by **the Insurer** to any one or more insured party shall reduce to the extent of that payment the liability of **the Insurer** to all parties arising from any one event giving rise to a claim under this **Section**
- c. **the Insured** parties shall at all times preserve any available contractual rights agreements and remedies in the event of loss or damage
- d. **the Insurer** shall be entitled to avoid liability to or claim damages from any of **the Insured** parties in circumstances of a **Vitiating Act**
- e. the **Contract** is performed in Great Britain Northern Ireland the Isle of Man or the Channel Islands.

It is however agreed that

- i. a **Vitiating Act** committed by one insured party shall not prejudice the right to indemnity of any other insured party who has an insurable interest and who has not committed a **Vitiating Act**
- ii. **the Insurer** agrees to waive all rights of subrogation which they may have or acquire against any insured party except where the rights of subrogation arise from a **Vitiating Act** in which circumstances **the Insurer** may enforce such rights notwithstanding the continuing or former status of the vitiating party as **the Insured** or an insured party
- iii. any lenders to the project shall not be entitled to any indemnity under this **Section** for loss or damage in respect of which **the Insurer** is by reason of a **Vitiating Act** no longer liable to indemnify any one or more other insured party.

## 9. Munitions of War

This **Section** extends to cover loss of or damage to **Property Insured** anywhere within Great Britain Northern Ireland the Isle of Man and the Channel Islands from or occasioned by the detonation of munitions of war or parts thereof (except for contamination losses or damage following the release of chemical or biological substances) at or in the **Vicinity** of the **Contract Site** provided that the presence of such munitions does not result from

- a. a state of war current at the time of such loss or damage
- b. any **Act of Terrorism**.

Section Exclusion 20 Confiscation Civil Commotion and Similar Risks and General Exclusion 2 - War shall not apply to this Section Extension.

Solely in respect of this Section Extension an Act of Terrorism means:

Acts of persons acting on behalf of or in connection with any organisation which carries out activities directed towards the overthrowing or influencing by force or violence of Her Majesty's government in the **United Kingdom** or any other government de jure or de facto.

## 10. Offsite Storage

This **Section** extends to cover loss of or damage to **Contract Works** while in store at any location in the **Territorial Limits** other than the **Contract Site**.

Provided that

- a. the **Contract Works** are ready for delivery to the **Contract Site**
- b. allocation to an insured **Contract** or **Speculative Development** can be proved
- c. the value of the **Contract Works** in store at any one location shall not exceed the lesser of
  - i. 25% (twenty five percent) of the **Contract Value** or
  - ii. £250,000.

## 11. Payments on Account

This **Section** extends to cover payment as agreed between **the Insured** and **the Insurer** in advance of final settlement of a claim under this **Section** where **the Insurer** has admitted liability.

## 12. Plans

This **Section** extends to cover the cost of materials labour and computer time necessarily incurred to restore plans drawings and other documents following loss or damage within the **Territorial Limits**.

Provided that the liability of **the Insurer** shall not exceed £50,000.

## 13. Professional Fees

This **Section** extends to cover architects surveyors consulting engineers or other professional fees in accordance with those authorised by the appropriate professional body necessarily incurred in the reinstatement of the **Contract Works** following loss or damage for which **the Insurer** has admitted liability but not the cost of preparing a claim under this **Section**.

## 14. Roll On / Roll Off Ferry

This **Section** extends to cover loss of or damage to **Contract Works** whilst in transit by roll on / roll off ferry between Great Britain Northern Ireland the Isle of Man the Channel Islands and member States of the European Union and European Economic Area.

Provided that the liability of **the Insurer** shall not exceed £150,000.

Section Exclusion 24 Sea or Air Transit shall not apply to this Section Extension.

## 15. Show Property Contents

This **Section** extends to cover loss of or damage to the contents contained within show properties constructed by **the Insured** other than under **Contract** occurring after **Practical Completion**

- a. in respect of buildings comprising of flats within a single block
  - i. for a period not exceeding 90 (ninety) days following **Practical Completion** of the last flat in that single block of flats or
  - ii. until the date that more specific insurance is initiated on the contents or the building

whichever occurs first.

- b. in respect of other buildings
  - i. until the date of sale occupation or hand over or
  - ii. for a period not exceeding 90 (ninety) days following **Practical Completion** of the last building on the **Contract Site**

whichever occurs first.

Provided that:

1. the liability of **the Insurer** in respect of the contents of any one show house or show flat or show office shall not exceed £50,000
2. loss or damage due to theft or attempted theft is excluded unless entry to or exit from the building is gained by forcible and violent means
3. during the period from 1st December to 1st March an effective heating system shall be left on at all times or the water system drained
4. nothing in this Section Extension shall be deemed to extend the insurance beyond the date of expiration or non-renewal of the **Section** or **Policy**.

## 16. Speculative Developments

This **Section** extends to cover loss of or damage to **Speculative Developments**

- a. in respect of buildings comprising of flats within a single block
  - i. for a period not exceeding 90 (ninety) days following **Practical Completion** of the last flat in that single block of flats or
  - ii. until the date that more specific insurance is initiated

whichever occurs first

- b. in respect of other buildings:
  - i. until the date of sale occupation or hand over or
  - ii. for a period not exceeding 90 (ninety) days following **Practical Completion** of the last building on the **Contract Site**

whichever occurs first.

Nothing in this Section Extension shall be deemed to extend the Insurance beyond the date of expiration or non-renewal of the **Section** or **Policy**.

## 17. Sub-contract Works

This **Section** extends to cover loss of or damage to any **Contract Works** for which **the Insured** is acting as the **Contractor** to the effect that reference under Cover A. Contract Works paragraph b. i. herein to a certificate of completion or taking over certificate will be considered not to apply to a certificate of completion or taking over certificate issued in respect of sub-contract work or works where such a certificate or taking over certificate is issued among other things to transfer responsibility for such work or works to **the Insured**.

## 18. Reduction of Environmental Impact

This **Section** extends to cover the additional cost reasonably incurred by **the Insured** in replacing **Contract Works** lost or damaged beyond repair with alternative equipment which performs the same primary functions but reduces the environmental impact of ownership and/or use.

The additional cost incurred includes but is not limited to replacing the **Contract Works** with property that uses

- a. less power and/or
  - b. consumable materials more efficiently
- than the **Contract Works** lost or damaged.

Provided that the total liability of **the Insurer** for loss or damage and additional cost shall not exceed the lesser of

- i. 110% (one hundred and ten percent) of the cost of replacement had the additional cost not been incurred or
- ii. the maximum **Contract Value** shown in the **Schedule**.

## 19. Marine Insurance

This **Section** extends to cover **Property Insured** which is also insured under any separate marine cargo insurance which has been effected by or on behalf of **the Insured**.

Provided that

- a. **the Insured** hereby undertakes to inspect each item of **Property Insured** upon arrival at the site of the **Contract Works** for possible loss or damage sustained during transit
- b. in the case of unpacked goods where loss or damage is evident such loss or damage is to be reported under the marine cargo insurance
- c. in the case of packed goods which are left in their packaging until a later date the packaging is to be visually inspected for signs of possible loss of or damage to the goods and should any sign of loss or damage be visible the goods themselves are to be unpacked and inspected and any loss or damage discovered is to be reported under the marine cargo insurance
- d. when the packaging shows no sign of loss or damage and the goods are therefore left packed any loss or damage discovered when they are unpacked will be assumed to have occurred during transit covered under the marine cargo insurance unless there is clear evidence from the nature of such loss or damage that it could only have occurred after expiry of the marine cargo insurance in the event that no clear evidence can be found to establish when such loss or damage was caused the settlement of the loss will be shared equally between the marine cargo insurance and **the Insurer**
- e. it is understood and agreed that if the applicable **Excess** under this **Section** and any marine cargo insurance are different **the Insurers** under each insurance shall deduct 50% (fifty percent) of its appropriate **Excess** or deductible from its share of the adjusted claim
- f. it is understood and agreed that this Section Extension only applies in circumstances where there is a similar clause or condition contained within the marine cargo insurance.

Section Claims Condition 5 Other Insurances shall not apply to this Section Extension.

## Section Exclusions applicable to Cover A. Contract Works

Cover A. Contract Works under this **Section** does not cover

### 1. **Contract Conditions**

loss or damage for which a party other than **the Insured** or any other insured party is required to arrange insurance under conditions of contract.

### 2. **Defective Design Material or Workmanship**

loss of or damage to and the cost necessary to replace repair or rectify

- a. **Property Insured** which is in a defective condition due to a defect in design plan specification materials or workmanship of such **Property Insured** or any part thereof
- b. **Property Insured** lost or damaged to enable the replacement repair or rectification of **Property Insured** excluded by a. above.

Paragraph a. above shall not apply to other **Property Insured** which is free of the defective condition but is damaged in consequence thereof.

For the purposes of this **Section** and not merely this Section Exclusion the **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.

### 3. **Existing Property**

loss of or damage to any property including that being altered or repaired forming or which has formed part of any existing structure prior to the commencement of the **Contract Works** other than materials supplied and delivered for incorporation in the works.

### 4. **Scratching**

the scratching scouring or spoiling of glass painted polished smooth or any other similar finished surfaces unless caused by an identifiable occurrence which is not otherwise excluded by this **Section**.

### 5. **Wear and Tear or Deterioration**

the cost of rectification of wear and tear erosion corrosion or other deterioration caused by or naturally resulting from ordinary work use or exposure but not damage insured by this **Section** resulting from such occurrence unless otherwise excluded.

## Section Exclusions applicable to Cover C. Employees Tools and Personal Effects

Cover C. Employees Tools and Personal Effects under this **Section** does not cover:

### 6. Excluded Parts and Components

loss of or damage to cutting edges machine tools trailing cables flexible pipes driving belts and chains or conveyor bands unless accompanied by the loss of or damage to the complete item.

### 7. Maintenance Faulty Workmanship or Application of Tools

the cost of

- a. maintenance
- b. rectification of faulty workmanship occurring during the execution of repairs

but not damage resulting from a. or b. unless otherwise excluded

- c. damage caused by the direct application of tools.

### 8. Materials Processed or Foreign Bodies

loss or damage caused by materials processed or treated by the **Property Insured** or foreign bodies entering the **Property Insured** with the materials.

### 9. Overloading or Abnormal Conditions

damage to any item of **Property Insured** caused by or arising from the imposition of abnormal conditions deliberate overloading or overload testing.

### 10. Overnight and Unattended

loss of or damage to **Employees Tools and Personal Effects**

- a. **Overnight**
- b. when **Unattended** away from the **Contract Site**

unless kept in a

- i. securely locked building or container or
- ii. vehicle

Provided that while the **Employees Tools and Personal Effects** are left **Unattended** in a vehicle

1. the doors of the vehicle are locked and all its windows and other openings are fully closed and properly fastened and
2. they are concealed from view in a locked compartment and
3. any alarm system fitted to the vehicle is activated.

### 11. Scratching

the scratching scouring or spoiling of glass painted polished smooth or any other similar finished surfaces unless accompanied by loss of or damage to other parts or portions of the **Property Insured** for which **the Insurer** has admitted liability under this **Section**.

### 12. Wear and Tear or Gradual Deterioration

the cost of rectification of

- a. wear and tear erosion corrosion or other deterioration caused by or naturally resulting from ordinary work use or exposure
- b. gradually developing flaws or fractures which do not necessitate immediate stoppage

but not damage insured by this **Section** resulting from a. or b. unless otherwise excluded.

## Section Exclusions applicable to this Section of the Policy

This **Section** does not cover

### 13. Breakdown or Explosion

loss damage cost or legal liability consisting of or in consequence of damage to any part of the **Property Insured** caused by its own electrical or mechanical breakdown or explosion.

### 14. Computer Date Recognition

loss or damage directly or indirectly caused by or consisting of or arising from the failure of any computer or other equipment or system for processing storing or retrieving data whether the property of **the Insured** or not to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date including the failure

- a. correctly to recognise any date as its true calendar date
- b. to recognise capture save retain restore and/or correctly to manipulate interpret calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
- c. to recognise capture save retain restore and/or correctly to manipulate interpret calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware being a command which causes the loss of data or the inability to recognise capture save retain restore or correctly to manipulate interpret calculate or process any data on or after any date

but this Section Exclusion shall not apply to subsequent loss or damage arising from or caused by fire lightning explosion aircraft or other aerial devices or articles dropped therefrom riot civil commotion strikers locked out workers persons taking part in labour disturbances malicious persons other than thieves earthquake storm flood escape of water from any tank apparatus or pipe or impact by any road vehicle or animal which would but for the application of this Section Exclusion be insured by this **Section**.

### 15. Excess

the amount stated in the **Schedule** as the **Excess** in respect of each and every occurrence for which **the Insured** is indemnified by this **Section**.

Provided that

- a. all claims under this **Section** and the Contractors Plant Section arising from one occurrence of loss or damage shall be adjusted as one claim and from the amount of such adjusted claim there shall be deducted the relevant sum stated in the **Schedule** as the applicable **Excess**
- b. in the event of loss or damage occurring under this **Section** or under both this **Section** and the Contractors Plant Section arising from the same occurrence of loss or damage whereby more than one amount is shown in the **Schedule** as the applicable **Excess the Insured** may at their option have the relevant **Excess** applied
  - i. separately to each defined category of **Property Insured** or
  - ii. as the single highest applicable **Excess** for the relevant risk.

Paragraph b. above shall not apply to the **Excess** shown in the **Schedule** for **Employees Tools and Personal Effects** which shall apply separately in all cases.

This Section Exclusion is subject always to Section Extension 14 Excess (Security Discounted) in the Contractors Plant Section if applicable.



## **16. Inventory Loss or Unidentifiable Occurrence**

### loss of **Property Insured**

- a. by its disappearance or by shortage if the disappearance or shortage is only revealed when an inventory is made
- b. due to it being stolen or otherwise missing unless the loss is identifiable by **the Insured** with a specific occurrence which has been the subject of notification under the terms of General Condition 3 Claims and the Section Claims Conditions under this **Section** and which has been reported to the Police.

## **17. Money Legal or Promissory Documents**

loss of or damage to deeds bonds bills of exchange promissory notes cash bank and currency notes treasury notes cheques postal orders stamps or securities.

## **18. Motor Vehicles**

loss of or damage to any mechanically propelled vehicle or an attached trailer.

This Section Exclusion does not apply to any vehicle that is

- a. not licensed for road use and used in circumstances which do not require insurance under any road traffic legislation or
- b. designed or adapted primarily for use as a tool of trade.

## **19. Multiple Lifting Operations**

loss or damage to **Property Insured** arising out of any lifting or lowering operation in which a load is shared between two or more machines.

This Section Exclusion does not apply to damage to **Property Insured** arising out of any lifting or lowering operation in which a load is shared by two machines.

Provided that

- a. the load on the hook does not exceed 150 tonnes and
- b. the operations are carried out in accordance with British Standard Code of Practice For Safe Use of Cranes - BS7121 or ISO 12480-1 Cranes - Safe Use - General including any subsequent amendments or revisions and
- c. the machines used are cranes as designated by BS7121 and its supporting parts.

## **20. Confiscation Civil Commotion and Similar Risks**

- a. loss or damage directly or indirectly caused by confiscation nationalisation requisition or destruction of or damage to property by order of the Government or any Public Municipal or Local Authority.
- b. in the case of **Property Insured** outside Great Britain Northern Ireland the Isle of Man and the Channel Islands loss damage or corruption directly or indirectly caused by warlike operations mutiny conspiracy martial law state of siege or any events or causes which determine the proclamation or maintenance of martial law or state of siege riot civil commotion strike lock-out persons taking part in labour disturbances or malicious persons acting on behalf of or in connection with any political organisation.
- c. loss destruction or damage in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot civil commotion and (except in respect of damage by fire and explosion) strikers locked out workers persons taking part in labour disturbances or malicious persons.

## **21. Nuclear Site Risks**

loss or damage caused by or consisting of or liability arising from loss or damage to any

- a. **Nuclear Material**
- b. **Property Insured** in connection with
  - i. any **Contract Works** for construction erection installation repair maintenance or decommissioning of
  - ii. any **Contract Works** in or on

any building or plant that has been or is used or is designated to be used for **the Production Use or Storage of Nuclear Material.**

## **22. Other Consequential Losses**

loss damage cost or legal liability consisting of or in consequence of liquidated damages penalties for delay or detention or in connection with guarantees of performance or efficiency or loss of use or any other form of consequential loss not specifically provided for by this **Section.**

## **23. Pollution or Contamination**

loss or damage directly or indirectly caused by or contributed to by or arising from pollution or contamination.

This Section Exclusion shall not apply to cost arising from pollution or contamination of **Property Insured** caused directly by an occurrence which is insured by this **Section.**

## **24. Sea or Air Transit**

loss or damage occurring during transit by sea or air.

## **25. Vessels Craft Vehicles Devices Rigs or Platforms**

loss of or damage to any

- a. vessel craft vehicle or device designed to float on in or travel under or through water air or space
- b. marine rig or marine platform
- c. equipment mounted on and fixed to such vessel craft vehicle device rig or platform.

## 26. E Risks

loss of or damage to

- a. any computer or other equipment or component or system or item which processes stores transmits or retrieves data or
- b. any part of a computer or other equipment or component or system or item which processes stores transmits or retrieves data

whether tangible or intangible (including but without limitation any data information or programs or software) and whether part of the **Property Insured** or not caused directly or indirectly by

i. Virus or Similar Mechanism

program code programming instruction or any set of instructions intentionally constructed with the ability to damage interfere with or otherwise adversely affect computer programs data files or operations whether involving self replication or not. This includes but is not limited to viruses trojan horses worms and logic bombs

ii. Hacking

unauthorised access to any computer or other equipment or component or system or item whether part of the **Property Insured** or not which processes stores transmits or retrieves data

but this Section Exclusion shall not apply to subsequent loss or damage arising from or caused by fire lightning explosion aircraft or other aerial devices or articles dropped therefrom riot civil commotion strikers locked out workers persons taking part in labour disturbances earthquake storm flood escape of water from any tank apparatus or pipe or impact by any road vehicle or animal which would but for the application of this Section Exclusion be insured by this **Section**.

## Section Conditions

### 1. Consecutive Damage

For the purpose of interpreting the application of Section Exclusion 15 Excess loss of or damage to **Property Insured** at any one location by storm tempest flood earthquake subsidence or collapse in one continuous period of 72 (seventy two) hours shall be dealt with as one accident or series of accidents arising from one occurrence. The commencement of any such 72 (seventy two) hour period shall be decided at the option of **the Insured** it being agreed that there will be no overlapping of any 2 (two) or more such periods and provided no period commences earlier than the date and time of the happening of the first recorded individual loss or damage.

### 2. Contract Price Condition

**The Insurer** will have no liability under this **Section** where the **Contract Value** exceeds the maximum **Contract Value** shown in the **Schedule** at the time of the loss or damage.

### 3. Declarations

The premium in respect of this **Section** is based on estimates given by **the Insured** from accurate record keeping and will be adjusted on declaration.

This record shall be supplied to **the Insurer** within 2 (two) months following expiry of the **Period of Insurance** to enable the **Premium Adjustment** to be calculated.

Any information provided to **the Insurer** in accordance with this Section Condition shall include

- a. the value of any **Free Issue Materials** provided to the **Contractor** for incorporation in the **Contract Works**.
- b. professional fees incurred in the design and construction of the **Contract Works**.
- c. Value Added Tax which is not recoverable by **the Insured**.

### 4. Insured Contracts

This insurance applies to loss or damage occurring during the **Period of Insurance** to **Contract Works** that are current at the start of the **Period of Insurance** or are commenced during the **Period of Insurance**.

The liability of **the Insurer** shall cease

- a. at the end of the **Period of Insurance** if the insurance is not renewed or
  - b. on cancellation of the insurance
- whichever is earlier.

### 5. Observation of Section Terms

The liability of **the Insurer** will be conditional on **the Insured** complying and as appropriate any other insured parties entitled to indemnity complying as though they were **the Insured** with the terms provisions exclusions limits and conditions of this **Section** and **Policy** in so far as they can apply.

### 6. Series Loss

If the development or discovery of a defect in any part of the **Contract Works** shall indicate that a similar defect exists elsewhere in the **Contract Works** **the Insured** shall immediately investigate and if necessary rectify the defects in any **Contract Works** insured under this **Section** at their own expense or alternatively bear the cost of all loss or damage arising out of the defect.

## 7. Right to Survey

It is a condition of this **Section** that **the Insurer** has the right to carry out a survey of the risks insured at any time mutually agreed with **the Insured**.

## 8. Joint Code of Practice

**The Insured** undertakes to comply with The Joint Code of Practice for the Protection from Fire of Construction Sites and Buildings Undergoing Renovation ninth Edition dated October 2015 or a subsequent edition or version (referred to as The Joint Code).

**The Insurer** shall have the right at all reasonable times to enter and inspect the **Contract Site** for the purpose of checking whether the conditions comply with The Joint Code.

In the event of a breach of The Joint Code **the Insurer** will inform the site management of the **Contractor** specifying the nature of the breach the remedial measures required by **the Insurer** and the period within which these must be completed.

Where **the Insurer** consider a breach is of sufficient importance written notice shall be sent to the **Employer** and the **Contractor** at their respective addresses by registered post recorded postal delivery facsimile transmission or by hand.

The notice may suspend or cancel cover 30 (thirty) days from the date of the notice.

It being understood that following suspension cover shall be reinstated when **the Insurer** is satisfied that remedial measures have been completed.

In the event of cancellation **the Insurer** agrees to return to **the Insured** a pro-rata proportion of the relevant part of the premium for this **Section**.

## 9. Suspension of Cover

If work on a **Contract Site** shall cease for a period in excess of 90 (ninety) consecutive days the indemnity provided by **the Insurer** for loss of or damage to **Property Insured** on that **Contract Site** shall be suspended at the end of the 90th (ninetieth) day unless specifically agreed in writing by **the Insurer** and stated in this **Section**.

## 10. Alteration in Risk

**The Insured** must notify **the Insurer** as soon as possible if during the **Period of Insurance**

- a. the **Business** as defined within the **Policy** Definitions is wound up or carried on by a liquidator or receiver or permanently discontinued
- b. the interest of **the Insured** ceases other than by death
- c. there is any alteration to the facts or matters set out in the **Schedule** or otherwise comprising the risk presentation made by **the Insured** to **the Insurer** at inception renewal or variation of this **Policy** which materially increases the risk of loss damage or legal liability

Upon being notified of any such alteration **the Insurer** may at its absolute discretion

- i. continue to provide cover under this **Section** on the same terms
- ii. restrict the cover provided by this **Section**
- iii. impose additional terms
- iv. alter the premium
- v. cancel this **Section** and this **Policy**.

If **the Insured** fails to notify **the Insurer** of any such alteration **the Insurer** may

1. treat this **Section** and the **Policy** as if it had come to an end as at the date of the alteration of the risk returning a proportionate amount of the premium for the unexpired **Period of Insurance** if **the Insurer** would have cancelled this **Section** and the **Policy** had it known of the increase in risk
2. treat this **Section** and the **Policy** as if it had contained such terms (other than relating to premium) or other restrictions (if any) from the date of the alteration in risk as **the Insurer** would have applied had it known of the increase in risk
3. reduce proportionately the amount paid or payable on any claim the proportion for which **the Insurer** is liable being calculated by comparing the premium actually charged as a percentage of the premium which **the Insurer** would have charged had it known of the increase in risk.

## Section Claims Conditions

### 1. Additional Claims Requirements

In the event of any occurrence giving rise or likely to give rise to a claim under this **Section** it is a condition precedent to the liability of **the Insurer** that **the Insured** shall

- a. permit inspection by the representatives of **the Insurer** of any damaged or defective parts of **Property Insured**
- b. at their own expense deliver to **the Insurer**
  - i. within 30 (thirty) days after such occurrence 28 (twenty-eight) days in the case of loss or damage by riot civil commotion strikers locked-out workers persons taking part in labour disturbances malicious persons or theft) or such further time as **the Insurer** may allow in writing
    1. full information in writing of the **Property Insured** and the amount of loss or damage
    2. details of any other insurances on the **Property Insured** covered by this **Section**
  - ii. all such proof and information relating to the claim as may reasonably be required
  - iii. if required, a statutory declaration of the truth of the claim and of any matters connected with it.

**The Insurer** will not pay for any claim unless the terms of this Section Claims Condition have been complied with.

### 2. Claims Arbitration

If any difference arises as to the claims amount paid under this **Section** such difference shall be referred to an arbitrator to be appointed by the parties in accordance with statutory provisions. Where any difference is by this Section Condition to be referred to arbitration the making of the award shall be a condition precedent to any right of action against **the Insurer**.

### 3. Housing Grants Construction and Regeneration Act 1996

In the event of a construction contract dispute being referred to an adjudication procedure that complies with the provisions of the Housing Grants Construction and Regeneration Act 1996 the following terms and conditions will apply:

- a. If a dispute relates to loss or damage which may be the subject of a claim under this **Section**
  - i. **the Insured** shall forward to **the Insurer** within 3 (three) working days of receipt or as soon as reasonably practicable notice of an intention by another party to refer the dispute to adjudication
  - ii. **the Insured** shall provide prior notice to **the Insurer** of any intention by them to refer any dispute to adjudication.
- b. **The Insured** shall co-operate with **the Insurer** in the conduct of the adjudication. Appointments made by **the Insurer** shall be at **the Insurer's** expense.
- c. **The Insured** shall not accept an award made by the adjudicator to the dispute as being final without the prior consent of **the Insurer**.
- d. **The Insurer** will indemnify **the Insured** against a partial or full award made by the adjudicator to the extent that this **Section** allows.
- e. Payment made by **the Insurer** in respect of an award shall be made without prejudice to any rights of subrogation that **the Insurer** may possess.
- f. **The Insured** shall instigate legal proceedings or arbitration in accordance with the terms of the original **Contract** to challenge or reopen or stay the enforcement of such adjudicators decision if reasonably requested to do so by **the Insurer**. **The Insurer** will appoint appropriate advisers as they deem necessary to have appropriate conduct of the proceedings. Any of these measures taken shall be at **the Insurer's** expense.

All other terms and Conditions of this **Policy** shall apply to the extent that they are not in conflict with this clause.

#### 4. Options for Claims Settlement

- a. **The Insurer** may at their option repair reinstate or replace that which is lost or damaged or pay for the loss or damage in money.

If any **Property Insured** is to be reinstated or replaced by **the Insurer the Insured** shall at their own expense provide all plans documents books and information as may reasonably be required.

**The Insurer** will not be bound to reinstate exactly but only as circumstances permit and in a reasonably sufficient manner.

- b. **The Insurer** will not be liable for the cost of repairs undertaken without their written consent except in urgent cases where it has been necessary to put minor repairs in hand.

Provided that

- i. the requirements of General Condition 3 Claims and Section Claims Conditions 1 Additional Claims Requirements and 6 Subrogation have been complied with and
  - ii. the repairs are carried out to the satisfaction of **the Insurer**.
- c. Where loss or damage is confined to a part of the **Property Insured the Insurer** will be liable for the value of that part plus the cost of any necessary removal and installation for which **the Insured** is responsible.
  - d. **The Insured** shall not be entitled to abandon any property to **the Insurer** whether taken into the possession of **the Insurer** or not.

#### 5. Other Insurances

**The Insurer** will not indemnify **the Insured** in respect of loss of or damage to **Property Insured** which is insured by or would but for the existence of this **Section** be insured by any other policy effected by **the Insured** or on **the Insured's** behalf except in respect of any excess beyond the amount payable under the other policy or which would have been payable under the other policy had this insurance not been effected.

#### 6. Subrogation

Any claimant under this **Section** shall at the request and expense of **the Insurer** take or permit to be taken all necessary steps for enforcing rights against any other party in the name of **the Insured** before or after any payment is made by **the Insurer**.