



Insurance for NSW

**Material Damage Insurance Policy**

Project Insurance

PROJECT: [redacted]

PERIOD: [redacted]

PRINCIPAL INSURED: [redacted]

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# Contents

	Page No
<b>Introduction</b> .....	<b>1</b>
<b>Schedule</b> .....	<b>2</b>
<b>Definitions and Interpretation</b> .....	<b>4</b>
<b>Insuring Clauses</b> .....	<b>9</b>
1. Construction Period.....	9
2. During the Defects Liability Period (Guaranteed maintenance) .....	9
3. Basis of settlement.....	9
4. Local authorities clause.....	9
5. Undamaged foundations .....	10
6. Output replacement.....	10
<b>Extensions applying to this Policy</b> .....	<b>11</b>
7. Additional Costs and Expenses .....	11
8. Plot ratio indemnity.....	13
9. Civil authority .....	13
<b>Exclusions applying to this Policy</b> .....	<b>14</b>
10. Defective Work.....	14
11. Consequential loss.....	14
12. Corrosion, wear and tear .....	14
13. Aircraft or waterborne craft.....	14
14. Disappearance or shortage .....	14
15. Money.....	14
16. Transits outside Australia .....	14
17. Radioactive.....	14
18. Electronic Data and Software .....	15
19. War.....	15
20. Terrorism .....	15
<b>Conditions applying to this Policy</b> .....	<b>17</b>
21. Limits of Liability.....	17
22. Escalation.....	17
23. Application of Excess .....	17
24. Claims procedure.....	18
25. Insurers' rights and subrogation.....	18
26. Multiple Insured's clause .....	18
27. Non Contribution .....	19
28. Notices .....	19
29. Declarations and Premium payment.....	19
30. Extension to Construction Period .....	20
31. Insolvency or bankruptcy.....	20
32. Assignment.....	20
33. Hold harmless agreements.....	20
34. Cancellation or non-renewal of this Policy .....	20
35. Alterations in material fact, error or omission .....	20
36. Progress payments .....	21
37. Appointment of Loss Adjuster.....	21
38. Claim payments.....	21
39. Currency .....	21
40. Jurisdiction and service of suit.....	22
41. Master and Agreed Rate Contracts .....	22
42. Cessation of Work.....	22
43. Marine/ non marine loss sharing.....	22
44. Tunnelling Code of Practice .....	23
45. Dispute Resolution.....	23
46. Arbitration .....	23
<b>Endorsements applying to this Policy</b> .....	<b>24</b>

1. Incomplete Trenches..... 24  
2. Radiography of Welds..... 24  
3. Unsealed Roads ..... 24  
4. Directional Drilling..... 25  
5. Normal action of the sea ..... 25  
6. Piling Foundation and Retaining Wall Works ..... 26  
7. Over Topping Of Cofferdams..... 26  
8. Dams And Water Reservoirs ..... 26

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# Material Damage Insurance Policy

## Project Insurance

### Introduction

In consideration of the Named Insured having paid or agreed to pay the Premium, the Insurer agrees to indemnify the Insured to the extent provided herein subject always to the Limits of Liability and Sub-limits of Liability of this Policy.

This Policy incorporates the Introduction, Reinsuring Clauses, Schedule, Sections, Definitions and Interpretation, Conditions, Extensions, Exclusions, Endorsements and any other terms herein contained, which are to be read together. The Insurer agrees that this Policy and any subsequent attaching Endorsements are accepted as their own.

The liability of the Insurer will in no case exceed the Limits of Liability and Sub-limits stated in the Schedule or elsewhere in this Policy.

Signed for and on behalf of the Insurer:

Insurer	Policy No.	Proportion %	Signature	Place	Date
Self-Insurance Corporation of NSW	.....				.....

# Schedule

**Named Insured:** .....

**Insured** .....

This Policy also insures other parties as specified in the definition of the Insured herein.

**Insured Project:** All works of any kind or description undertaken by or on behalf of the Named Insured and commenced during the Policy Period with respect to (Project Title) as further described in Contract No. (.....)

**Policy Period:**  
 From: .....  
 To: .....  
 Both dates at 4:00pm Local time at Sydney, NSW

**Defects Liability Period:** ..... Months in respect of the initial Defects Liability Period.

**Performance Testing Period:** ..... Month

**Geographical Scope:** Anywhere in the Commonwealth of Australia (and any overseas locations but only if agreed by the Insurer prior to risk being covered)

**Limits of Liability:** (clause 21) Limit of Liability any one Occurrence at any one situation:

Contract Works	\$	.....
Existing Property	\$	Not Insured
Construction Plant and Equipment (any one item)	\$	Not Insured
Escalation Percentage (clause 22)		15%

**Sub-limits of Liability:**

The liability of Insurer in respect of any one Occurrence at any one situation as set out in the Sub-limits below. These Sub-limits will apply in addition to the above Limits of Liability.

7.1	Removal of Debris and Other Costs	15% of the ECV with a minimum of \$5,000,000
7.2	Expediting Expenses	15% of the ECV with a minimum of \$2,000,000
7.3	Professionals' Fees	10% of the ECV with a minimum of \$500,000
7.4	Mitigation Expenses	7.5% of the ECV with a minimum of \$2,000,000

7.5	Search and Locate Costs	7.5% of the ECV with a minimum of \$2,000,000
7.6	Claim Preparation Costs	\$1,000,000
7.7	Government Costs	7.5% of the ECV with a minimum of \$5,000,000
7.8	Inflation Protection	7.5% of the Contract Works Value
7.89	Sue and Labour	\$2,000,000

The following Sub-limits are included within the Limits of Liability:

Property Insured whilst in transit	Up to \$10,000,000
Offsite Fabrication	Up to \$10,000,000
Offsite Storage	Up to \$10,000,000

**Basis of Settlement:**

1. Contract Works: Reinstatement Value

**Nominee for Legal Service:**

Gallagher Bassett

**Loss Adjuster(s):**

The Insurer authorises the following companies to adjust any claim under this Policy, or as otherwise agreed by the Insurer and the Insured:

- Technical Assessing
- Harrison Grey

**Loss Payee:**

Insured

**Currency:**

Australian dollars

**Excess:**

Losses in connection with Exclusion 10. (b) Defects (LEG3/06) - \$250,000 each & every Occurrence

All other losses - ..... each & every Occurrence

**Premium:**

As agreed

In accordance with clause 29 - Declarations and Premium Payment:

# Definitions and Interpretation

The following Definitions will apply to this Policy.

**Aircraft** means any craft or machine made or intended to fly or become airborne or move in or through the atmosphere or space.

**Computer Virus** means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

**Contract** means any contract, agreement or undertaking by or on behalf of the Named Insured in connection with the Insured Project.

## Contract Types

Where appearing in this Policy, the following Contract Type definitions apply.

- (a) **Civil Works** means any works where the greater proportion of the works involves earthworks, the construction of bridges, dams and the like, but excluding works involving the construction of a building, electrical and mechanical plant.
- (b) **Dams**, means dams, weirs and hydroelectric projects involving the construction of dams or weirs.
- (c) **Horizontal Directional Drilling** means micro-tunnelling work for the construction of tunnels utilising surface based horizontal directional drilling equipment.
- (d) **Off-Shore Works** means works which are not land based or not to be connected to land on completion and which are located in excess of 500 Metres from nearest land. The term shall include oil rigs and oil platforms (but not including oil platforms when connected to the land on completion). The term shall not apply to pre-fabrication works on land associated with an Off-Shore Works Contract.
- (e) **Pipelines**, which term shall exclude offshore pipelines and Horizontal Directional Drilling.
- (f) **Tunnels**, means the construction of underground passageways, subways and/or roads used for the movement of pedestrians or vehicular traffic that is open at both ends, and is constructed by boring, drilling, excavating or digging through the earth, but shall not include Horizontal Directional Drilling Contracts, or work to existing tunnels which do not involve the above construction techniques.
- (g) **Underground Mining** means any works performed underground. The term shall not include contracts involving alluvial, open cut or hydraulic mining or quarrying.
- (h) **Wet Risks** means any works where more than fifteen (15) percent of its value is in, under or over water or is below the high water mark of any tidal body of water. The term shall include contracts for the construction of wharves, piers, marinas, causeways, breakwaters, jetties, dry docks and offshore pipelines when connected directly to on-shore facilities and canal developments. Wet Risk Contracts exclude Off-Shore Contracts.
- (i) **All Other Works** shall mean any other works not referred to above.

In the event of a Contract or project comprising more than one Contract Type, the Contract Type shall be deemed the Contract Type with the largest contract and materials value but for the purpose of complying with the Excluded Contracts provision each contract type shall be considered separately.

**Contract Value** means the total value of work and construction costs incurred by or on behalf of the Named Insured in respect of the Contract Works. It includes the value of principal supplied and other free supplied materials if required to be insured under this Policy. The Named Insured may reduce the Contract Value by the value of non-recurring construction costs (in whole or in part).

**Period of Insurance** means:

### (1) Construction Period means

the period commencing with the entering into of each Contract or commencement of work whichever is the earlier, provided such Contract is entered into or work commenced during the Policy Period, until at the option of the Insured:

- i. the Contract Works have been formally accepted in their entirety by the principal or owner as having achieved practical completion and completed any relevant Performance Testing Period, notwithstanding the fact that portions of the Contract(s) may have been handed over, or accepted by the principal or owner prior to that time, including any relevant Performance Testing Period; or
- ii. with respect to each separable portion of the Contract Works, the time it is taken over and put into use by the principal or owner, including any relevant Performance Testing Period, or;
- iii. The expiry of the Construction Period in the Schedule.

**(2) Defects Liability Period means**

the period described in any Contract during which an Insured is legally obliged to rectify defects, shrinkages, errors, omissions or other faults and/or to complete its obligations under such Contract (the initial Defects Liability Period), which may include the requirement for a further period, following rectification of defects under the initial period.

The initial Defects Liability Period shall not exceed the Defects Liability Period stated in the Schedule in respect of any one Contract.

Where the contract provides for the defects liability period to be extended upon repair or rectification of a defect, coverage under section 2 shall be extended for a further period as required by the Contract up to a maximum of an additional 36 months only in respect of Property Insured (which has been rectified or repaired) for which the contractual extension of the defects liability period applies.

**Damage** means physical loss, destruction or damage with the word Damaged having a corresponding meaning.

**Electronic Data** means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation, or, processing by electronic or electromechanical data processing or electronically controlled equipment.

**Insured Project** means the project referred to in the Schedule

**Insured** means:

- (a) The Government Agency and/or department for all contracts declared to SiCorp for the purpose of this insurance, herein after known as the Named Insured.
- (b) Any Government Agency and/or department of the Named Insured, or any other government or non-government organisation under the control of the above party (a) and over which it is exercising active management, hereinafter also known as the Named Insured.
- (c) any parent or subsidiary company (including subsidiaries thereof) of the Named Insured and any other organisation under the control of the Named Insured and over which it is exercising active management, whether now or hereafter incorporated;
- (d) if not a Named Insured, any of the following persons or entities for whom or for which the insured parties above are obliged to arrange insurance by virtue of a Contract or assumption of responsibility, but only to the extent required by such Contract or assumed responsibility and in any event only for such coverage and Limits of Liability as provided in this Policy; any:
  - i. principal or owner or agent of the principal or owner or joint venture partner;
  - ii. construction manager or project manager;
  - iii. contractor or sub-contractor of any tier subject to the limitations in iv. and v.;
  - iv. architect, engineer or other consultant, but only in respect of their on-site, manual activities;
  - v. vendor or manufacturer, but only in respect of their on-site, manual activities;
  - vi. lessor, financier, mortgagee or trustee;
  - vii. government body not included in i to v. above;
  - viii. other party with an insurable interest in the Insured Project not included in the above
  - ix. alliance partners in respect of works undertaken under alliance agreements;



For the purposes of this policy those Insured's specified in iv. and v. above are not considered to be included under any other Insured definition.

- (e) any director, executive officer, employee, partner, contract staff, or member of any safety, security or medical facility of any of the insured's whilst acting as such;
- (f) any office bearer or member of any social, sporting, or welfare facility of any of the insured's whilst acting as such; and

all for their respective rights and interests.

**Local Time** means the Official Government Time set on Co-ordinated Universal Time (UCT) (which includes daylight savings time where observed) at the designated place stated in the Schedule.

**Major Peril** means a loss caused by earthquake, landslip, subterranean fire or volcanic eruption, subsidence, collapse, storm and/or tempest and/or rainwater and/or flood and/or tsunami and/or named cyclone.

**Occurrence** means an event or series of events consequent upon or attributable to one source or original cause.

**Offsite Fabrication** means locations where pre-fabrication, repair, remedial or any other work is undertaken in connection with the Insured Project away from the Project Site. The term does not include any location where the Property Insured is being manufactured under a contract of supply or manufacture, in the course of transit or in storage.

**Offsite Storage** means materials, components and equipment to be incorporated into the Contract Works whilst in storage off site within the Commonwealth of Australia during the Construction Period.

**Performance Testing Period** means the period for the testing and/or commissioning of the Contract Works or any of its component parts which:

- (a) begins when 'live load' is introduced, including the use of feedstock or other materials for processing or other media to simulate working conditions and in the case of electrical motors, electrical generating, transforming, converting or rectifying plant or machinery, connection to a grid or other load circuit or as more particularly described in a Contract, and
- (a) ends at the completion of testing and commissioning under the Contract, but in no case exceeding the Performance Testing Period shown in the Schedule.

Any testing and/or commissioning that exceeds the Performance Testing Period stated in the Schedule will continue to be covered only after the Insurer's prior approval is obtained.

If as a result of a peril insured it becomes necessary to repeat any test and/or commissioning or to carry out subsequent test(s) and/or commissioning, the Insurer herein will bear the cost of any such repeated and/or test or commissioning subject to the Policy limits, it being within the cover provided by the Policy and which forms part of the Sum Insured. For the avoidance of doubt, The Insurer will only bear the cost of 2 repeated tests.

Where Performance Testing is performed in stages, any period between the application of 'live load' is not considered to form part of the Performance Testing Period. Any simple functionality test without the application of 'live load' is also not considered to form part of the Performance Testing Period.

**Policy Period** means the period stated in the Schedule and shall include any subsequent period for which the Insurer agrees to renew this Policy.

**Project Site** means any location where the Insured is performing the works and includes all surrounding areas in connection with the Insured Project.

**Property Insured** means:

- (a) **Contract Works** being property of every description used or to be used in part of or incidental to or having any connection whatsoever with the Insured Project. It shall include but not be limited to:
  - i. the whole of the works, whether permanent or temporary works, travelling forms, structures, materials and supplies including free supplied materials;
  - ii. temporary buildings, camp buildings and all other project buildings and their contents;
  - iii. formwork, falsework, scaffolding, access platforms, hoardings, mouldings, and the like, whether the foregoing be consumable or reusable;
  - iv. consumables, drawings and other documents and Electronic Data;

but excluding Construction Plant and Equipment and Existing Property not specified above.

- (b) **Existing Property** being existing buildings, structures, plant, contents and real property of every description, but only in respect of Occurrences during the course of undertaking the Insured Project., Existing Property is specifically excluded under this Policy unless an amount is specified against this item in the Schedule or a specific endorsement to this Policy is issued to include Existing Property.
- (c) **Construction Plant and Equipment** being:
  - i. all construction plant, tools and equipment of every description including spare parts, but excluding subcontractors plant, tools and equipment;
  - ii. employees' tools, equipment and personal property

Construction Plant and Equipment is specifically excluded under this Policy

- (d) Property described in clauses a, b and c above shall refer to property owned by the Insured or for which they are responsible or have assumed responsibility prior to any event for which a claim may be made hereunder, or for which the Insured has agreed to insure, or in which the Insured has an insurable interest.

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**Reinstatement Value** means:

- (a) where the property is lost or destroyed, the cost of replacement thereof by similar property in a condition equal to, but not better nor more extensive than, its condition when new;
- (b) where the property is Damaged and can be repaired, the cost necessarily incurred to restore the property to a condition substantially the same as, but not better nor more extensive than its condition when new, plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs.

## **INTERPRETATION**

The following Interpretation will apply to this Policy.

### **Headings**

Headings have been included for ease of reference. The terms and conditions of this Policy are not to be construed or interpreted by reference to such headings.

### **Singular/Plural**

In this Policy, where the context admits, words denoting the singular shall include the plural and vice versa.

# Insuring Clauses

The Insurer will indemnify the Insured as follows:

## 1. Construction Period

Damage not specifically excluded to the Property Insured in accordance with the Basis of Settlement, happening within the Geographical Scope stated in the Schedule including whilst in Offsite Fabrication, Offsite Storage or in transit or transshipment including loading and unloading or elsewhere during the Construction Period.

## 2. During the Defects Liability Period (Guaranteed maintenance)

Damage not specifically excluded to the Property Reinsured in accordance with the Basis of Settlement, provided Damage:

- (a) manifests itself during the Defects Liability Period
  - a. originates from:
    - (i) a cause arising prior to the commencement of the Defects Liability Period; or
    - (ii) an act or omission of any of the Original Reinsured parties, or some other cause occurring in connection with the Original Reinsured complying with the Defects Liability Period provisions of a Contract

## 3. Basis of settlement

In the event of Damage to Property Insured the amount payable shall be in accordance with the Basis of Settlement stated in the Schedule in respect of the property designated therein.

### (a) Reinstatement Value

Where the Basis of Settlement is 'Reinstatement Value' the following provisions shall apply.

- (i) The work of rebuilding, replacing, repairing or restoring as the case may be (which may be carried out upon any other site(s) and in any manner suitable to the requirements of the Named Insured, but subject to the liability of the Insurer not being thereby increased), must be commenced and carried out with reasonable dispatch;
  - (ii) Where Property Insured has been Damaged and where the Named Insured elects not to reinstate such Property Insured, the Insurer will pay to the Named Insured an amount equal to the cost necessary to replace, repair or rebuild the Property Insured to a condition substantially the same as but not better nor more extensive than its condition at the time the Damage occurred;
  - (iii) If the Property Insured is reasonably abandoned because the cost of recovery would exceed the amount payable under this Policy in respect of such property, it shall be deemed to be a constructive total loss and settlement shall be made in accordance with the above provisions (as applicable).
- (b) The total amount payable by Insurer will also include any additional amounts as provided in clauses 4 to 6 (as applicable).
  - (c) In all cases, (except as is excluded by (d) below), the cost of reinstatement (including the provisions of paragraph (ii) herein), shall refer to the final cost to the Named Insured after completion of the repair, reinstatement or replacement work, if required by the Named Insured, the cost of transporting the item to the place where the Damage occurred and including a reasonable margin for profit administration costs and overheads where such work is carried out in whole or in part by the Insured.
  - (d) In the event that the financier elects to have a cash payment rather than reinstatement, the cash settlement shall be for the amount equivalent to the Reinstatement Value as described, less any margin for profit that would have been payable to the Insured had the Damage to the Property Insured been reinstated.

## 4. Local authorities clause

The indemnity provided by this clause 4 shall, subject to the Sub-limit of Liability stated in the Schedule (if any), extend to include the extra costs (including demolition or dismantling) of Damaged

Property Insured necessarily incurred to comply with the requirements of any government department, local government or other statutory authority, provided that the indemnity under this clause shall only apply as a result of Damage.

**5. Undamaged foundations**

In the event of Damage to the Property Insured but the foundations are not destroyed, and due to the exercising of statutory powers and/or delegated legislation and/or authority by any government or authority, the reinstatement or replacement of the Property Insured is required to be carried out upon another site, then the abandoned foundations will be considered as being lost or destroyed. If the presence of the abandoned foundations increases the resale value of the original site, then such increase in resale value shall be regarded as salvage and the amount thereof shall be deducted from the payment to the Named Insured. The term "foundations" is deemed to include services such as, but not limited to, conduits, pipes, cables and wiring built into the footings and foundations (including concrete floor slabs).

**6. Output replacement**

If any item(s) of the Property Insured having a measurable output is Damaged (in whole or in part) and which is capable of replacement with a new item(s) which performs a similar function, then the amount payable by the Insurer in respect of such property shall be on the following basis.

- (a) If any lost or destroyed Property Insured is to be replaced by an item(s) which has the same or a lesser total output, then the amount payable thereof is the new installed cost of such replacement item(s) as would give the same total output as the Damaged item(s).
- (b) If any Damaged Property Insured is to be replaced by an item(s) which has a greater total output and the replacement value is no greater than the value of the Damaged item(s) then the amount payable shall be the cost of the replacement item(s) and no deduction shall be made due to improved output.
- (c) If any Damaged Property Insured is to be replaced by an item(s) which has a greater total output and the replacement value is greater than the value of the Damaged item(s) then the insurable value thereof is that proportion of the new installed cost of the replacement item(s) as the output of the Damaged item(s) bears to the output of the replacement item(s). The difference between the insurable value as defined and the new installed cost of the replacement item(s) shall be borne by the Insured.
- (d) This clause does not apply if the Basis of Settlement against the relevant property is stated in the Schedule as Indemnity Value.

# Extensions applying to this Policy

The following Extensions apply to this Policy:

## 7. Additional Costs and Expenses

The Insurer shall, in addition to the Limits of Liability, pay the following extra costs and expenses incurred by or on behalf of the Insured (over and above those already included in the Contract Value), subject to the Sub-limits of Liability stated in the Schedule (if any):

### 7.1 Removal of Debris and Other Costs

(a) Debris

Costs or expenses reasonably and necessarily incurred in removing, clearing, dismantling or demolishing debris, materials, Property Insured, or other property, ponded water or other substances (including the removal, clearance or demolition of any of the Property Insured, which is no longer fit for the purpose for which it was intended), and clearing drains, sewers service mains and the like including dewatering affecting the Insured Operations arising out of Damage or other event Insured by this Policy.

(b) Shoring, Propping and Temporary Protection

Costs and expenses necessarily incurred by or on behalf of the Insured:

- (i) for shoring up, propping, underpinning or for the removal of and/or the carrying out of temporary repairs for the protection or safety of Property Insured or injury;
- (ii) in the purchasing and/or hiring and in the erection and dismantling of hoardings, barriers, fences and any other forms of protection which the Insured must provide in order to comply with the requirements of any government department, local government or other statutory authority.

The indemnity under this clause 7.1(b) shall only apply where the costs and expenses are incurred as a result of actual or imminent Damage or are necessary to prevent Damage.

### 7.2 Expediting Expenses

Costs and expenses incurred in connection with or incidental to expediting the commencement, carrying out or completion of the repair, reinstatement or replacement of the Property Insured consequent upon Damage or any other event Insured by this Policy. Such costs and expenses shall include but not be limited to:

- (a) express or chartered carriage, delivery or freight (including by sea or air);
- (b) chartered and/or other travel (including by sea or air) of the Insured's directors, employees, agents, sub-contractors, consultants or representatives;
- (c) overtime or penalty rates of wages and other related allowances and payments;
- (d) hire of additional labour, plant, equipment, materials, expertise or services;
- (e) the cost of earlier than usual delivery or manufacture and/or the cost of purchasing additional resources;
- (f) accommodation and boarding costs (including meals and other costs associated therewith);
- (g) additional administrative and/or overhead expenses.

### 7.3 Professionals' Fees

Salaries, expenses, fees and other costs of clerks of works, project managers, architects, surveyors, quantity surveyors, project coordinators, engineers, legal and other consultants for estimates, plans, designs, specifications, quantities, tenders and supervision necessarily incurred in reinstatement consequent upon Damage to the Property Insured, but excluding fees for the preparation of any claim under this Policy.

#### **7.4 Mitigation Expenses**

Reasonable costs and expenses incurred by or on behalf of the Insured in respect of the mitigation, containment, elimination or suppression of an actual or imminent threat to life or actual or imminent Damage to the Property Insured. Such costs and expenses shall include but not be limited to:

- (a) the payment for additional labour (including the Insured's employees), services or resources;
- (b) the cost of replenishing fire fighting appliances or systems and costs and charges incurred for the purpose of shutting off the supply of water or any other substance following the accidental discharge or escape from intended confines of any such substance, whether from fire protection equipment or otherwise.

#### **7.5 Search and Locate Costs**

Leak search and other costs incurred following irregularities discovered in the results of a hydrostatic or other testing procedure. Such costs will include but not be limited to:

- (a) the cost of hiring, operating and transporting apparatus;
- (b) the cost of all associated earthworks;

and are payable notwithstanding that Damage may not have occurred to the affected item.

#### **7.6 Claim Preparation Costs**

Reasonable costs and expenses as may be payable by the Insured and not otherwise recoverable in connection with or incidental to preparing, collating, auditing and/or qualifying claims under this Policy.

#### **7.7 Government Costs**

- (a) Any fee, contribution or other impost (excluding fines and/or penalties) payable to any government department, local government or other statutory authority, where payment of such fee, contribution or impost is a condition precedent to the obtaining of consent to reinstate Property Insured.
- (b) Any fee contribution or other impost (excluding fines and/or penalties) payable to any government department, local government or other statutory authority for services rendered or equipment supplied for the purpose of helping to prevent, mitigate or confine further actual Damage at or in the vicinity of a Project Site.

#### **7.8 Inflation Protection**

In the event of delay in completion of any reinsured Contract (or part thereof) being incurred solely by reason of Damage to Property Insured which is indemnified hereunder, this Policy shall indemnify the Insured in respect of the amount by which the ultimate cost of construction of those parts of the project not suffering such Damage and being unbuilt or incomplete at the date of the Damage should exceed the cost of construction had no such Damage or consequent delay occurred.

Provided always that:

- (a) The indemnity provided by this Extension shall apply to the net increase in costs caused by the inflationary effect of escalation in the costs of labour, materials and services which the Insured shall prove to be a direct result of the delay consequent upon indemnifiable Damage.
- (b) No indemnity is given under this Extension in respect of increased construction costs incurred:
  - (i) in consequence of any other delay not referred to above;
  - (ii) by reason of any improvement or change in methods of working or construction;
  - (iii) in redesigning the project, or incurred as a result of such redesign;
  - (iv) for the acceleration of the progress of the contract or work or to expedite repairs or to construct the project at a faster rate than previously achieved.

- (c) No indemnity is provided in respect of the payment of penalties or liquidated damages, nor in respect of costs incurred to avoid such payment.
- (d) Furthermore, the insurer's obligation to indemnify the Insured in accordance with this Extension will be reduced to the extent that the net increase in construction cost is recovered by the Insured from another party.

#### **7.9 Sue and labour**

Sue and labour and other costs incurred for general average contributions, the salvage, rescue, recovery or retrieval of Property Insured, together with the cost of dismantling and transportation of property to an appropriate place for assessment of any Damage including any transportation costs returning the Property Insured to the Project Site or storage yard once it has been repaired or replaced. Such costs and expenses shall be covered notwithstanding the fact that the loss may not have arisen from physical damage to the item affected.

For the purpose of claims for general average contributions and salvage charges recoverable hereunder, the Property Insured shall be deemed to be reinsured for its full contributory value.

#### **8. Plot ratio indemnity**

In the event of Damage to Property Insured and as a result of the exercise of statutory powers and/or authority by any government authority, the reinstatement or replacement of such Property Insured is prohibited or is only permissible subject to a reduced floor space ratio index and/or to the payment of certain fees and contributions as a prerequisite to reinstatement or replacement, then the Insurer agrees to pay to the Insured in addition to any amount otherwise payable:

- (a) the difference between the actual cost of reinstatement or replacement incurred in accordance with a reduced floor space ratio index and the cost of reinstatement or replacement which would have been incurred had a reduced floor space ratio index not been applicable;
- (b) the amount of any fees, contributions or other impost payable to any government department, local government or other statutory authority where such fee, contribution or impost is a condition precedent to consent being given to the reinstatement or replacement of such property;
- (c) the amount of any additional costs and expenses incurred by or on behalf of the Insured as a result of alterations to the specifications of such property brought about by the reduced floor space ratio index as aforesaid.

In arriving at the amount payable under clause (a) above, any amount paid by the Insurer shall include any extra costs of reinstatement or replacement as are reinsured under clause 4.

#### **9. Civil authority**

This Policy is extended to include loss resulting from Damage by civil authority during a conflagration or other catastrophe incurred for the purpose of retarding the same.



# Exclusions applying to this Policy

This Policy does not provide indemnity in respect of:

## 10. Defective Work

At the option of the Insured at the time of Damage giving rise to a claim under this Policy either:

### (a) Defects (LEG 2/96)

all costs rendered necessary by defects of material, workmanship, design, plan or specification and should Damage occur to any portion of the Property Insured containing any of the said defects the cost or replacement or rectification which is hereby excluded is that cost which would have been incurred if replacement or rectification of the Property Insured had been put in hand immediately prior to the said damage.

OR

### (b) Defects (LEG 3/06)

all costs rendered necessary by defects of material, workmanship, design, plan or specification, however should Damage (which for the purposes of this Exclusion 10 shall include any patent detrimental change in the physical condition of the Property Insured) occur to any portion of the Property Insured containing the said defects the cost of replacement or rectification which is hereby excluded is that cost incurred to improve the original material, workmanship, design, plan or specification.

For the purpose of this Policy, and not merely this Exclusion 10, it is understood and agreed that any portion of the Property Insured shall not be regarded as Damaged solely by virtue of the existence of any defect of material, workmanship, design, plan or specification.

## 11. Consequential loss

liquidated damages or penalties for non-completion of or delay in completion of the Contract or non-compliance with contract conditions or consequential loss, other than as specifically provided under this Policy.

## 12. Corrosion, wear and tear

Damage directly caused by:

- (a) normal wear and tear;
- (b) rust, oxidation, corrosion or gradual deterioration, in each case when due to normal atmospheric conditions or other gradual causes;

but this Exclusion 12, shall be limited to the smallest component part of the Property Insured which is Damaged and shall not apply to any other part(s) lost or damaged in consequence thereof.

## 13. Aircraft or waterborne craft

Aircraft or waterborne craft or plant and equipment permanently mounted thereon exceeding 12metres in length.

## 14. Disappearance or shortage

loss due to disappearance or revealed by inventory shortage alone, unless the shortage can be reasonably attributed to burglary, theft, pilferage or like dishonesty of persons other than the Insured.

## 15. Money

Damage to cash, bank notes, treasury notes, cheques, postal orders, money orders, stamps or securities bills of exchange, bonds, deeds, manuscripts, promissory notes, tokens and vouchers.

## 16. Transits outside Australia

Damage to Property Insured in the course of ocean marine shipment between countries or transit by air between countries, but in no case shall this Exclusion 16 exclude Australian coastal transits.

## 17. Radioactive

Any loss, damage, liability or expense directly or indirectly caused by or contributed to by or arising from:

- (a) ionizing radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- (b) radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (c) any weapon, operation or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter; or
- (d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter
- (e) the use of any nuclear reactor, atomic piles, particle accelerators, generators or similar devices
- (f) the use, handling, transportation of any radioactive material.

This exclusion does not apply to radioactive isotopes or radium or radium compounds which have reached the final stage of fabrication, when used and/or stored away from the place where such are made or produced and when used exclusively incidentally to ordinary industrial, educational, scientific medical or research pursuits.

#### **18. Electronic Data and Software**

Any claim of whatsoever nature, which consists of or arises directly or indirectly out of or in connection with:

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data and/or Software;
- (b) error in creating, amending, entering, deleting or using Electronic Data and/or Software; or
- (c) total or partial inability or failure to receive, send, access or use Electronic Data and/or Software for any time or at all; from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

This Exclusion does not apply in the event that a peril listed below (being a peril reinsured by this Policy but for this exclusion) causes any of the matters described in paragraph (a) above:

fire, lightning, thunderbolt, aircraft or other aerial devices or articles dropped therefrom, earthquake, subterranean fire, volcanic eruption, storm, tempest, rainwater, snow, sleet, wind, hail, water, liquids or substances discharged, overflowing or leaking from fixed apparatus, fixed appliances, fixed pipes or other systems, riots, civil commotions, strikes, or locked out workers or persons taking part in labour disturbances, explosion, impact by Vehicles, animals or trees or branches of trees, communication masts, towers, antennae, satellite dishes, watercraft, meteorites, or theft of Electronic Data and/or Software solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data and/or Software.

#### **19. War**

Any loss or damage occasioned by or through or in consequence directly or indirectly of any of the following occurrences:

War, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power;

This Exclusion also excludes loss, damage, cost or expense of whatsoever 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 the above.

#### **20. Terrorism**

Any loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with any act of terrorism, as defined herein, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

An act of terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the

public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and which:

- (a) involves violence against one or more persons;
- (b) involves damage to property;
- (c) endangers life other than that of the person committing the action;
- (d) creates a risk to health or safety of the public or a section of the public; or
- (e) is designed to interfere with or to disrupt an electronic system.

This Exclusion also excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against, or responding to any act of terrorism.

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# Conditions applying to this Policy

The following Conditions apply to this Policy.

## 21. Limits of Liability

- (a) The liability of the Insurer for any one Occurrence at any one situation shall not exceed the Limits of Liability and the cumulative amounts of the Sub-limits of Liability stated in the Schedule.
- (b) The Limits of Liability and Sub-limits of Liability shall apply in excess of the amount of any relevant Excess.

## 22. Escalation

If during the Construction Period, the anticipated final Contract Value of a Contract or series of Contracts in connection with one project exceeds the Limit of Liability for the Contract Works, then the Limit of Liability for Contract Works shall be increased by the percentage that the amount the anticipated final Contract Value for such Contract(s) exceeds the estimated Contract Value at commencement of the Construction Period of the Contracts(s). The total amount of all such increases shall not exceed the amount of the Escalation Percentage stated in the Schedule multiplied by the amount set against the Limit of Liability for Contract Works.

## 23. Application of Excess

- (a) The Insured shall be liable to pay the amount of the Excess stated in the Schedule in respect of each Occurrence. If a series of claims are made under this Policy arising out of the one Occurrence then only one Excess shall apply.
- (b) Non-aggregation of Excesses  
Should more than one Excess apply for any claim or series of claims arising from the one Occurrence, such Excesses shall not be aggregated and only the highest single Excess amount shall apply.
- (c) 72 Hour clause  
For the purpose of the application of any Excess, all Damage resulting from fire, earthquake, cyclone, flood, storm and/or tempest, occurring during each period of 72 consecutive hours shall be considered as one Occurrence where such peril is sporadic in its sweep and scope. The Insured shall select the time from which any such period shall commence but no two selected periods shall overlap.  
Any one Occurrence which exceeds 72 hours in duration shall be deemed to be one Occurrence in respect of application of any Excess.
- (d) Inland transit  
If a transit Excess is specified in the Schedule, such Excess shall apply to Property Insured in the course of loading of the Property Insured, whilst in transit, including any incidental storage and until unloaded at the final destination.

## **24. Claims procedure**

The Named Insured shall upon becoming aware of an event or loss giving rise or likely to give rise to a claim under this Policy:

- (a) give notice thereof as soon as reasonably practicable to the Insurer;
- (b) at the expense of the Insurer take all such steps as are reasonable to mitigate the actual or potential amount of the claim;
- (c) as soon as reasonably practicable thereafter submit a claim in writing to the Insurer;
- (d) produce to the Insurer or to any person officially designated by it all such details, proof and particulars as may be reasonably required by it and permit extracts and copies of such documentation to be made and retained;
- (e) The Insured will also maintain accurate claims data in respect of all claims under the Excess payable in respect of the Policy.

It is understood and agreed that any Insured shall be entitled to take immediate action to avoid danger to persons or property and/or undertake interim repairs to allow Insured Project to continue and that such action shall in no way prejudice or invalidate the relevant Insured's position or entitlement with respect to any claim hereunder.

## **25. Insurers' rights and subrogation**

- (a) Upon the payment of any claim under this Policy, subject to any restrictions imposed by the Commonwealth Insurance Contracts Act 1984, the Insurer shall be subrogated to all the rights and remedies of the Insured arising out of such claim against any person or corporation whatsoever.
- (b) The Insured shall, at the request and the expense of the Insurer, do and agree to doing all acts and things as the Insurer may reasonably require to preserve and enforce any rights the Insured may have against anyone in respect of Damage to Property Insured.

## **26. Multiple Insured's clause**

- (a) If the Insured comprises more than one insured party each operating as a separate and distinct entity then (save as provided in this clause 26), cover hereunder shall apply in the same manner and to the same extent as if individual policies had been issued to each such insured party provided that the total liability of the Insurer to all of the insured parties collectively shall not exceed the Limits of Liability or Sub-limits in this Policy.
- (b) The reinsured parties' will, to the extent allowed under Contract, at all times preserve the various contractual rights and agreements entered into by the reinsured parties and contractual remedies of such parties in the event of loss or Damage.
- (c) The Insurer shall be entitled to avoid liability to or (as may be appropriate) claim damages from an insured party in circumstances of such insured party committing fraud, misrepresentation, material non-disclosure or breach of any warranty or Condition of this Policy referred to in this clause 26 as a "Vitiating Act".
- (d) However a Vitiating Act or any other act or neglect committed by one insured party, either at the time of entering this contract or during the Policy Period, 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.

- (e) The Insurer agrees to waive all rights of subrogation that they may have or acquire against:
- (i) any Insured or any individual or organisation affiliated or associated with a parent of or a subsidiary of any Insured;
  - (ii) at the option of the Insured any other parties or persons, subject to the Insured waiving rights of subrogation prior to the loss, but only when required to do so under Contract
- except where the rights of subrogation or recourse are acquired in consequence or otherwise following a Vitiating Act, in which circumstances the Insurer may enforce such rights against the party committing the Vitiating Act.

## **27. Non Contribution**

The Insurer agrees that despite the existence of other policy/ies which may provide cover for the same risk being held by any number of Insured parties, that they will not seek contribution in respect of losses paid by this insurance. It is understood that Insurer will be unable to seek contribution under section 76 or section 45 of the Insurance Contracts Act 1984

## **28. Notices**

- (a) The Named Insured shall address all notices or communications required by this Policy to the Insurer. The Insurer shall address all notices or communications required by this Policy to the Named Insured.
- (b) The Insurer will accept notice of a claim by any Insured as notice by all Insured's under this Policy. Where the Insured is required under contract to include a provision that the Insurer provide any notice under this Policy to all Insured's, the Insurer agrees to be bound by this undertaking.
- (c) If a Nominee for Insurer Notices is shown in the Schedule, the Insurer agrees to give the nominee 30 business days prior notice in the event of:
  - (i) the cancellation or expiry of this Policy before completion of the Defects Liability Period due to non payment of premium or for any other cause;
  - (ii) the Insurer giving any notice under this Policy.

## **29. Declarations and Premium payment**

As soon as is practicable following the completion of the Insured Project, the Named Insured will declare to the Insurer the total final Contract Value for work completed during the Policy Period,. The premium will be calculated in respect of the Insured Project, by applying the agreed rate on the difference between the estimated and final and projected (as applicable) total Contract Value for the Insured Project;

The premium paid to the Insurer is a minimum and deposit premium, and as such the Insurer shall not be called upon to return any premium under this Policy due to a difference in final and project Contract Values.

### **30. Extension to Construction Period**

Despite any Construction Period limitation stated in the Schedule the Insurer agrees to automatically grant an extension to a Contract's Construction Period, provided at the commencement of the Contract, the Named Insured's anticipated Construction Period did not exceed such period and provided that the Construction Period does not exceed 36 Months in Total.

After first becoming aware that the completion date will exceed the Construction Period limitations stated in the Schedule, the Named Insured agrees to notify the Insurer as soon as possible (but no later than the Construction Period limitation stated in the Schedule or any revised period agreed by Endorsement), the revised estimated completion date.

Where any Contract is valued at less than \$20,000,000, Construction Period extensions that exceed the estimated Construction Period at commencement but do not exceed 24 months will not incur any additional premium.

The Insurer maintains their right to charge additional premium for Contracts valued at \$20,000,000 or greater that exceed the Construction Period at commencement OR contracts valued less than \$20,000,000 that exceed 24 months..

Notwithstanding the above, the Construction Period and Defects Liability Period will not exceed 60 months in total duration.

### **31. Insolvency or bankruptcy**

The insolvency or bankruptcy of any party comprising the Insured shall not release the Insurer from any of their obligations assumed under this Policy.

### **32. Assignment**

If required, the Insurer will consider the assignment of this Policy to another party upon application by the Named Insured. Such agreement shall not be unreasonably withheld.

### **33. Hold harmless agreements**

Where, in connection with or in relation to a Contract, the Insured enters into an agreement with another party and where such agreement provides, inter alia, that the Insured shall indemnify and/or hold harmless and/or release from liability such other party in respect of any indemnifiable event under this Policy, this Policy shall not be prejudiced or invalidated by the Insured agreeing to such provisions and that the indemnity and/or hold harmless and/or release from liability given by the Insured shall be equally binding upon the Insurer.

### **34. Cancellation or non-renewal of this Policy**

#### **(a) By the Insurer**

Subject to clauses 26 and 28(c), the Insurer may cancel this Policy in accordance with Section 60 of the Insurance Contracts Act 1984 (Cth) by serving on the Named Insured sixty (60) days' notice in accordance with Section 59 of that Act, in which case the Named Insured will be entitled to a pro-rata refund of the Premium.

#### **(b) By the Named Insured**

The Named Insured (on behalf of itself and all other Insured's, unless otherwise specified) may cancel:

##### **(i) this Policy;**

at any time by giving notice in writing to the Insurer.

#### **(d) Premium adjustment**

After cancellation by the Named Insured, the Premium will be adjusted in accordance with Condition 29. The Named Insured will be obliged to supply to the Insurer such information as is necessary to adjust the Premium.

### **35. Alterations in material fact, error or omission**

(a) Each Insured shall be covered as if it made its own proposal for this insurance;

(b) Any declaration, statement or representation made in any proposal or submission will be construed as a separate declaration, statement or representation by each Insured; and

(c) Any knowledge possessed by any Insured shall not be imputed to the other Insured(s).

- (d) Any fraud, misrepresentation, misdescription, non-disclosure or breach of Condition or warranty by any individual Insured party shall not prejudice or invalidate the rights of the other parties comprising the Insured who are themselves not guilty of such fraud, misrepresentation, misdescription, non-disclosure or breach of Condition or warranty
- (e) The Named Insured undertakes to immediately notify the Insurer as soon as the alteration or omission becomes known to them, and the Insurer shall be entitled to make reasonable variations to this Policy's terms and Conditions as may be mutually agreed between the Insurer and the Insured.

**36. Progress payments**

Provided that indemnity has been admitted under this Policy, progress payments on account of any claim shall be made to the Named Insured or as they direct, at such intervals and for such amounts as may be agreed upon production of an acceptable report by the Loss Adjuster (if appointed), provided quantum has reasonably been established and such payments shall be deducted from the amount finally determined upon final adjustment of the claim.

**37. Appointment of Loss Adjuster**

- (a) Loss adjusters appointed to investigate and quantify losses that are potentially indemnifiable under this Policy are agents of the Insurer and their fees and related expenses shall be payable by the Insurer. SiCorp is authorised to appoint a loss adjuster from the panel of Loss Adjusters stated in the Schedule.
- (b) The Insurer agrees that the agreed Loss Adjuster's documents, transcripts, reports (verbal and written) shall be made available to the Named Insured.

However, where indemnity under this Policy has not been admitted by the Insurer, the Insurer shall be entitled to direct the agreed Loss Adjuster to:

- (i) remove any information from such documents that pertains to whether or not the Insurer should admit liability to indemnify the Named Insured; or to the quantum of the Insurers liability to the Named Insured; and
- (ii) provide a separate confidential report to the Insurer in respect to the matters outlined in Condition 37(b)(i)

unless such matters are discoverable at law.

**38. Claim payments**

Any claim under this Policy shall be settled with and paid to the Loss Payee stated in the Schedule or as they may direct.

**39. Currency**

All monetary amounts expressed in this Policy are in the denomination stated in the Schedule. The Premium and losses shall be paid in such currency or as otherwise agreed between the Insurer and the Insured.



#### **40. Jurisdiction and service of suit**

The Insurer agrees that:

- (a) this Policy is governed by the laws of Australia;
- (b) in the event of a dispute arising under this Policy, at the request of the Named Insured, the Insurer will submit to the jurisdiction of any competent court in the Commonwealth of Australia. Such dispute shall be determined in accordance with the law and practice applicable in such court;
- (c) any summons notice or process to be served upon the Insurer may be served upon the Nominee for Legal Service stated in the Schedule. Such nominee has authority to accept service and to enter an appearance on the Insurer's behalf. If directed by the Insured, the nominee shall give a written undertaking that the nominee will enter an appearance on the Insurer's behalf;

#### **41. Master and Agreed Rate Contracts**

For the purpose of applying the Construction Period, Contract Value and other Policy provisions, each Contract or project undertaken under a separate Contract or work order or purchase order or similar arrangement, will be deemed to be a separate Contract, irrespective of the existence of a service agreement or agreed rate or similar Contract or master agreement that applies over more than one Contract.

#### **42. Cessation of Work**

Any cessation of work exceeding 90 consecutive days, or immediately following abandonment shall be notified to the Insurer. The Insurer reserves the right to alter the terms and Conditions of this Policy, including cancellation after the 90 consecutive days.

#### **43. Marine/ non marine loss sharing**

The Insured undertakes to examine each item of the Property Insured as soon as practicable after arrival at the Project Site for possible Damage sustained during transit.

In the case of packed items which are to be left in their packaging until a later date, the packaging is to be individually visually examined for signs of possible Damage and where such Damage is visible, the items are to be unpacked and inspected and any Damage discovered reported to any other applicable marine cargo /transit insurer.

Notwithstanding the above, in the event of Damage to the Property Insured being discovered after the risk has terminated under any marine cargo/transit insurance or any subsequent period of discovery attaching thereto (whichever shall be the later), and after proper investigation it is not possible to ascertain whether the cause of such Damage happened prior to termination of the marine venture or subsequently, the Insurer shall contribute 50% of the loss provided that marine cargo /transit insurers also agree to contribute 50% of such loss. Any such settlement will be without prejudice to the subsequent final apportionment of the loss agreed between the Insurer and the marine cargo /transit insurers.

Should the Insurer settle a claim as described by the provisions of this clause, the applicable Excess shall be reduced proportionally to the contribution made by the Insurer to the total loss.

#### **44. Tunnelling Code of Practice**

In relation to Tunnel Works, the Insured shall use all reasonable endeavours to comply with the principles of the edition of the "Code of Practice for Risk Management of Tunnel Works" current at the commencement of this Policy.

The Insurer shall have the right to appoint a representative who shall have the right – at reasonable times and with reasonable advance notice – to enter the site of the Tunnel Works and to review documentation for confirming the Insured's compliance with this Condition.

In the event of the Insurer becoming aware of what the Insurer consider to be a failure to maintain the levels of best practice, the Insurer may (but shall not be required to) inform the Named Insured of the nature of their failure specifying the remedial measures required by the Insurer and provide a reasonable period within which these shall be completed. The Insured will then ensure that their representatives, all relevant consultants, sub-contractors and other project participants are made aware promptly of the relevant breach and that the remedial measures are carried out within the period stipulated by the Insurer.

#### **45. Dispute Resolution**

Where any dispute of difference between the parties arising out of or in connection with this Policy, including formation and validity and whether arising during or after the Period of Insurance, has not been settled through negotiation, both parties agree to try in good faith to settle such dispute by non-binding mediation, before resorting to arbitration in the manner set out below.

#### **46. Arbitration**

Any dispute or difference whatsoever arising in connection with this Policy shall be referred to the arbitration of three arbitrators. One arbitrator shall be chosen by each party and the third arbitrator, who shall act as chairperson, shall be a nominee of the President, for the time being, of the Institute of Arbitrators and Mediators Australia. The chairperson shall have the deciding vote in the absence of a majority. The arbitrators may determine any question that arises for determination in the course of the proceedings by reference to consideration of general justice and fairness. The arbitrations shall be held in Sydney, New South Wales in accordance with and subject to the provisions of the relevant Commercial Arbitration Act.

# Endorsements applying to this Policy

It is hereby agreed and declared that the following Endorsements attach to and form part of this Policy:

## 1. Incomplete Trenches

The Insurer will indemnify the Insured against an Insured Occurrence for all Incomplete Trenches only up to a maximum combined length of 3km any one section / 10km in the aggregate any one Insured Occurrence.

### DEFINITION

Incomplete Trenches being partially or completely excavated trenches (including any shafts or pits) with or without pipes, ducts or cables laid therein. This definition will apply at any stage of construction prior to completion of backfill and final compaction.

### SUPPLEMENTARY EXCLUSIONS

The Insurer will not indemnify the Insured against:

- (a) the cost of rectification of subsidence of completed backfill regardless of the cause of subsidence;
- (b) clearing and cleaning of pipes, the ends of which have not been sealed by the end of each working day to prevent penetration by water and/or detritus;
- (c) displacement of pipes or ducts by water unless such pipes or ducts have been secured by the end of each working day by backfilling placed in a manner intended to counteract pipe buoyancy.

This Endorsement is subject otherwise to the terms Exclusions and Conditions of this Policy to which it is attached.

## 2. Radiography of Welds

Notwithstanding the Conditions, provisions and other Endorsements of this Policy with respect to pipes with welded steel joints greater than 2,000 metres in length only. The Insurer will not indemnify the Insured for any Damage to steel pipelines unless 100% of all welds are subjected to radiography.

## 3. Unsealed Roads

The Insurer's liability for any Occurrence in respect of incomplete roads will not exceed the cost of repairs to 1km any one section and an Aggregate Length of 5km of Incomplete Roadwork.

### DEFINITIONS

Incomplete Roadwork: Roadwork's including cuts, fills, batters, berms, shoulders, kerbs, gutters and drains at any stage of construction between commencement of initial excavation or grading and acceptance by the Principal of the final surface.

Section of Incomplete Roadwork: All work along the path of the road between the point of initial excavation or grading of previously undisturbed ground and the point of completion of the final road surface

Aggregate Length of Incomplete Roadwork: The total length of all Section of Incomplete Roadwork anywhere on the construction site at the time of loss or damage.

This Policy does not cover:

- i. Damage caused by, or the aggravation of Damage caused by, the passage of road vehicles or construction plant and equipment over incomplete work.
- ii. The cost of rectification of subsidence of road or paving surfacing or backfill regardless of the cause of subsidence.
- iii. Any cost of removal of water, silt, other detritus or collapsed excavation wall material exceeding the amount shown in the Policy Schedule as the Sum Insured for the cost of Removal of Debris and Other Costs.

If the actual Aggregate Length of Incomplete Roadwork lost or damaged in any one Occurrence exceeds the indemnifiable Aggregate Length limit stated above, the Insured must select the Sections of Incomplete Roadwork which will comprise the indemnifiable limit.

This Endorsement is subject otherwise to the terms, Conditions and Exclusions of this Policy to which it is attached.

#### 4. **Directional Drilling**

Subject to the terms, Exclusions, Conditions and provisions contained in the Policy or endorsed thereon, the Insurer will indemnify the Insured up to the Limit of Liability shown in the Schedule for Damage arising during horizontal directional drilling operations below rivers, railway embankments, motorways, only if a soil analysis (soil samples, test borings, sieve analyses) required for proper drilling operations in accordance with technical standards has been carried out prior to the commencement of work and if the contractor is familiar with the drilling technique.

The Insurer shall not indemnify the Insured for losses or damage caused by or resulting from:

- (a) missing the target point of the drilling, deviations from the scheduled direction;
- (b) loss of or change in the drilling mud (e.g. bentonite);
- (c) damage to the outer insulation of pipeline in the area of horizontal directional drilling.

#### 5. **Normal action of the sea**

Subject to the terms, Exclusions, Conditions and provisions contained in the Policy or endorsed thereon:

Exclusions:

The Insurer shall not indemnify the Insured in respect of costs incurred for:

- (a) loss or damage to berths, wharves, jetties and the likes caused by their subsidence or sinking,
- (b) normal action of the river/sea,
- (c) loss of or damage to more than 200m of uncompleted or unprotected seawall, quay or other marine structure,
- (d) loss damage or liability due to soil erosion,
- (e) dredging or re-dredging,
- (f) lost or damaged fill material,
- (g) replacing or rectifying piles or retaining wall elements:
  - (i) which have become misplaced or misaligned or jammed during their construction,
  - (ii) which are lost or abandoned or Damaged during driving or extraction, or
  - (iii) which have become obstructed by jammed or Damaged piling equipment or casings,
- (h) rectifying disconnected or declutched sheet piles,
- (i) rectifying any leakage or infiltration of material of any kind,
- (j) as a result of piles or foundation elements having failed to pass a load bearing test or otherwise not having reached their designed load bearing capacity,
- (k) for reinstating profiles or dimensions,
- (l) any floating and other equipment such as caissons, barges and the like and liabilities there from,
- (m) any mobilisation/ demobilisation and /or other costs which arise for the standby/waiting on weather of offshore construction equipment,
- (n) loss or Damage to pulling wires, anchors, chains and buoys,
- (o) loss or Damage due to impact of shipping,
- (p) marine liability.

Definitions:

Normal action of the sea means the state of the sea, which manifests itself up to No.8 on the Beaufort scale, or the state of the tides, current and wave action of the sea, which must be statistically expected to occur once during a 20 year period, whichever is the more onerous

Warranties:

Subject otherwise to the terms, Exclusions, Conditions and provisions contained in the Policy or endorsed thereon, the Insured shall;

- (i) Receive weekly weather updates from the local meteorological office during the Construction Period and make regular contact to the local meteorological office within 12 hours' notice of an imminent storm.
- (ii) Make the navigational distance of public traffic to the Project Site a minimum of 200m

## **6. Piling Foundation and Retaining Wall Works**

Subject to the terms, Exclusions, provisions and Conditions contained in the Policy or endorsed thereon, the Insurer shall not indemnify the Insured in respect of expenses incurred”

- (a) or replacing or rectifying piles or retaining wall elements:
  - (i) which have become misplaced or misaligned or jammed during their construction,
  - (iii) which are lost or abandoned or Damaged during driving or extraction, or
  - (iii) which have become obstructed by jammed or Damaged piling equipment or casings,
- (b) for rectifying disconnected or declutched sheet piles,
- (c) for rectifying any leakage or infiltration of material of any kind,
- (d) for filling voids or for replacing lost bentonite,
- (e) as a result of any piles or foundation elements having failed to pass a load bearing test or otherwise not having reached their designed load bearing capacity,
- (f) for reinstating profiles or dimensions.

This Endorsement shall not apply to loss or Damage caused by natural hazards.

## **7. Over Topping Of Cofferd Dams**

Notwithstanding the Conditions, provisions and other Endorsements of this Policy the Insurer shall only indemnify the Insured for loss of or Damage to the Contract Works arising from the over-topping of cofferdams caused directly by precipitation, flood or inundation if adequate safety measures have been taken in the design and execution of the coffer dam.

For the purposes of this Endorsement adequate safety measures shall mean that at all times during the Construction Period, allowance is made for precipitation, flood or inundation to a minimum return period of 20 years for the Project Site on the basis of the statistics prepared by the meteorological agencies or other agencies agreed to by the Insurer.

## **8. Dams And Water Reservoirs**

Subject to the terms, Exclusions, provisions and Conditions contained in the Policy or endorsed thereon, the Insurer shall not indemnify the Insured in respect of:

- (a) grouting of soft rock areas and/or other additional safety measures even if their necessity arises only during construction,
- (b) expenses incurred for dewatering even if the quantities of water originally expected are substantially exceeded,
- (c) loss or Damage due to breakdown of the dewatering system if such breakdown could have been avoided by sufficient stand-by facilities,
- (d) expenses incurred for additional sealing or waterproofing and additional facilities for the discharge of run-off and/or underground water,
- (e) loss or Damage due to subsidence if caused by insufficient compacting,
- (f) cracks and leakage.