

# CONTRACT WORKS



## FEATURES AND BENEFITS – COMPARISON CHART

We have taken a “best of both” approach to the development of new policy wordings, incorporating the benefits of CGU and Lumley into the new wordings.

These products will be available to CGU and Lumley customers on renewal and for new business from 1 July 2015. You can view the new product wordings by logging into the CGU portal.

It is important that you read the Product Disclosure Statement and Policy to gain a full understanding the the new product and coverage offered. This table is a summary of key changes only.

WHAT'S CHANGED?	OLD LUMLEY WORDING	OLD CGU WORDING	BENEFITS OF NEW WORDING
<b>Average Definition</b>	85% of the sum insured	90% of the replacement value	<ul style="list-style-type: none"> <li>✓ Definition is now wider limit of 85% which provides a greater buffer before average kicks in</li> <li>✓ Definition based on replacement</li> </ul>
<b>Contract Works Definition</b>	The Lumley policy is less descriptive in coverage and parties	The CGU policy includes site huts and temporary buildings in its broader definition of Contract	<ul style="list-style-type: none"> <li>✓ Wide definition of Works to ensure that every aspect of a project is covered</li> <li>✓ Employee effects (as required by workplace agreement)</li> <li>✓ Contract definition is broader including more parties</li> </ul>
<b>Removal of Debris/Automat ic limit for Access Costs</b>	The Lumley policy included restore or replacement of 'undamaged' property limited to amount shown in Schedule	The CGU policy only included demolition, removal and disposal to 'damaged' property	<ul style="list-style-type: none"> <li>✓ Cover widened to include removal of undamaged property necessary to restore or replace damaged property</li> <li>✓ Market standard 10% of contract value or whatever is shown in Schedule</li> <li>✓ Access costs excluded under LEG2 are included in coverage up to \$100k</li> </ul>
<b>Expediting Expenses</b>	The Lumley policy included: <ul style="list-style-type: none"> <li>▪ Express delivery costs</li> <li>▪ Insured travel costs</li> <li>▪ Overtime/increased labour</li> <li>▪ Accommodation costs</li> </ul>	The CGU policy included: <ul style="list-style-type: none"> <li>▪ Express delivery costs</li> <li>▪ Hire of additional labour &amp; equipment</li> <li>▪ Cost or resources to repair/reinstate</li> <li>▪ Overtime/increased labour</li> </ul>	<ul style="list-style-type: none"> <li>✓ Widened coverage to specify additional costs &amp; expenses including:               <ul style="list-style-type: none"> <li>✓ Express delivery costs</li> <li>✓ Insured travel costs</li> <li>✓ Hire of additional labour/resources</li> <li>✓ Accommodation costs</li> <li>✓ Cost or resources to repair/reinstate</li> </ul> </li> </ul>

<b>Mitigation Expenses</b>	Cost and expenses to mitigate against imminent or actual loss limited to amount shown in Schedule	Cost and expenses to mitigate against further damage limited to 5% unless shown in Schedule	<ul style="list-style-type: none"> <li>✓ Widened to include imminent trigger</li> <li>✓ Limit increased to 10% of Maximum Contract Value</li> </ul>
<b>Automatic limit for Search and Locate costs</b>	No cover provided under the Lumley policy	The CGU policy extends to include leak search costs incurred following irregularities encountered during testing subsequent upon damage	<ul style="list-style-type: none"> <li>✓ Cover where not typically provided by the broader insurance market</li> </ul>
<b>Automatic limit for Recovery of Property Insured</b>	No cover provided under the Lumley policy	Policy extends to include the costs associated with the recovery of damaged property insured that can be salvaged.	<ul style="list-style-type: none"> <li>✓ Market policies do not cover these costs which are generally a requirement of a Standard Construction Contract.</li> <li>✓ \$50K limit</li> </ul>
<b>Additional cover for residential following construction period expiry</b>	No specific benefit	30 days additional cover for residential following construction period expiry	<ul style="list-style-type: none"> <li>✓ 30 days automatic cover</li> <li>✓ CGU policy provides a comprehensive coverage for the Named Insured that eliminates that gap in coverage typically seen in the broader insurance market.</li> </ul>
<b>Materials in Transit</b>	<p>Materials in transit by:</p> <ul style="list-style-type: none"> <li>▪ Road, rail, water</li> <li>▪ Licenced airline</li> </ul> <p>Until unloading completed</p>	Cover provided up to \$100k limit for materials in transit any one carry	<ul style="list-style-type: none"> <li>✓ Coverage now widened up to contract value or limit shown in the Schedule</li> </ul>
<b>Materials stored offsite</b>	No specific clause	Cover provided up to \$100k limit for materials stored in any one location	<ul style="list-style-type: none"> <li>✓ Coverage now widened up to contract value or limit shown in the Schedule</li> </ul>
<b>Offsite fabrication</b>	Provided cover for risks awaiting construction only	No previous benefit	<ul style="list-style-type: none"> <li>✓ An additional benefit for offsite fabrication has been included in the new wording</li> <li>✓ Cover given up to the full contract value.</li> <li>✓ This provides cover for insured where more frequently this approach is being taken</li> </ul>
<b>Defects</b>	Traditional DE3 cover - excludes Defective Property, but gives cover for other property free of defect and damaged as consequence	LEG2 cover - does not use the concept of "part" or "component" like DE3 cover	<ul style="list-style-type: none"> <li>✓ Only excludes costs incurred if replacement or rectification of the property had been put in hand immediately prior to the damage.</li> <li>✓ Does not limit cover for the 'other property insured' free of such defect, which is often difficult to establish</li> </ul>

<b>Defence costs and expenses</b>	Limited to 50% of Limit of Liability	Defence costs up to the full limit of liability	<ul style="list-style-type: none"> <li>✓ Defence costs up to the full limit of liability</li> <li>✓ Clearly defines claims being made in any court of the USA or Canada.</li> </ul>
<b>Contractual liability</b>	Coverage by written endorsement only in the existence of a contract or agreement	Contractual Liability doesn't apply to a Standard Construction Contract	<ul style="list-style-type: none"> <li>✓ Contractual Liability exclusion tied into a standard construction contract.</li> <li>✓ generally the insurance market excludes Contractual Liability in its entirety.</li> <li>✓ Provides cover for any liabilities assumed under any plant hire agreement.</li> </ul>
<b>Property in the physical or legal control</b>	Similar cover to CGU but includes employees and visitors personal effects	Full cover except employees and visitors personal effects	<ul style="list-style-type: none"> <li>✓ The property in the physical or legal control limit of \$100k does not apply to employees and visitors clothing and personal effects</li> </ul>