

**COMMERCIAL STRUCTURAL DEFECTS INSURANCE
 VS
 CONTRACT WORKS INSURANCE
 POLICY COMPARISON**

Type	Structural Defects	Contracts Works & Public Liability
Insured	Commercial Builders Only	Domestic and Commercial Builders
Cover	Any Act, error or omission which results in a Structural Defect not discovered or known by the Insured before the date of issue of the occupancy permit (or similar document) in respect of the Building Works.	Material Damage (Section One) Any unforeseen physical loss or damage to the construction and/or property on site. Liability (Section Two) Unforeseen Third Party Bodily Injury or Property Damage.
Limit of Liability	Min. \$1m – Max. \$10 any one claim and in the aggregate during the Period of Insurance, plus One automatic reinstatement. The Insurer will cover the cost and expenses incurred by the Insured in the investigation, defence or settlement of any claim. (Maximum cost and expense in respect to any one claim shall be \$100,000 or 20% of the Limit of Liability, whichever is the greater.)	This policy generally has 2 forms. Single Job Contract Works Policy taken for one specific contract and is limited to the contract amount. Annual Contract Works Policy taken for a 12 month period to cover all contracts commenced during that period. Limit of Liability usually set at a percentage of annual turnover. This is negotiable. Liability – Single Job Contract Works This policy may only provide cover for public Liability. Liability – Annual Contract Works Insurer may provide protection for Public and Products Liability. The amount of cover is selected by the Insured or stipulated under contract. Generally \$10m or \$20m.
Basis of Claims Settlement	This policy is issued on a Claims Made basis. That is, the policy only covers claims first made against the insured during the policy period and notified to the insurer during that same policy period .	Material Damage The cost of repair or restoration of the damaged property subject to the condition of the property immediately prior to the loss. In the case of total loss, the replacement value of the damaged property. Settlement of a claim is up to the Limit any one Contract Specified in the policy. Public Liability Property Damage or Bodily Injury to Third Parties occurring during the period of insurance up to the Limit of Liability. Notification of a loss by the Third Party does not need to occur during the period of insurance. The loss or potential loss should be notified to the insurer immediately. Products Liability Damage caused by Products provided by the Insured up to the Limit of Liability. This is written on an occurrence basis. All claims or circumstances that have a potential to result in a claim that the insured becomes aware of must be notified to their insurer immediately. Settlement of any loss is made after payment of the excess by the Insured.
Policy Excess	2% of the value of the contract out of which claims arise or \$10,000, whichever is the greater, any one claim.	Either as requested by the Insured or stipulated by the Insurer based on underwriting requirements.

<p>Perils Insured</p>	<p>Structural Defect Any defect in the structural works which affects the stability or strength of the building or any part thereof and is attributable to defective design, defective or faulty workmanship and/or defective materials and which;</p> <ol style="list-style-type: none"> 1. Results in a regulatory authority closing or prohibiting the use of the building or any part thereof. 2. Does or would prevent the continued practical use of the building or any part thereof. 3. Results in destruction of the building or physical damage to the building or any part thereof. 4. Results in threat of imminent collapse that may reasonably be considered to cause destruction of the building or physical damage to the building or any part thereof. <p>Structural Works</p> <ol style="list-style-type: none"> 1. All internal and/or external load – bearing structures essential to the stability or strength of the building or any part thereof, including, but not limited to foundations, floors, walls, roofs, columns and beams. 2. All other works forming part of the external walls and roofing, but excluding weatherproofing works not designed to add strength or support to the building, moveable elements of external windows, doors and skylights. 	<p>Contract Works Damage to the works whether permanent or temporary including all the materials incorporated including;</p> <ol style="list-style-type: none"> 1. Materials relating to the construction of the building 2. Formwork 3. Site Buildings 4. Scaffolding 5. Security Fencing <ul style="list-style-type: none"> • Damage to materials or items supplied by the Principal. • Expediting Expenses being costs of express delivery, overtime rates of wages, the hire of additional labour, equipment and the costs of purchasing resources necessary to reinstate, repair or replace insured damage. • Demolition and disposal of damaged or undamaged contract works and the removal of debris as a result of insured debris. • Architects, engineers, surveyors and consultants fees incurred for the replacement or repair of contract works due to insured damage. • Damage to existing structures located on or about the contract site, belonging to you or held in the care, custody and control. • Damage to plant, equipment and tools owned by the Insured and used in the performance of an insured contract. • Damage to hoists, cranes and mobile construction machinery owned by the Insured. • Damage to materials in storage away from the contract site. • Damage to materials in transit arising from fire, flood collision and overturning of the conveyance or theft or malicious damage. • Damage during testing and commissioning of contract works by their electrical or mechanical breakdown. • Mitigation expenses to contain, reduce, suppress or prevent further insured damage. <p>This cover also includes perils such as:</p> <ul style="list-style-type: none"> • Fire • Theft • Storm • Malicious Damage <p>Liability Covers damage to property owned by a third party or bodily injury to a third party occurring during the period of insurance.</p> <ul style="list-style-type: none"> • Costs incurred to defend any claim or legal action against the insured. • Reimburse all reasonable expenses incurred in connection with the defence or a claim or legal action. • Pay reasonable expenses incurred for first aid to others at the time of personal injury. •
<p>Major Exclusions</p>	<ul style="list-style-type: none"> • Domestic Building Works • Any connection with Civil Works • Any work involving asbestos • Material loss of or damage to works during construction. • Bodily Injury 	<p>Major exclusions include:</p> <ul style="list-style-type: none"> • Replacement, repair or rectification required due to any fault, defect, error or omission in material or workmanship. • Fault, defect, error or omission in design, plan or specification. • Wear and tear, corrosion, oxidation or deterioration, due

	<ul style="list-style-type: none"> • Fines and Penalties, etc. • Any assumed liability under contract. 	<p>to lack of use.</p> <ul style="list-style-type: none"> • Negotiable instruments. • Damage caused by vermin, termites, moths or other insects. <p>Liability Products Liability is not covered under a Single Contract Works Policy.</p> <ul style="list-style-type: none"> • Faulty workmanship • Fines and penalties, etc • Pollution • Failure of products provided. • Recall, inspection, repair or replacement or loss of use of products. • Professional liability • Asbestos related incidents • Personal injury imposed by workers compensation law. • Demolition exceeding 10 metres. • Aircraft or watercraft. • Vehicles • Libel and Slander <p>Any claim occurring outside Australia.</p>
Premium Calculation	<p>Rate generally calculated by the insurer based on a three-year average turnover.</p> <ul style="list-style-type: none"> • Next year – Estimate • Last year – Actual • Year before - Actual 	<p>Rate calculated by the insurer applied to the turnover estimated for an Annual Contract Works policy for the coming insurance period or actual contract value for a Single Contract Works policy, or as otherwise agreed.</p>
Geographical Location	<p>Building Contracts located only in Victoria.</p>	<p>As agreed with insurers.</p>
Key Difference	<p>Commercial Structural Defects indemnifies the Insured once construction is completed and for structural defects only.</p>	<p>Contract Works and Liability provides cover generally during the construction period only.</p>

Cover is subject to underwriter's guidelines. The above contains general information, does not take into account your individual requirements or needs, and may not suit your personal circumstances. The above contains a summary only of cover available.

Should you require additional information please contact:

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