

NEW

## SUB-CONTRACTORS PAYMENT GUARANTEE

**AUSTINSURE**  
BE SURE OF YOUR INSURANCE

Every year hundreds of construction companies in New Zealand cease trading. As recently as 2009 this represented a decline of over 5%, the largest drop across all industries in that year.

We've all heard the stories of subbies who have been burned when their main contractor has gone bust. It's hard enough to make ends meet without worrying if you're going to get paid.

### THE BIG BUILDING INDUSTRY COLLAPSES

- **2001 - Hartner** (NZ's 4th largest construction company) - \$20m debt
- **2013 - Mainzeal** (NZ's 3rd largest construction company) - estimated \$50m-\$100m owing

### THE IMPACT OF THE MAINZEAL COLLAPSE

- **1,000 sub-contracting firms estimated to be affected**
- One Wellington electrical contractor was owed \$800,000
- A South island subcontractor, owed about \$260,000, has said there is little chance of getting his money back
- A Palmerston North-based construction firm has been left \$450,000 out of pocket and has had to lay off seven staff
- "At the end of the day, they've pretty much destroyed all the small companies by not paying them and now they've locked our bloody tools away...we've got mortgages to pay and mouths to feed."
- The receiver was working on the basis that there was **no money left for unsecured creditors, such as subcontractors**

### Things you need to know...

1. Claims relating to contracts already in place before the policy is taken out are not covered
2. There is a 30 day stand down period from the start of the policy
3. You will need to have a written contract in some form with the main contractor
4. Applies to liquidation/insolvency/bankruptcy of a main contractor
5. Retentions are not covered - speak to us about offering a bond in lieu of retentions instead
6. There is no excess to be paid

## INTRODUCING THE SUB-CONTRACTORS PAYMENT GUARANTEE

If your main contractor becomes insolvent the guarantee will **pay 75% of the money you're owed**, up to the limit that you choose.

### OPTION 1

Limit of Cover	\$25,000
Franchise*	\$2,500

PREMIUM  
**\$950**

### OPTION 2

Limit of Cover	\$50,000
Franchise*	\$2,500

PREMIUM  
**\$1,900**

### OPTION 3

Limit of Cover	\$100,000
Franchise*	\$2,500

PREMIUM  
**\$3,500**

*All premiums exclude GST.*

*"If my main contractor goes bust and I don't get paid, I won't be able to pay my bills"*

*"I can't afford to work for weeks and then not get paid for it"*

### What do I do now?

Complete and return to us the application form on the reverse of this sheet.

\*A franchise means that claims for amounts below the franchise limit will not be accepted. For claims above the franchise limit, no excess is payable.

The Sub-Contractors Payment Guarantee is arranged via Austinsure Limited via Builtin New Zealand Limited, acting as agent for CBL Insurance Limited. CBL is rated B+ (Good) by A.M. Best.

## Applicant Details

Legal Name of your Business or Company

Trading Name *(If different to above)*

Main Trade / Occupation

Area of your Operations

Full Name Mr / Mrs / Ms / Miss

Telephone Number

Email Address *(Our preferred method of communication)*

Postal Address

Postcode

How many years experience do you have in the trade?

How long have you been in business?

Trading Style: ☐ Sole Trader ☐ Partnership ☐ Limited Company ☐ Trading Trust

Estimated turnover in the next 12 months? \$

Level of Cover Required: ☐ \$25,000 ☐ \$50,000 ☐ \$100,000Normal Terms of Credit: ☐ 30 Days ☐ 20th month following ☐ Other *(Please provide details)*

How many active credit accounts do you have?

Percentage (%) of total sales represented by your largest customer? %

Percentage (%) of total sales represented by your 3 largest customers? %

Company Name	Address	Phone Number	Turnover in the last 12 months
1.			
2.			
3.			

Can we contact you in the future via email with details of other products and services that we offer: ☐ Yes ☐ No

## Agreements and Declaration

I hereby declare that the above statements are true, and I have disclosed all material facts and should any information given by me alter between the date of this application form and the inception date of the insurance to which this application relates I shall give immediate notice thereof.

I also confirm that the undersigned is authorised to act for and on behalf of all persons who may be entitled to indemnity under any policy which may be issued pursuant to this application form and I/we complete this application form on their behalf.

We will rely on the representations provided by you in, and in connection with, this application when making decisions regarding any policy we may issue. This application, the policy and the declarations shall constitute the entire insurance agreement between you and CBL Insurance Limited. No loss, which occurs prior to the payment of the premium, will be covered even if the policy has been delivered. No sales representative is authorised to delete, modify, or waive any policy provisions, either verbally or in writing.

To be signed by the Director / Principal of the Partnership / Sole Trade / Trustee

Signature

Full Name

Date

*This is an application only for the Sub-Contractors Payment Guarantee. Should this meet our requirements, acceptance will be by written notification.*