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|  | **Request for approval of insurance amounts PW contracts (NZS 3910: 2013)** |

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| **To:** | *<<Guidance note: Required for all PW contracts >$100m . This memo should be sent to Marsh (andrew.salter@marsh.com), with their comments incorporated for endorsement prior to being submitted to the Risk and Insurance sub-VAC.>>* insurance@nzta.govt.nz (on behalf of Risk and insurance sub-VAC) |
| **CC:** |  |
| **From:** |  |
| **Date:** |  |
| **Transport Agency reference:** | Regional file reference: [File Number] |
| **Subject:** | **Insurance levels: [Project Name]** |

1. **Purpose**

To seek the Risk and Insurance sub-VAC approval for the proposed insurance levels for [Project Name] in accordance with the Transport Agency’s *Contract procedures manual* (SM021), *Insurance, bonds and retention for PW contracts.*

1. **Action/Deadline**

Risk and Insurance sub-VAC to endorse the proposed insurance levels below, or propose an alternative course of action by 10am [day and date]. *<<Guidance note: Provide adequate time frame, typically 3 weeks. If shorter time frame required please substantiate the requirement.>>*

1. **Insurance amounts proposed**

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| **Description** | **Value** |
| Professional indemnity(NZS 3910:2013 Schedule 1 8.6) | Clause 8.6.1* $ (amount) for any one claim *<<Guidance note: default is $500,000>>*
* $ (amount) for an amount in the aggregate *<<Guidance note default is $2,000,000>>*

*<<Guidance note: For low risk contracts the PI level should be calculated at 5 x the design fee at a minimum amount of $500k and maximum of $2M.* *For high risk project specific contracts Insurance levels must be reviewed and approved. Contracts are high risk where: 1) the contract period is greater than 3 years, OR 2) the contract value is greater than $50M, OR 3) bridge construction cost is greater than $10M OR 4) the contract involves works considered to be of a high risk nature e.g. tunnels, bridges>>.* |
| Public liability(NZS 3910:2013 8.5, 8.9) | Clause 8.5.1$(million $ amount) <<Guidance note: default value $5 million>>Sub-limits:* $ (amount) for liability arising out of vibration, weakening or removal of support

*<<Guidance note: $250,000 default, for any contract in an urban or built up area, cover shall be increased to the full minimum limit of $5M>>** $ (amount) for liability under the Forest and Rural Fires Act 1977

*<<Guidance note: $250,000 default, for any contract in forested area or vineyard, cover shall be increased to the full minimum limit of $5M>>**<<Guidance note: If contract <$100M, delete the above and write “PAI”>>* |
| Motor vehicle 3rd party(NZS 3910:2013 8.5.2) | $(million $ amount) <<Guidance note: default value $5 million>> |
| Contract works (NZS 3910:2013 8.3, 8.8) | The contract price* plus (percentage)% demolition and disposal
* plus (percentage)% professional fees
* plus (percentage)% for items to be incorporated and not included in contract sum
* plus (percentage)% of contract price due to variations
* plus (percentage)% of contract price for increased construction costs.

This equates to $(amount) based on the expected estimate (note no default value in the Transport Agency’s proforma document).*<<Guidance note: If contract <$100M, delete the above and write “PAI”>>* |
| Contractors plant (NZS 3910:2013 8.4) | All plant with market value > $(thousand $ amount) (note default value $200,000). |
| Contractors bond (NZS 3910:2013 3.1) | $ (million $ amount) *<<Guidance note: There is no default value in the Transport Agency’s proforma document. Bond amount will generally be in accordance with the Transport Agency’s Contract procedures manual (SM021) section 2.7.7. Project manager to advise Risk and Insurance sub-VAC where different, and why.>>* |
| Retention (NZS 3910:2013 12.3.1) | $ (amount)*<<Default is $200,000 for the maximum amount of retention. However, contracts >$20 million require the retention amounts approved by the Risk and insurance sub-VAC. Best practice for such projects is for contractor to acquire a bond in lieu of retention, refer to SM021 Section 2.7.9.>>.* |

*<<Guidance note; If any of the above insurances are not included in the project, enter ‘not applicable’ in the value column.>>*

1. **Background**

*<<Guidance note: Provide brief description of project phase, e.g. this phase is for the construction of the 10km four-lane upgrade with one interchange structure for…… Phase period will be for ‘x period’, construction start anticipated to commence {date] and expected to run for ‘x period’).>>*

Tenders for this contract close (contract closure date).

1. **Contract risk profile**

*<<Guidance note: This is the critical part of the submission to the Risk and Insurance sub-VAC; ensure a rigorous assessment of risk has been undertaken. Identify in this section the Extreme and High risks with their current exposure risk score, which should they impact may result in a claim under the policies to be established.*

*Append the Risk and Action Registers, with the date of issue identified.>>*

1. **Insurance background**

*<<Guidance note: Prior to submitting this memo to* *insurance@nzta.govt.nz**, the project / network manager must discuss the contract with our insurance advisors to enable this section of the Appendix XXIII to be satisfactorily completed. Contact Marsh (andrew.salter, 021 313 660, andrew.salter @marsh.com). Andrew will advise what information the insurers require, this may vary between projects>>.*

1. **Recommendation**

That the Risk and Insurance sub-VAC approve the insurance levels currently stated in the contract documents.

***Prepared by***: << Project Manager/Network Manager>>

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_

***Endorsed by the Transport Agency’s Insurance Advisor***:

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_

***Approved by the Risk and Insurance sub-VAC:***

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Signed: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Dated: \_\_\_\_\_\_\_\_\_\_