

Contract Works Cover

The FMG Contract Works policy insures property under construction, or when it is being altered or renovated, including materials at the site described in the contract schedule.

About the cover

Contract Works provides cover for accidental loss at the contract site during the construction period, and your legal liability to rectify accidental loss to contract works during the maintenance period.

Additional Benefits, when shown on your certificate

- Principal's Supplied Materials: cover for materials supplied free of charge by the property owners to the contractor, which will be used for the works
- Professional Fees: cover for services like architects and surveyors, required to reinstate loss to the contract works
- Removal of Debris - cover in the event of a claim for:
 - Demolition and removal of damaged works
 - Demolition and removal, propping up or supporting of undamaged works which is necessary to enable the works to be restored
- Escalation During Reconstruction: cover for an increase in reconstruction costs after a loss, provided the work is completed without delay
- Increased Costs During Construction - if a claimable event occurs, and the contract value increases during the period of insurance, we cover:
 - Fluctuations in the contract price as defined in the contract
 - Allowances stated in the contract for variations
 - Increases in the cost of labour and materials that are likely to arise during the construction period

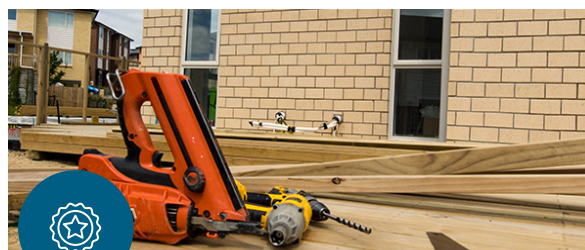
Optional Benefit

- Natural Hazard*: cover for accidental loss caused by a natural hazard during the construction period, at the contract site.

Natural hazard (natural disaster) means earthquake (including earthquake fire), volcanic eruption, tsunami, hydrothermal activity, or natural landslide.

What we will pay

- Contract works, materials supplied by the principal and claims during the maintenance period:
 - If the property is repairable, the reasonable and necessary costs to repair it to the condition it was in immediately before the loss, up to the amount shown on the certificate.
 - If the property is not repairable, the reasonable and necessary costs to replace it with property of a condition equivalent to (but no better or more extensive than) what it was in immediately before the loss, up to the amount shown on the certificate
 - If there is a total loss, the value of the property immediately before the loss taking into account depreciation for age and use of the property, up to the amount shown on the certificate
- Other costs: we will pay the reasonable costs for removing debris, professional fees, increased costs during construction, and escalation during construction, up to the amount shown on the certificate for each item
- Your Contract Works policy may be Subject to Average. If you suffer a total loss the Subject to Average provision will have no effect. If you suffer a partial loss, and if the contract works is not intended to be occupied as a domestic dwelling when completed, the maximum that you may recover will bear the same proportion to your actual loss as the amount the property bears to the full value of the property. For example: If your contract works is worth \$200,000 and you insure it for \$100,000. If you suffer a loss of \$50,000 the maximum amount you may recover is \$25,000.



We also provide cover for

- Commercial buildings, contents and vehicles
- Farm buildings, contents and vehicles
- Homes, personal contents and private vehicles

Frequently Asked Questions

Why should I include the additional benefits cover in the Contract Works policy?

It is important to consider the additional costs that may be needed to rebuild or repair your property should a claimable event happen. If you do not include cover for these benefits it could result in having to encounter a significant financial loss

Can I cancel a Contract Works policy?

Yes, but a refund will only be provided if you cancel the policy prior to any work commencing. If the contract finishes early, we cannot provide a refund of the premium, as the policy covers the contract defined in the proposal up to the time of practical completion or the expiry date shown on the certificate, whichever occurs first

What is Practical Completion?

'Practical completion' means the completion of all construction work except for minor omissions and minor defects which do not prevent the structure/building from being reasonable capable of being used for its intended purpose. FMG most often considers 'practical completion' to be the point at which the building is weather-tight and secure; all external cladding is completed, the roof is completed, all doors and windows installed and lockable. In the case of a residential building, bathrooms and kitchens are completed and it can be legally occupied

Why is Practical Completion such an important point?

Practical completion marks the point at which the contract works policy no longer covers losses not associated with the contract (such as earthquake, flood, etc.). Instead, a Material Damage, House or Farm Building policy must be in place to ensure continuing cover on the building

Does FMG put this cover in place automatically?

No, FMG cannot put in place any policy without your express permission. As the practical completion date may vary from the expiry date on your Contract Works policy, without further advice from you we are unable to determine exactly when you will need the continuing cover to commence

At the point of practical completion, please call us on 0800 366 466 to arrange your continuing cover. In many cases this can be done immediately over the phone

What if there are delays with the contract works? Can the Contract Works policy be extended?

Yes, the policy can be extended. We understand there are many factors (e.g. building delays) that may result in your Contract Works policy expiring before the point of practical completion. We will be happy to consider extending your policy, but you must contact us before the expiry date of the Contract Works policy, complete a no claims declaration, and provide photos of the work completed to date to ensure we can do this for you

The FMG difference

FMG has its roots firmly planted in rural New Zealand, which is why you'll find that we're different when it comes to insurance. We were started in 1905 by farmers for farmers and growers, and today we're still 100% New Zealand owned by our rural clients.

Call us on 0800 366 466
or visit our website fmg.co.nz

Disclaimer
Please note this is only a summary of the product and is subject to our specific product documentation and underwriting criteria. For full details, you should refer to the policy document. You can get these documents and any other information you need, from your local FMG representative, by calling us on 0800 366 466 or by visiting our website www.fmg.co.nz

Effective on all new policies, items and renewals issued on or after 1 July 2026

we're here for the good of the country.

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