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# Welcome to QBE Insurance and thank you for trusting us with your insurance.

QBE has been committed to New Zealand and its commerce since 1888. We are Australasia's largest international insurance and reinsurance group and have specialist staff operating all over the globe, providing insurance to clients in over 140 countries. Our standing in the insurance marketplace has been achieved through consistent delivery of quality service to both our brokers and policyholders.

This is your Material Damage and Business Interruption Policy document, which should be read in conjunction with your Policy Schedule. Together, they form your contract of insurance and tell you what you are, and are not, insured for.

We want your experience with QBE Insurance to be the best. To allow us to make your claims experience fast and easy, it is important that you provide us with all the information that could influence our decision about your insurance. You need to tell either QBE or your broker about facts known to you as well as those facts you become aware of, which you could have been reasonably expected to know about. If you are in any doubt as to whether or not a fact may be material to your insurance, you can discuss this with QBE or your broker who will guide you.

By not telling us something that it was your duty to tell us it may mean that your claim may not be accepted or an entitlement under the policy could be reduced.

If you need help understanding any aspect of your insurance cover, please contact your insurance broker.



# Material Damage and Business Interruption Policy

## Introduction

This Policy sets out the definitions, terms, exclusions and conditions of insurance provided by QBE Insurance (Australia) Limited and the operative sections of the Policy are shown in the Schedule.

We ask You to read this Policy, the Schedule and any endorsements carefully so that You are aware of the terms and conditions. If these are not completely in accordance with Your intentions, please contact Your insurance adviser.

Please bear in mind that no insurance policy covers everything and the coverage provided is subject to the definitions, terms, exclusions and conditions of this Policy.

The Policy, Schedule and endorsements (if any) are to be read together and any word or expression to which a specific meaning has been given shall bear such meaning wherever it may appear unless otherwise specifically stated. Marginal notes or headings do not form part of this Policy but are used solely for identification.

This Policy is based upon the information provided in the application for insurance and any statements or documents which are deemed to be incorporated in this contract.

## Your duty of disclosure

When You apply for insurance You have a legal duty of disclosure. This means You must disclose all information that is relevant and/or material which would influence the judgment of a prudent underwriter:

- (a) to accept or decline the risk of insurance; and
- (b) if accepted, on what terms and at what cost.

In addition, You confirm that You have made full and proper enquiries of all the entities insured under this Policy and warrant the accuracy of the information disclosed to Us. If this information proves to be inaccurate, We may at Our option void this Policy.

The duty to disclose relevant or material information is not limited to the questions listed in the proposal form if a proposal form is completed.

You have a duty of disclosure each time this Policy renews or if You make changes to this Policy.

## Insuring agreement

In consideration of the payment of premium QBE Insurance agrees to indemnify You in accordance with the insurance selected during the Period of Insurance.

## Definitions (applying to all sections)

If words are shown with initial capital letters, they are definitions and have a special meaning. These definitions apply to both singular and plural.

### 'Adjusted Loss' means:

The amount We agree is payable for Your claim after the application of any Sum Insured or sub-limit, and of any Excess.

### 'Alternative Period' means:

The number of weeks shown in the Schedule during which the results of the Business shall be affected in consequence of the Insured Damage, starting from the date of the Insured Damage.

### 'Appurtenances' means:

- fixed signs and lettering
- tanks
- poles
- power lines and their supports
- walls
- retaining walls
- gates
- fences
- roads
- paths
- yards
- plant
- fixtures
- pipes
- cables

if You are legally responsible for insuring them and their value is not included in the Sum Insured on Contents or Stock. However, it does not include Landscaping.

### 'Buildings' means:

Any permanent structures and their Appurtenances located in or about the Premises if You are legally responsible for insuring them and their value is not included in the Sum Insured on Contents or Stock. However, it does not include Landscaping.

**'Business' means:**

All activities which You have declared to Us at the start of this Policy and all other activities of a similar or less hazardous nature You later enter into.

**'Business Hours' means:**

Any hours during which You or any principal or any employee entrusted with the care, custody or control of Money is on the Premises for the purpose of Your Business.

**'Computer Virus' means:**

A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

**'Contents' means:**

All tangible property located in or about the Premises including:

- plant
- equipment
- tenant's improvements
- glass, fixtures and fittings

if You are legally responsible for insuring them and if their value is not included in the Sum Insured on Buildings or Stock. However, it does not include Landscaping.

**'Damage' means:**

Physical Loss or physical damage unintended and unforeseen by You.

**'Deferment Period' means:**

The period by which the start of the Indemnity Period is delayed.

**'Destroyed' means:**

So damaged by an insured Event that the property, by reason only of that Damage, cannot be repaired.

**'Electronic Data' means:**

Facts, concepts and information converted to a form usable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for such equipment.

**'EQC Act' means:**

The Earthquake Commission Act 1993 or any subsequent amending legislation.

**'Event' means:**

An accident, including continuous or repeated exposure to substantially the same conditions, or series of accidents resulting from, or attributable to, one source or original cause. A series of accidents arising from any one cause during any period of seventy-two (72) consecutive hours will be treated as one Event.

**'Excess' means:**

The amount shown in the Policy or the Schedule to be borne by You in respect of each and every claim, or series of claims, arising out of any one Event.

**'Hazardous Substance Emergency' means:**

The same as that used in the Fire Service Act 1975 or any subsequent amending legislation.

**'Hidden Gradual Damage' means:**

hidden:

- mildew
- rot, or
- other gradual deterioration

caused by water that:

- leaks
- overflows, or
- is discharged

from any permanent Internal Plumbing at the Premises.

**'Historic' means:**

The same as that used in the Heritage New Zealand Pouhere Taonga Act 2004 and/or the Resource Management Act 1991, or any subsequent amending legislation.

**'Indemnity Period' means:**

The number of months shown in the Schedule during which the results of the Business shall be affected in consequence of the Insured Damage, starting from the date of the Insured Damage.

**'Initial Period' means:**

The number of weeks shown in the Schedule during which the results of the Business shall be affected in consequence of the Insured Damage, starting from the date of the Insured Damage.

**'Insured Damage' means:**

Destruction or Damage which interrupts or interferes with the Business carried on by You at the Premises if:

- (a) such risks are covered under Section 1; or
- (b) would have been covered but for the application of an Excess.

**'Insured Profit' means:**

The amount by which the combined total of the Turnover and the amount of the closing Stock shall exceed the combined total of the amount of the opening Stock and the amount of the Uninsured Working Expenses.

**'Insured Property' means:**

Buildings, Contents or Stock at the Premises, if You are legally responsible for insuring them and which are specified as Sums Insured in the Schedule.

**'Insured Rentals and Management Fees' means:**

The money paid or payable to You in respect of rentals, management fees, licence fees and other services recoverable by You from the Premises.

**'Insured Revenue' means:**

The money paid or payable to You for goods supplied or services rendered in the course of the Business at the Premises.

**'Internal Plumbing' means:**

Any water pipe, waste disposal pipe, water cylinder or water storage tank which is permanently connected to and is contained within the walls, floors or roof of the Building, if You are legally responsible for insuring them.

It does not include any:

- solar heating or rain or grey-water collection systems, or
- underfloor heating system.

**'Landlords Obligations' means:**

You or the person who manages the Insured Property on behalf of You must:

- (a) exercise reasonable care in the selection of tenants by obtaining at least satisfactory verbal or written references, and
- (b) complete an external and internal inspection of the property at a minimum of three-monthly intervals and upon the change of every tenant, and
- (c) keep a written record of the outcome of each inspection, and provide a copy to Us if a copy is requested.

**'Landscaping' means:**

Permanently sited trees, plants, hedges, shrubs, grass, paving and ornamentation at the Premises used to adorn or improve the appearance of the Site, except if any of these are Stock of the Business.

**'Loss' means:**

Sudden physical loss or sudden physical Damage unintended and unforeseen by You.

**'Machine' means:**

Any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance. It does not include any permanently installed electrical switchboard and/or reticulation, or any electric motors or starters.

**'Money' means:**

Current coin, bank and currency notes, cheques, traveller's cheques, postal notes, money orders, unused postage stamps, redeemable vouchers and tokens, franking machine credits, and other tangible negotiable instruments.

**'Natural Disaster' means:**

Earthquake, tsunami, volcanic eruption, hydrothermal or geothermal activity or fire following any of these and subterranean fire.

**'Payroll' means:**

The remuneration (including a due proportion of bonuses, leave entitlements, accident compensation levies, superannuation or KiwiSaver contributions) of all employees.

**'Period of Insurance' means:**

The dates and times specified in the Schedule.

**'Policy' means:**

This document together with any Schedule and endorsements.

**'Portable Electronic Data Equipment' means:**

Portable computers, tablets, portable data storage devices, digital cameras, laptops, mobile 'smart' phones, electronic gaming equipment, portable electronic music or entertainment systems and portable video equipment.

**'Post 1934 Buildings' means:**

Any Building, or Insured Property contained within any Building, that was constructed in 1935 or later.

**'Post 2004 Buildings' means:**

Any Building, or Insured Property contained within any Building, that was constructed in 2005 or later.

**'Pre 1935 Buildings' means:**

Any Building, or Insured Property contained within any Building, that was constructed in 1934 or earlier.

**'Premises' means:**

The physical location where the Business is conducted. This includes all Sites shown in the Schedule attaching to and forming part of this Policy that have a common business purpose.

**'Production Process' means:**

Any process of producing, making, treating or servicing goods.

**'Rate of Insured Profit' means:**

The rate of Insured Profit earned on the Turnover during the financial year immediately before the date of the Insured Damage.

**'Rate of Payroll and Wages' means:**

The ratio that Payroll and Wages bear to Turnover during the financial year immediately before the date of the Insured Damage.

**'Region' means:**

The areas of land in the Regions and Districts as defined in the local government New Zealand (LGNZ) Regional and Districts boundaries map.

**'Regulations' means:**

Any statute, regulations, by-laws of any municipal or local authority, rules, Orders-in-Council, codes, municipal or government directives, or conditions of consent under any of them.

**'Residential Property' means:**

That property that is covered by the relevant sections of the EQC Act 1993 or any subsequent amending legislation. There is no cover under this Policy for Residential Land as defined by the EQC Act 1993 or any subsequent amending legislation.

**'Schedule' means:**

The current schedule of insurance which has been issued by Us or on Our behalf.

**'Shortage in Turnover' means:**

The amount by which the Turnover during a period shall in consequence of the Insured Damage fall short of the part of the Standard Turnover which relates to that period.

**'Site' means:**

Any parcel or contiguous parcel of land owned or occupied by You.

**'Software' means:**

Programs, procedures, routines and other coded instructions associated with the operation of electronic, electromechanical or electromagnetic data processing or electronically controlled equipment including any operating system.

**'Standard Insured Rentals and Management Fees' means:**

The Insured Rentals and Management Fees during that period in the twelve (12) months immediately before the date of the Insured Damage which corresponds with the Indemnity Period.

**'Standard Insured Revenue' means:**

The Insured Revenue during that period in the twelve (12) months immediately before the date of the Insured Damage which corresponds with the Indemnity Period.

**'Standard Turnover' means:**

The Turnover during that period in the twelve (12) months immediately before the date of the Insured Damage which corresponds with the Indemnity Period.

**'Stock' means:**

Materials in trade located in or about the Premises if You are legally responsible for insuring them and if their value is not included in the Sum Insured on Buildings or Contents.

**'Sum Insured' means:**

The amount shown for each Site in the Schedule.

**'Sustainable Products' means:**

- (a) products that increase the efficiency of the Building relating to the use of energy and/or water
- (b) rebuilding materials that reduce environmental impacts.

They do not include any:

- fire protection systems or devices;
- security systems or devices;
- natural hazard protection.

Examples of Sustainable Products include:

- double glazing;
- solar water heating systems;
- environmentally friendly timber;
- environmentally friendly carpets and/or paints;
- rainwater collection tanks and/or water-efficient interior plumbing;
- natural lighting and/or ventilation;
- best-practice insulation (as recommended by Standards New Zealand);
- wind turbines.

**'Temporarily Removed' means:**

Removed for a particular purpose, with the intention that the property be returned to the place from which it has been removed once that purpose has been served. However, the maximum period for removal is six (6) months.

**'Terrorism' means:**

An act, including but not limited to the use of force or violence and/or threat thereof, by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

**'Transmission and Distribution Lines' means:**

Overhead transmission and distribution lines and their supporting structures or any equipment which includes but is not limited to; wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual.

**'Turnover' means:**

The money paid or payable to You for goods sold and delivered and for services rendered in the course of the Business at the Premises.

**'Undamaged' means:**

Not damaged physically and/or directly by an Event insured under Section 1.

**'Uninsured Working Expenses' means:**

All expenses subtracted in the annual calculation of Insured Profit for the purpose of premium adjustment (which are not insured under Insured Profit).

**'Vicinity' means:**

Within a five (5) kilometre radius of the Premises.

**'Wages' means:**

The remuneration (including bonuses, leave entitlement, accident compensation levies, superannuation, KiwiSaver and other charges pertaining to wages) of all employees other than those whose remunerations are treated as salaries in Your books of accounts.

**'Works of Art' means:**

An object of intrinsic rarity, artistic, historical or cultural value, including but not limited to carvings, paintings, pictures, prints, sculptures, sketches, tapestries, ornaments, antiques, valuable rugs or mats, porcelain, rare glassware and similar property.

**'We', 'Our', 'QBE' or 'Us' means:**

QBE Insurance (Australia) Limited.

**'You', 'Your' or 'Yours' means:**

The person or entity shown in the Schedule as the Insured. This Policy may also use the word 'Insured' to describe You.

## Conditions (applying to all sections)

### 1. Alteration of risk

You must notify Us immediately if for any reason other than Loss or Damage there is any change in the nature of occupation or any other material change in the risk to the Insured Property.

This includes:

- (a) any change which increases the risk of Loss or Damage to the Insured Property, or
- (b) the appointment of a liquidator or receiver, or
- (c) the cessation of the Business, or
- (d) the sale of Your interest in the Business.

This Policy will cease in respect of the Insured Property unless any material change in risk has been declared to and accepted by Us in writing.

However, this Policy will not be prejudiced by:

- (i) changes to Your Business which are usual or incidental to the Business, or
- (ii) the cessation of operations or vacancy of any Building for a period not exceeding sixty (60) days, unless agreed to by Us, or
- (iii) other changes to Your Business without Your knowledge or consent if notice is given to Us immediately You become aware of them and You agree to pay a reasonable additional premium for the increased risk if so required by Us.

### 2. Breach of condition

This Policy will not be invalidated or prejudiced if You have breached any of its conditions, but:

- (a) only if such breach occurs without Your knowledge or consent, and
- (b) notice is given to Us immediately You become aware of such breach, and
- (c) You agree to pay a reasonable additional premium if so required by Us.

### 3. Cancellation

This Policy may be cancelled:

- (a) by You at any time by giving notice in writing to Us or Your insurance adviser stating when the cancellation shall be effective, but no later than thirty (30) days after the effective date of such cancellation. If You cancel this Policy, We will be entitled to a pro-rata proportion of the premium (subject to the terms of any adjustment required by the terms of this Policy) for the time during which this Policy has been in force; or
- (b) by Us at any time by giving written notice to You or Your insurance adviser of Our intention to cancel this Policy. The cancellation will take effect at 4pm on the thirtieth (30th) day after the notice has been delivered. If We cancel this Policy, We will refund to You a pro-rata proportion of the premium (subject to the terms of any adjustment required by the terms of this Policy).

### 4. Currency

Where any Sum Insured, sub-limits, Excess or other amounts are stated, these amounts are in New Zealand dollars (NZD) unless expressed otherwise.

### 5. When a claim happens

If anything occurs which could give rise to a claim under this Policy, You must:

- (a) notify Us as soon as practicable, and
- (b) promptly take all reasonable steps to prevent or diminish further Loss or Damage, and
- (c) inform the Police as soon as possible if any property is lost or if theft, burglary or malicious damage including arson is suspected, and

- (d) forward to Us on request:
- a completed claim form;
  - details and/or photos of the Loss or Damage, including business records, information and other evidence as may reasonably be required for investigation and verification of the claim;
  - copies of notices, statements of claim, and
- (e) assist Us in all measures which We consider necessary to minimise the Loss and enable Us to investigate, settle or defend the claim.

## 6. Fraud

If any claim under this Policy is in any respect fraudulent or if any fraudulent means are used to obtain any benefit under this Policy, then this Policy shall become void or the claim can be declined (at Our sole election) and We shall not be liable to make any payment.

## 7. Goods and services tax

Where Goods and Services Tax (GST) is recoverable by Us, the Sum Insured, limits or sub-limits covered by this Policy are exclusive of GST. When a claim happens We will pay the amount of such claim, subject to a maximum of the Sum Insured, plus, where payable, GST at the current rate. However, all Excesses shown in this Policy are inclusive of GST.

## 8. Inspection

We shall be permitted but not obligated to inspect any of the Insured Property at any reasonable time and You must provide such information as may be reasonably required by Us in relation to the Premises. This condition or any inspection or report carried out by Us is not an undertaking by Us to determine or warrant that any operation or Premises are safe.

## 9. Material facts

The truth of any statements and answers in any:

- (a) claim form;
  - (b) proposal or underwriting information provided for the purposes of obtaining this insurance or any renewal or extension thereof;
- by You or on Your behalf shall be a condition precedent to Our liability to make payment under this Policy.

## 10. New Zealand jurisdiction

Any disputes arising out of or under this Policy are subject to the law of New Zealand and the New Zealand courts have sole jurisdiction.

## 11. Notices by us

- (a) Any written notice by Us to Your insurance adviser shall be deemed to be notice to You, and
- (b) written notice includes sending by electronic means and will be deemed received at the time of transmission.

## 12. Other insurance

If, at the time of any claim arising under this Policy, there is other valid and collectable insurance covering all or part of the same Loss, this Policy will apply only to the amount of any Loss over and above such other insurance, whether paid or not.

## 13. Other interests

Where You are under an obligation to insure the interest of any person or corporate body having an insurable interest in any of the Insured Property, We will indemnify You and that person or corporate body as if a separate policy had been issued to each.

However,

- (a) We will not be liable to indemnify any person or corporate body whose interest has not been declared to Us by the time indemnity becomes payable; and
- (b) Our liability will not be increased beyond the amount that would have been payable if this condition had not been incorporated in this Policy.

## 14. Progress claim payments

When a claim happens We agree We will make progress claim payments on production of acceptable evidence of insured Loss. However, if the total amount of progress payments exceeds the total amount of the Adjusted Loss, You will immediately refund the difference.

## 15. Reasonable precautions

You shall take all reasonable precautions to:

- (a) avoid or minimise Loss or Damage to Insured Property;
- (b) maintain all Premises, fittings, appliances, machinery and electronic equipment in safe and sound condition;
- (c) maintain and keep operational all security, fire protection, warning equipment and installations;
- (d) comply with all statutory regulatory or local authority requirements pertaining to the ownership occupation and use of the Insured Property.

Where any building of Yours is tenanted, You or the person who manages it on Your behalf must:

- (i) exercise reasonable care in the selection of tenants by obtaining at least satisfactory verbal or written references, and
- (ii) complete an external and internal inspection of the property at a minimum of three (3) monthly intervals and upon the change of every tenant, and
- (iii) keep a written record of the outcome of each inspection, and provide a copy to Us if a copy is requested.

## 16. Recovery

When We make a payment to You or on Your behalf:

- (a) We shall receive assignment of all Your rights of recovery;
- (b) You shall do all that is necessary to assist Us in the exercise of such rights including prosecuting proceedings in Your name at Our expense;
- (c) any such amount so recovered shall firstly be apportioned to pay any uninsured Losses over and above the Sum Insured or beyond the scope of this Policy, secondly Your Excess and thirdly to reimburse Us to the extent of the total paid by Us including fees and disbursements;
- (d) if any sum is recovered in addition to the total We and You have paid, it will be apportioned in the ratio that Your uninsured losses and Excess bear to the total paid by Us.

## Exclusions (applying to all sections)

### 1. Cessation of work

This Policy does not insure Loss or Damage resulting from total or partial cessation of work unless it is also the result of an Event which is otherwise insured by this Policy.

### 2. Computer virus

This Policy does not insure Loss or Damage directly or indirectly caused by or arising from any Computer Virus.

### 3. Confiscation

This Policy does not insure any Loss, Damage or interruption in connection with confiscation, requisition or destruction of or Damage to Insured Property by order of government or local authority unless the order is given for the purpose of controlling fire or another peril for which insurance is provided by this Policy.

### 4. Consequential loss

This Policy does not insure any consequential losses whatsoever, including:

- (a) fines, penalties, loss of use of any Insured Property, delays or loss of market, rates, tax, duty or development charges, or
- (b) any other charge or assessment arising out of capital appreciation which may be payable to comply with any Regulations (except for those consequential losses referred to in Exclusion 6 (Faulty materials and workmanship) below)

unless expressly provided by Section 2.

### 5. Electronic data

This Policy does not insure:

- (a) (i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data, or
- (ii) error in creating, amending, entering, deleting, or using Electronic Data, or
- (iii) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

However, in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) is caused by any of the matters described in (a) above, this Policy, subject to all its provisions, will insure:

- (b) (i) physical Loss of or Damage or destruction to Insured Property directly caused by such listed peril, and/or
- (ii) consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) causes any of the matters described in (a) above:

fire, explosion, lightning, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freezing, weight of snow, impact by aircraft or other aerial objects dropped therefrom, impact by any road vehicle or animal, bursting overflowing discharging or leaking of water tanks apparatus or pipes, or theft of Electronic Data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

For the purposes of the Basis of Settlement provision in this Policy, a computer system's records includes Electronic Data as defined in this Policy.

Any Terrorism exclusion in this Policy or any endorsement thereto prevails over this exclusion.

## 6. Faulty materials and workmanship

This Policy does not insure the cost of:

- (a) repairing or replacing faulty materials;
  - (b) putting right faulty workmanship;
  - (c) putting right work performed to a faulty defective design, plan or design specification;
  - (d) putting right faulty or defective work where the fault or defect results from an error or omission in design plan or design specification;
- but this exclusion does not apply to any flow-on Loss or Damage occurring as a result of the faulty or defective materials, workmanship, design plan, design specification or work.

## 7. Historic, heritage or cultural heritage significance or value

This Policy does not insure any additional costs resulting from Loss or Damage directly or indirectly incurred by You to comply with any Regulations in connection with any Historic, heritage or cultural heritage significance or value of the Insured Property, unless specifically waived and agreed to by Us in writing.

## 8. Illegal substances

This Policy does not insure any Loss, Damage, interruption or interference directly or indirectly caused by or arising from, any activity in connection with any drug(s) or illegal substances(s) including pre-cursor chemicals or materials used in or near the Insured Property. This exclusion does not apply to Loss or Damage to Insured Property caused by fire or explosion, including resulting smoke damage.

## 9. Infectious disease or pest management

This Policy does not insure any Loss, Damage, interruption or interference in connection with any:

- (a) notifiable infectious disease under the Health Act 1956;
  - (b) pest management plan under the Biosecurity Act 1993;
- or any subsequent amending legislation.

## 10. Interruption of supply

This Policy does not insure any Loss or Damage to Insured Property or any interruption or interference with Your Business directly or indirectly caused by the interruption of the supply to the Site of electricity, fuel, water, gas, steam or refrigerant.

## 11. Leaky building

This Policy does not insure Loss or Damage to a Building or structure directly or indirectly caused by:

- (a) moisture or water build-up or the penetration of external moisture or water;
- (b) the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms.

## 12. Machinery breakdown

In respect of the Machine or vessel to or from which fluid pressure is applied or generated, this Policy does not insure:

- (a) explosion, overheating, rupture, bursting, cracking, leakage or collapse;
- (b) mechanical, hydraulic, electrical or electronic breakdown, failure, malfunction or derangement, or cessation of function of any Machine; unless caused by Loss which is not otherwise excluded.

## 13. Natural events

This Policy does not insure any Loss or Damage directly or indirectly caused by or arising from:

- (a) geothermal activity or subterranean fire;
- (b) landslip, subsidence or erosion of the land;
- (c) earthquake, tsunami, volcanic eruption, hydrothermal activity, and fire following any of the aforementioned;
- (d) normal settlement, shrinkage or expansion of Buildings, foundations, walls, pavements, roads or any other structural improvements.

## 14. Nuclear

This Policy does not insure any Loss, Damage, liability or expense directly or indirectly caused by or contributed to or arising from:

- (a) nuclear weapons material;
- (b) ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- (c) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (d) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- (e) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter.

## 15. Pollution and wear and tear

This Policy does not insure Loss or Damage directly or indirectly caused by or arising from:

- (a) fumes, gas, dust, smoke or smuts;
- (b) normal working, normal maintenance, wear and tear, erosion, corrosion, slowly developing deformation or distortion, or marring or scratching;
- (c) action of micro-organisms, animal, vermin or insects;
- (d) the inherent nature of the property or action of light;
- (e) seepage, pollution or contamination;
- (f) changes in artificially controlled temperature, or changes in atmosphere or humidity.

## 16. Property

This Policy does not insure:

- (a) property in the course of installation, construction, demolition or erection, or testing following any of them;
- (b) Money;
- (c) jewellery, precious stones, furs, precious metals or bullion, other than as Stock or as part of any plant or machinery;
- (d) motor vehicles, other mechanically or electrically propelled vehicles (including but not limited to railway locomotives and rolling stock), watercraft and aircraft of every kind, and accessories contained in them or on them, other than as Stock of the Business;
- (e) property in transit other than at Premises owned or occupied by You;
- (f) property damaged as a result of undergoing any Production Process where the Damage is directly caused by that process;
- (g) standing timber, growing crops, live plants, livestock or any living creature, trees, hedges, dams, canals, reservoirs (but not tanks), artificial turf, railways, road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill, or property located outside New Zealand,

unless it is shown in the Schedule.

## 17. Prohibitions and sanctions

This Policy does not insure any Loss or Damage or provide any benefit hereunder to the extent that the provision of such cover or the payment of such claim would contravene any sanction, prohibition or restriction under any United Nations resolution or the trade or economic sanctions, laws or regulations of New Zealand, Australia, United Kingdom, the United States of America or the European Union or any other sanction, prohibition or restriction with which We are obligated to comply with.

## 18. Seismic strengthening

Notwithstanding any provision in this Policy to the contrary, the amount payable under this Policy in respect of property that is damaged but not Destroyed shall not include any cost incurred in connection with the seismic strengthening of the property to a level greater than it was immediately prior to the occurrence of the Damage.

For the avoidance of doubt, You shall bear any costs of compliance with any seismic strengthening codes or Regulations, which result in an increase in the seismic strength or resistance of the property to a level greater than it was immediately prior to the occurrence of the Damage.

The fact You must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the reinstatement of any damaged property shall be disregarded when assessing or adjusting the Loss. All other provisions in this Policy concerning Reinstatement and the Basis of Settlement continue to apply.

## 19. Terrorism

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this Policy excludes Loss, Damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the Loss.

This exclusion also excludes Loss, Damage, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

## 20. Transmission and distribution lines

This Policy does not insure losses in respect of Transmission and Distribution Lines.

However, this exclusion shall not apply in respect of Transmission and Distribution Lines that extend from the public highway to the insured Premises and are the responsibility of the Insured and which are on or within three hundred (300) metres of any insured structure.

## 21. Unexplained disappearances

This Policy does not insure any Loss or Damage directly or indirectly caused by or resulting from:

- (a) unexplained disappearances, shortages revealed only by taking of an inventory or shortages due to clerical or accounting errors;
- (b) any fraudulent scheme or device, or theft or false pretence practised on or by You or on or by any other person having care of the Insured Property including but not limited to Your employees.

## 22. War

This Policy does not insure any Loss or Damage occasioned by or through, or in consequence directly or indirectly of any of the following occurrences, namely:

- (a) war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war;
- (b) mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.

## 23. Weather conditions

This Policy does not insure Loss or Damage directly or indirectly caused by or arising from exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

# SECTION 1: MATERIAL DAMAGE

## The indemnity

We will indemnify You under Section 1, subject to the terms, conditions and exclusions of this Policy, for Loss or Damage happening to any of the Insured Property during the Period of Insurance.

You will be indemnified by payment or, at Our option, by repair or by replacement of the lost or damaged property and by payment of any insured costs.

### 1. Damage caused by a prior event

This Policy does not cover Loss, Damage, cost or expense of any nature arising directly or indirectly from an Event predating the start of this Policy ('Prior Damage').

In the event that Prior Damage to the Insured Property has not been repaired or reinstated at the date of an Event during the Period of Insurance:

- (a) where Insured Property was an actual or constructive total loss prior to the Event during the Period of Insurance, this Policy does not cover Loss, Damage, cost or expense of any nature relating to that Insured Property;
- (b) in any other case, the amount that would have been required to repair any unrepaired Prior Damage, assessed at the date of settlement of the claim, will be deducted when calculating the Loss, Damage, cost or expense arising directly or indirectly from the Event.

### 2. Damage caused by successive events

Where there is Loss or Damage to Insured Property arising directly or indirectly from successive Events during the Period of Insurance, and the Loss or Damage arising directly or indirectly from an earlier Event has not been repaired or reinstated at the date of a subsequent Event, the amount payable under this Policy in respect of each Event shall be calculated as follows:

- (a) where Insured Property was an actual or constructive total loss prior to the subsequent Event, this Policy does not cover Loss, Damage, and cost or expense of any nature relating to that Insured Property arising directly or indirectly from the subsequent Event;
- (b) in any other case, the amount that would have been required to repair any unrepaired Damage, arising directly or indirectly from an earlier Event, assessed at the date of settlement of a claim in respect of the subsequent Event, will be deducted when calculating the Loss, Damage, cost or expense arising directly or indirectly from the subsequent Event.

### 3. Maximum amount payable

The maximum amount We will pay under this Policy during the Period of Insurance for each insured item is the Sum Insured declared for that item at its location stated in the Schedule; however,

- (a) We will not pay more than the total Sum Insured for each item as stated in the Schedule during any one Period of Insurance, subject to Automatic Extension 14 (Margins clause for Contents and Stock) (above) applying to Section 1;
- (b) the limits of liability in this Policy and sub-limits as stated in the Schedule are additional to the Sums Insured, unless otherwise stated in this Policy.

### 4. Reinstatement of amount of insurance

When there is Loss to Insured Property, the amount of insurance reduced by Loss or Damage will be automatically reinstated as from the date the Insured Property is either repaired, replaced or reinstated, subject to You undertaking to pay such premium as may be required for any reinstatement.

However, there will be no automatic reinstatement of the Sum Insured following Loss or Damage as a result of a Natural Disaster. Any reinstatement of the Natural Disaster Sum Insured will need to be agreed to in writing by Us.

## Basis of settlement

We will indemnify You in accordance with the applicable basis of settlement as set out below.

### 1. Reinstatement

This clause applies to those items of Insured Property where it is shown in the Schedule to be insured for Reinstatement.

Insurance under this clause is subject to the Definitions and Special Provisions set out below, but otherwise to the terms and conditions of this Policy.

## Definitions

In this clause, and unless the context requires otherwise:

- (a) **'Reinstatement'** means:
- (i) where property is lost or Destroyed, its replacement by an Equivalent Building or by Equivalent Plant, as the case may require;
  - (ii) where property is damaged but not Destroyed, the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new, using current equivalent materials, skills and techniques that are readily available.
- (b) **'Equivalent Building'** means:
- (i) a building or structure which is as nearly as practicable the same as the building or structure lost or Destroyed, using current equivalent materials, skills and techniques that are readily available in the country in which the lost or destroyed building is located and incorporating such alterations as are necessary to comply with any building or other regulations made under or framed in pursuance of any Regulations;
  - (ii) where, as a result of any special circumstances, no building or structure which falls within the scope of paragraph 1 (b) (i) above can be constructed, a building or structure which is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or Destroyed;
  - (iii) where as a result of any special circumstances, no building or structure which falls within the scope of paragraph 1 (b) (i) above is suitable to Your reasonable requirement, then, with Our consent (which will not be unreasonably withheld), a building or structure which is designed to perform a purpose of function suitable to that requirement, but not more extensive than that performed by the building or structure lost or Destroyed.
- (c) **'Equivalent Plant'** means:  
any plant or equipment as nearly as practicable the same as or equivalent to the plant or equipment lost or Destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or Destroyed plant or equipment but not greater capacity unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest equivalent capacity.

## Special provisions

### (a) Compliance with regulations

The amount payable under this clause will include the cost incurred in Reinstatement which is necessary to comply with any Regulations. However, We will not pay for:

- (i) work that has already been required of You by notice served prior to the happening of the Loss or Damage;
- (ii) Undamaged property or Undamaged portions of property;
- (iii) work required, whether in whole or in part, because the damaged (but not Destroyed) property or any portion of it is an earthquake-prone building as described in the Building Act 2004 or any subsequent amending legislation.

These Special Provisions (a) (ii) and (a) (iii) above will apply whether or not the Undamaged property or portion comprises a separate building or structure or a separate item of plant or equipment.

### (b) Site of reinstatement

Where property is Destroyed, the work of Reinstatement must be carried out on the same Site; however, the work may be carried out upon another Site only:

- (i) where Reinstatement on the same Site is not permissible by reason of any Regulations, or
- (ii) where Reinstatement on the same Site is not suitable to Your reasonable requirement, in which case, and with Our consent (which will not be unreasonably withheld), Reinstatement may be carried out on any alternative Site in the same country as the current Site.

In any case where Reinstatement is carried out on any alternative Site then We will not pay more than what would have been the cost of rebuilding on the original Site.

### (c) Limitation of amount payable

- (i) Where the work of Reinstatement is carried out in terms of Definition 1 (b) (ii) or (b) (iii) of the Equivalent Building definition above, or on any location other than the original location at the same Site, Our liability will not exceed the cost which would have been incurred had Reinstatement been carried out in terms of Definition 1 (b) (i) of the Equivalent Building definition on the original location.
- (ii) Where the Insured Property is damaged but not Destroyed, Our liability will not exceed the amount We could have been called upon to pay for Reinstatement of the property had the property been Destroyed.
- (iii) Our liability under this clause in respect of any item of Insured Property will not exceed the Sum Insured in respect of that item.

### (d) Circumstances where reinstatement does not apply

The Indemnity basis of settlement will apply in the following circumstances, regardless of the basis of settlement shown in the Schedule to the contrary:

- (i) if You elect not to reinstate the property;
- (ii) if the work of Reinstatement is not started and carried out with reasonable despatch;
- (iii) where a Building, structure or plant is damaged, but not Destroyed, and the repair of the Damage is not permissible by reason of any Regulations, or by reason of the Undamaged portion of the property;
- (iv) if the Insured Property is awaiting demolition or disposal at the time of Loss or Damage.

(e) **Valuation of the property**

At the start of each Period of Insurance, and in respect of that period, You should provide Us with a certificate by a suitably qualified quantity surveyor or valuer specifying the estimated cost of Reinstatement of any item of Insured Property to which this clause applies. The certificate should also contain such other estimates and information as We may reasonably require. The sum to be insured under this clause in respect of each item will not be less than the amount of the estimate shown in the certificate in respect of that item.

(f) **Rates, taxes and other charges**

The amount payable under this clause will not include the amount of any rate, tax, duty, development charge, or any other assessment arising out of capital appreciation, which may be payable in respect of the property by reason of compliance with any Regulations.

## 2. Indemnity

This clause applies to those items of Insured Property where they are shown as not insured for Reinstatement.

For Property insured for Indemnity Value, the basis of settlement shall be the lesser of:

- (a) the cost of repairing or replacing that part of the Insured Property damaged, to the condition existing immediately prior to the Loss or Damage; or
  - (b) the cost of rebuilding or repairing the Insured Property to a condition as when new, less due allowance for the age and condition of the Insured Property immediately prior to the Loss or Damage; or
  - (c) the current market value of the Insured Property (having due regard to its condition and state of repair immediately prior to the Loss or Damage);
- and shall include, where appropriate:
- (i) the cost of demolition and removal of debris including the removal of Contents;
  - (ii) architects, surveyors, legal and other related expenses.

## 3. Special property

The basis of settlement for the following types of Insured Property will apply:

(a) **Money**

In respect of Money, We will pay the actual value immediately prior to the Loss or Damage.

(b) **Portable Electronic Data Equipment**

In respect of Portable Electronic Data Equipment, We will pay the replacement cost, if insured for replacement, for items which are less than two (2) years of age from new and where supported by documentation to that effect. Items older than two (2) years, or where no supporting documentation is supplied, will be settled on the following basis, at Our option:

- (i) the reasonable cost of repairing the Insured Property to the condition it was in immediately preceding the Loss or Damage; or
- (ii) replacing the Insured Property with similar Portable Electronic Data Equipment in a similar condition; or
- (iii) the cash amount equal to the current market value of the Insured Property at the time of Loss or Damage.

(c) **Records**

In respect of Loss of Electronic Data, We will pay the cost of blank media, plus the cost of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering, or any costs of recreating, gathering or assembling the Electronic Data. If the media is not repaired, replaced or restored, We will pay the cost of blank media. However, We do not cover the value of the Electronic Data to You, even if the Electronic Data cannot be recreated, gathered or assembled.

(d) **Software**

In respect of Loss to Software, We will pay the reasonable cost of restoring, resetting or re-programming the Software that is necessary to operate any electronic equipment or Machine insured under this Policy.

(e) **Stock**

In respect of property insured under 'Stock' We will pay for:

- (i) raw materials, supplies and other merchandise not manufactured by You - the replacement cost at the time and place of replacement or, if such property is not replaced, the value at the time and place of the Damage;
- (ii) material in process of manufacture - the replacement value of the raw materials and the value of labour and other overhead charges expended thereon at the time and place of the Damage;
- (iii) finished goods - the replacement value of the raw materials and the value of labour and other overhead charges expended thereon before any allowance for profit or the cost of re-stocking such goods, whichever is the lesser;
- (iv) customers' goods - the Indemnity Value.

(f) **Works of Art**

We may appoint an independent and suitably qualified valuer or restorer to determine whether the Work of Art can be restored to its pre-damaged condition.

If the valuer or restorer determines that the Work of Art:

- (i) can be economically restored to its pre-damaged condition, the amount payable as indemnity will be the cost of restoration or the Sum Insured of the item, whichever is the lesser;
- (ii) cannot be economically restored to its pre-damaged condition, the amount payable as indemnity will be the difference between the pre-damaged value or the Sum Insured, whichever is the lesser.

Where the Work of Art is an item forming part of a pair or set of items and the lost or damaged item cannot be economically restored to its pre-damaged condition, the item will be deemed totally lost or Destroyed. The amount payable as indemnity will be such proportion of the pre-damaged value of the pair or set as the item bears to the set of items.

If a Work of Art has been satisfactorily restored following damage, We will not cover any reduction in market value due solely to the fact of the Work of Art having been damaged and restored. If the Work of Art is alleged not to have been satisfactorily restored, the onus of proof rests with You.

## **Automatic extensions** (applying to Section 1: Material Damage)

Unless otherwise stated, any amounts payable under these Automatic Extensions are additional to the Sums Insured, as stated within 'Maximum Amount Payable' in Section 1, item 3 above.

### **1. Acts of civil authorities**

This Policy is extended to cover Loss or Damage undertaken at the order of any lawfully constituted civil authority for the prevention or restriction of imminent Loss or imminent Damage to Insured Property.

However, this extension excludes such acts of destruction as may be ordered or exercised by the Canterbury Earthquake Recovery Authority (or any equivalent authority) pursuant to the Canterbury Earthquake Recovery Act 2011, or any similar or substituted legislation, except to the extent that You are otherwise indemnified under this Policy.

### **2. Alternative accommodation costs**

Where any residential accommodation occupied by You or any of Your employees is insured under Section 1 and is rendered uninhabitable by Loss or Damage covered by this Policy, this Policy is extended to include reasonable expenses for alternative accommodation (including the cost of boarding out domestic cats and/or dogs which normally reside there) necessarily incurred by You. However:

- (a) only if the expenses are not otherwise insured;
- (b) the period for which the expenses are covered will be limited to the period reasonably required for reinstatement of the affected accommodation;
- (c) We will be entitled to deduct a reasonable allowance for expenses reduced or avoided in consequence of the affected accommodation being rendered uninhabitable.

The most We will pay under this extension is NZD 10,000 for any one Event, up to a maximum of NZD 25,000 in the Period of Insurance, unless otherwise stated in the Schedule.

### **3. Capital additions**

This Policy is extended to cover property acquired by You situated anywhere in New Zealand during the Period of Insurance.

This extension of cover does not apply to:

- (a) Stock;
- (b) property of any kind expressly excluded from this insurance;
- (c) any increase in the value of the property that results from alterations, additions and improvements to existing property.

Cover under this extension starts on each acquired property when the risk in the property becomes Your responsibility.

This additional cover is subject to You advising Us within three (3) months of the acquisition of the particulars of any such capital additions and the payment of any additional premium We may require.

The most We will pay under this extension is NZD 100,000 for any one Event, unless otherwise stated in the Schedule.

### **4. Demolition and other costs**

This Policy is extended to cover costs necessarily incurred for any of the following purposes in consequence of Loss or Damage insured under this Policy:

- (a) demolition, dismantling, shoring up or propping up of the Insured Property;
- (b) disposal of debris (including any kind of solid, liquid or gaseous matter) from the site of the Insured Property damaged and the area immediately adjacent to such site;
- (c) removal of Insured Property whether damaged or Undamaged.

This extension of cover does not include any sums which You become legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris.

The indemnity provided by this extension will not increase Our liability beyond the Sum Insured on the affected property.

Where any costs are in connection with the removal of asbestos, the most We will pay is five per cent (5%) of the Site's Sum Insured, or NZD 25,000, whichever is the lesser.

### **5. Disclaimer clause**

Notwithstanding any provisions of Extension 23 (Release of liability), this Policy will not be prejudiced by any disclaimer clause in any contract entered into by You for the:

- (a) storage of goods, or
- (b) leasing of property

whether or not the storage and leasing contracts are declared to Us.

## 6. Employees effects

This Policy is extended to insure the personal effects of Your directors and employees, but only while:

- (a) at Premises owned or occupied by You, or
- (b) being worn, kept, carried or used by the directors or employees acting in the course of their duties of employment when they are in New Zealand or Australia.

The personal effects are deemed to be included in the description of Insured Property as if they were owned by You.

Unless You are responsible for the Loss or Damage, this extension of cover does not apply to Loss or Damage to the personal effects of any director or employee who is entitled to indemnity for that Loss or Damage under any other policy of insurance.

The most We will pay under this extension is NZD 10,000 for any one Event, unless otherwise stated in the Schedule.

## 7. Expediting costs

Where a claim is payable under this Policy for the cost of reinstating any Insured Property, We will also indemnify You for such additional costs of express freight, airfreight and overtime labour as are reasonably incurred for the purpose of expediting that reinstatement.

The indemnity provided by this extension will not increase Our liability beyond the Sum Insured on the affected property and is subject to Our prior approval before incurring any costs.

## 8. Hazardous substance emergency

This Policy will indemnify You for any charge which the New Zealand Fire Service is authorised to make against You in respect of any Hazardous Substance Emergency during the Period of Insurance arising out of or in connection with any Insured Property.

The most We will pay under this extension is NZD 100,000 for any one Event, unless otherwise stated in the Schedule.

## 9. Hidden gradual damage

Notwithstanding Exclusion 11 (Leaky building) of this Policy, this extension provides cover for:

- (a) Hidden Gradual Damage to Insured Property discovered by You during the Period of Insurance, and
- (b) the cost of searching for the source of the Hidden Gradual Damage

if We have accepted a claim for the Loss or Damage.

The most We will pay under this extension is NZD 5,000 for any one Event, up to a maximum NZD 20,000 in the Period of Insurance, unless otherwise stated in the Schedule. The indemnity provided by this extension will not increase Our liability beyond the Sum Insured on the affected property.

## 10. Illegal substances

Notwithstanding Exclusion 15 (Pollution and wear and tear) or Exclusion 8 (Illegal substances) of this policy, this extension provides cover for contamination to any Building and any other Insured Property within that Building shown in the Schedule, caused by the manufacture, supply, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975, and/or any pre-cursor chemicals or materials used in any of these activities if:

- (a) You own the Building, and
- (b) the Building is:
  - (i) an accommodation Business operated by You and the Damage is caused by a paying guest; or
  - (ii) leased to a tenant and You or person who manages the tenancy on Your behalf has met the Landlord's Obligations.

Cover under this extension will only apply when the level of chemical contamination exceeds the guidelines for acceptable indoor surface residues issued by the New Zealand Ministry of Health in its Guidelines for the Remediation of Clandestine Methamphetamine Laboratory Sites or the applicable New Zealand Standard, at the time the claim is notified to Us.

This extension will only cover decontamination to the extent required to achieve acceptable post remediation re-occupancy levels for indoor surfaces residues contained in the Guidelines or Standard.

The most We will pay under this extension is:

- (i) NZD 25,000 for any one Event, up to a maximum of NZD 250,000 in the Period of Insurance, or
- (ii) NZD 250,000 any one Event and in the Period of Insurance, where the premises have a professionally installed and monitored Methminder alarm system that is maintained in working order and monitored by Methminder during the Period of Insurance and at the time the claim is notified to Us.

However for Loss or Damage from fire or explosion the most We will pay is the Sum Insured declared in the Schedule.

## 11. Landscaping

This Policy is extended to cover Landscaping at the Premises shown in the Schedule following Loss or Damage covered by this Policy, up to a maximum of five per cent (5%) of the Buildings Sum Insured or NZD 25,000, whichever is the lesser, in the Period of Insurance.

## 12. Landslip and subsidence

Notwithstanding Exclusion 13 (b) (under 'Natural events') of this Policy, this extension provides cover for Loss or Damage to Insured Property directly or indirectly consequent upon:

- (a) landslip that is neither gradual nor progressive;
  - (b) subsidence that is neither gradual nor progressive, of land beneath or adjacent to the affected property;
  - (c) the movement (whether by way of sinking, collapsing, falling, sliding or flowing) of ground;
- but excluding:

- (i) compaction or erosion of soil;
- (ii) the normal settling, expansion or shrinking of any building or its foundations;
- (iii) movement as a result of the water-table drying out from atmospheric or climatic conditions;
- (iv) actions by the sea, or high water, or tidal wave;
- (v) Loss or Damage caused by Natural Disaster.

The most We will pay under this extension is NZD 100,000 for any one Event, up to a maximum NZD 500,000 in the Period of Insurance, unless otherwise stated in the Schedule.

## 13. Machinery breakdown

Notwithstanding Exclusion 12 (Machinery breakdown) of this Policy, this Policy provides cover for Machinery breakdown up to NZD 10,000 for any one Event, subject to a maximum limit of NZD 50,000 applying to the combined Material Damage and Business Interruption Loss unless otherwise stated in the Schedule.

## 14. Margins clause for contents and stock

This Policy is extended to increase:

- (a) Contents at each stated location by five per cent (5%) of the Contents Sum Insured declared at that location or NZD 100,000, whichever is the lesser;
- (b) Stock at each stated location by five per cent (5%) of the Stock Sum Insured declared at that location or NZD 100,000, whichever is the lesser.

However, for both 14 (a) and (b) above,

- (i) the increases do not apply to Loss or Damage as a result of Natural Disaster;
- (ii) the maximum amount payable for Contents or Stock is the total Sum Insured shown in the Schedule for each item in the Period of Insurance;
- (iii) We will not pay any seasonal Stock increase as provided for under Extension 26 (Seasonal stock increase) in addition to the margin under this extension.

## 15. Money

This Policy is extended to cover the Loss or Damage of Money for any one Event with limits of liability as follows:

Section A, NZD 25,000, and  
Section B, NZD 5,000

unless otherwise stated in the Schedule.

Section A means Money when it is:

- (a) in transit;
- (b) at Your Premises or sites of contract during Business Hours;
- (c) in a securely locked burglar-resistant safe or strongroom at Your Premises outside Business Hours.

Section B means Money when it is:

- (a) at Your Premises outside Business Hours and not in a securely locked burglar-resistant safe or strongroom;
- (b) at either Your, Your principal's or Your authorised employee's residence.

### Additional Exclusions

This extension is subject to the following additional exclusions:

- (i) Loss due to errors in receiving payment or paying out;
- (ii) Loss or Damage occurring while the Money is entrusted to any person other than:
  - You, or any principal, or any employee or agent of Yours, or
  - any professional Money carrier, and
- (iii) Loss resulting from payment of Money in exchange for any cheque which is subsequently dishonoured;
- (iv) Loss occurring while the Money is in an unlocked and unattended vehicle;
- (v) notwithstanding Exclusion 21 (Unexplained disappearances), cover does not apply to Loss discovered within seventy-two (72) hours (excluding Saturdays, Sundays and public holidays) of the act of theft or fraud;
- (vi) Loss occurring while the Money is in a burglar-resistant safe or strongroom opened by a key or by use of a combination, either of which has been left at Your Business Premises or sites of contract outside Business Hours, unless such key or combination details have been properly secured.

## 16. Multiple excesses

If more than one Excess is payable under this Policy for any claim or series of claims arising from any one Event, then only the highest Excess shall apply.

## 17. Professional fees

This Policy is extended to cover all reasonable professional and clerk-of-works fees, salaries and costs necessarily incurred in reinstating Damage to Insured Property which is insured under this Policy. The insured fees, salaries and costs are deemed to be included in the Sum Insured on the affected property.

This extension does not apply to fees for preparing claims made under this Policy.

The most We will pay under this extension is NZD 20,000 for any one Event, unless otherwise stated in the Schedule.

## 18. Property under construction

Notwithstanding Exclusion 16 (a) (under 'Property') of this Policy, this extension provides cover for property in the course of installation, alteration and/or repair to existing property, construction, demolition, erection or testing following any of them if the property is owned or to be owned or occupied by You.

The most We will pay under this extension is limited to NZD 100,000, unless otherwise stated in the Schedule.

## 19. Protection costs

This Policy is extended to cover Your reasonable temporary costs incurred to directly control or reduce imminent Loss or Damage insured by this Policy.

However, this extension does not apply to costs for any permanent loss controlling or reduction device or system.

The most We will pay under this extension is NZD 50,000 for any one Event, unless otherwise stated in the Schedule.

## 20. Redundant foundations

This Policy is extended to cover Undamaged foundations that are made redundant where the Insured Property resting on them has been Destroyed as a result of Loss or Damage covered under Section 1.

If it is not necessary to demolish the foundations in order to reinstate damaged property, and if the presence of the abandoned foundations increases the market value of the Site to which they are fixed, the amount of increase will be treated as salvage in the Adjusted Loss.

## 21. Redundant plant

This Policy is extended to cover:

- (a) plant and machinery made redundant as a result of Loss or Damage to other Insured Property under this Policy;
- (b) spare parts held exclusively for the lost or damaged plant and machinery,

subject to the plant and machinery being part of the same interdependent system or line as the lost or damaged plant and machinery.

The basis of settlement for redundant plant and machinery will be its market value, less any salvage recovery.

## 22. Refrigerated goods

Notwithstanding Exclusion 10 (Interruption of supply) of this Policy, this extension provides cover for:

- (a) Loss or Damage to refrigerated goods at the Premises if the Loss results from:
  - (i) breakdown or accidental disconnection of the refrigerating plant, or
  - (ii) sudden failure of power supplied by a public utility to Your Premises, or
  - (iii) the operation of an overload switch, and
- (b) expenses reasonably incurred to avoid or minimise the Loss or Damage insured by 22 (a) above by transferring the threatened refrigerated goods to alternative storage or by other means.

The most We will pay under this extension is NZD 5,000 for any one Event, unless otherwise stated in the Schedule.

## 23. Release of liability

This Policy is extended, where You are required by legislation or by contractual agreement to release:

- (a) the New Zealand Fire Service Commission and any contractor, service provider or agent approved by them to carry out fire alarm monitoring;
- (b) any fire protection equipment supplier approved by the Insurance Council of New Zealand;
- (c) Kiwi Rail Holdings Limited;
- (d) any oil company; or
- (e) any other party, to an agreement which has been declared to and accepted by Us

from liability arising from Loss or Damage insured by this Policy; such release is allowed without prejudice to this insurance and notwithstanding Condition 16 (Recovery) of this Policy.

## 24. Rented premises

This Policy is extended to cover Loss or Damage to glass, floor coverings, floating floors, doors and windows including landlord's fixtures and fittings that are not owned by You, but You are responsible for them under the terms of Your lease or rental agreement.

The most We will pay under this extension is NZD 5,000 for any one Event, and a maximum of NZD 10,000 in the Period of Insurance.

## 25. Rewards

This Policy is extended to cover the cost of any reward paid by You for the purpose of protecting or recovering any of the Insured Property. However,

- (a) no payment will be made unless it contributes to the protection or recovery of that property;
- (b) the terms of the reward must be agreed by Us prior to the reward being offered;
- (c) the most We will pay is the Sum Insured on that property.

We will not unreasonably refuse Our agreement to the terms of a reward payable under this extension.

## 26. Seasonal stock increase

This Policy is extended to automatically increase the Sum Insured for Stock (if any) by twenty per cent (20%) during the months of November, December and January, unless otherwise stated in the Schedule.

However, We will not pay any margin as provided for under Extension 14 (Margins clause for Contents and Stock) in addition to the increase under this extension.

## 27. Social club

This Policy is extended to cover the property of any social club, sports club or similar body whose activities are principally for the benefit of Your employees. The property is deemed to be included in the description of Insured Property as if it were owned by You.

The most We will pay under this extension is NZD 5,000 for any one Event, unless otherwise stated in the Schedule.

## 28. Stolen keys

This Policy is extended to cover:

- (a) costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations, where any key (including any equivalent device) or combination giving access to Insured Property is stolen or believed on reasonable grounds to have been duplicated without proper authority;
- (b) the reasonable cost of opening any burglar-resistant safe or strongroom following theft of its key or combination.

The costs are deemed to be included in the Sum Insured on the affected property, up to a maximum of NZD 20,000 for any one Event, unless otherwise stated in the Schedule.

## 29. Stolen property

This Policy is extended to cover Insured Property that is stolen and not accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any:

- (a) fully enclosed building;
- (b) fully enclosed yard with a security fence of no less than two (2) metres in height and security gates having a suitable locking device;
- (c) securely locked storage container;
- (d) securely locked motor vehicle.

The most We will pay under this extension is:

- (i) NZD 5,000 for any one portable tool of trade or any one item of Portable Electronic Data Equipment and their accessories, and
- (ii) NZD 50,000 for any one Event, unless otherwise stated in the Schedule.

However, where the Insured Property that is stolen is accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from, the most We will pay under this extension is the Sum Insured at the Premises.

## 30. Temporary removal

This Policy is extended to cover Contents and other property (excluding Stock) while Temporarily Removed to any place in New Zealand and while in transit to or from that place. However, Our liability will not exceed the amount for which We would be liable had the Loss or Damage occurred at the particular place from which the property is Temporarily Removed.

This extension does not apply to Portable Electronic Data Equipment or portable tools of trade.

## 31. Transit

Notwithstanding Exclusion 16 (e) (under 'Property') of this Policy, this extension provides cover for Insured Property (excluding Stock) while in transit within New Zealand.

The most We will pay under this extension is NZD 5,000 per item for Portable Electronic Data Equipment or any one item of portable tools of trade, including any accessories, and NZD 25,000 for any one Event, unless otherwise stated in the Schedule.

### 32. Undamaged property

This Policy is extended to cover You if it is necessary to demolish or remove any Undamaged property or part thereof for the sole purpose of reinstating Insured Property under this Policy, however:

- (a) We will only pay the cost of reinstating such property or part thereof to a condition the same as, but not better or more extensive than, its condition immediately prior to the demolition, Damage or removal;
- (b) the most We will pay under this extension is the Sum Insured of the Insured Property damaged.

### 33. Unspecified locations

This Policy is extended to cover Contents and/or Stock located at any unspecified location in New Zealand. However, this extension does not apply to Contents or Stock that are Temporarily Removed, Portable Electronic Data Equipment or any portable tools of trade.

The most We will pay under this extension is NZD 25,000 for any one Event or the Sum Insured of Contents or Stock, whichever is the lesser, unless otherwise stated in the Schedule.

### 34. Works of art

This Policy is extended to cover Works of Art owned by You, up to a limit of NZD 25,000 for any one Event, unless otherwise stated in the Schedule.

## Optional extensions (applying to Section 1: Material Damage)

Unless an optional extension is noted as included in the Policy Schedule, then it does not form part of the Policy and does not apply.

### 1. Natural disaster

This Policy is extended to cover Loss or Damage to Insured Property caused by Natural Disaster in respect only to those items of Insured Property where it is stated in the Schedule that this extension applies.

Notwithstanding any provision to the contrary within this insurance or any attached endorsement, the Natural Disaster Excess is as follows, unless otherwise stated in the Schedule.

- |            |   |
|------------|---|
| Category A | Regions of Northland, Auckland and the District of Dunedin City – Post 1934 Buildings, and the District of Christchurch City – Post 2004 Buildings:<br>One per cent (1%) of the Sum Insured of the Insured Property in this category at the Site, less the Sum Insured by the EQC Act, minimum Excess of NZD 1,000 applies. |
| Category B | The Region of Wellington – Post 1934 Buildings:<br>Five per cent (5%) of the Sum Insured of the Insured Property in this category at the Site, less the Sum Insured by the EQC Act, minimum Excess of NZD 5,000 applies.  |
| Category C | All other Regions not otherwise specified – Post 1934 Buildings:<br>Two-and-a-half per cent (2.5%) of the Sum Insured of the Insured Property in this category at the Site, less the Sum Insured by the EQC Act, minimum Excess of NZD 2,500 applies.   |
| Category D | New Zealand all Regions – Pre 1935 Buildings:<br>Ten per cent (10%) of the Sum Insured of the Insured Property in this category at the Site, less the Sum Insured by the EQC Act, minimum Excess of NZD 10,000 applies.   |

If an Event causes Loss or Damage to Insured Property at more than one Site, the Natural Disaster Excess will apply to each Site affected.

The Excess will apply across the aggregate of all the Material Damage and Business Interruption claims from any one Event at each Site.

If the Site includes one or more Category A, B, C and/or D Buildings, whether or not individually declared in the Schedule of Insured Property attaching to this Policy and wherever located, the amount of Natural Disaster Excess applied to the Loss will be the highest applicable.

### 2. Excess of EQC Act cover - residential property

If You have insured Residential Property to which compulsory Natural Disaster Damage cover under the EQC Act applies, then, if such property suffers Natural Disaster Damage during the Period of Insurance, any amount payable (inclusive of any excess) under the EQC Act (whether or not that is actually paid) for the same Event and the same Insured Property will be deducted by Us from the Sum Insured for the damaged property.

The Natural Disaster Excess payable for any claim under this Policy will be reduced by any amount You have to pay under the EQC Act for the same Event and for the same Insured Property.

### 3. Sustainable rebuilding costs

This Policy is extended to cover additional reasonable costs incurred to upgrade Buildings with Sustainable Products. However, this optional extension is subject to:

- (a) the Buildings having suffered a total Loss covered by this Policy;
- (b) Reinstatement conditions applying to the Buildings;
- (c) the Buildings being reinstated.

The most We will pay under this extension is the lesser of five per cent (5%) of the actual cost of Reinstatement of the Building or NZD 250,000, unless otherwise stated in the Schedule. The amount payable under this optional extension is in addition to the total Sum Insured.

## Conditions (applying to Section 1: Material Damage)

### 1. Commercial cooking warranty

Where commercial cooking is carried out at the Premises, the indemnity under this Policy is conditional upon compliance with the following requirements:

- (a) No deep-frying or wok cooking is to be left unattended.
- (b) All cut-outs, thermostats, heating elements and associated controls are to comply with the relevant New Zealand Standard/Code of Practice and are to be maintained in a safe working condition at all times and must comply with relevant electrical/gas regulations.
- (c) There must be a metal extraction hood installed above the appliance with a metal flue to vent the fumes externally. Grease filters must be fitted beneath the flue within the extraction hood, be easily accessible for cleaning, and be cleaned at frequent and regular intervals to avoid excessive build-up of grease.
- (d) When the filters are removed for cleaning, the extraction ducting must also be inspected. An appropriate extraction ducting cleaning regime must be in place for all ducting and in-line equipment. The cleaning must be done at least annually, but more frequently dependent upon the ducting inspection.
- (e) A fire blanket is to be accessible for immediate use at all times and installed in a conspicuous place near, but at a safe distance away from, the cooking operation.
- (f) There is to be a minimum of one (1) fully charged F-rated wet chemical fire extinguisher (in accordance with Australian Standard/ New Zealand Standard 1850:1997), mounted, blazoned and accessible for immediate use at all times in a conspicuous place near, but at a safe distance away from, the cooking operation.
- (g) All waste material and scrapings are to be cleaned from each unit, removed from the building outside business hours and stored in closed metal containers.
- (h) Kitchen staff are to be made aware of where all electricity and gas shut-off switches or valves pertaining to the cooking operation are located so that, in case of fire and provided reasonably safe to do so, these should be isolated.
- (i) When cooking has finished for the day, all cooking appliances are to be turned off, and, wherever possible, their energy source isolated (electricity at the wall and gas by the shut-off valve).
- (j) Every thermostat, appliance, flue and associated fan, fire blanket and extinguisher must be maintained in good working order at all times and serviced no less frequently than annually.

Further to the above, where deep-frying other than by way of a portable benchtop unit is carried out:

- (i) Each appliance shall have fitted separate externally non-adjustable and manually reset cut-out mechanisms which disconnect each heating element from the power supply when the temperature of the cooking liquid reaches two hundred and twenty degrees (220°) Celsius.
- (ii) A close-fitting steel lid is to be put in place when each appliance is not in use.
- (iii) Waste cooking liquid shall be removed from each appliance and is to be removed to the outside of the building and stored in a closed metal container.

For the purposes of this warranty, commercial cooking excludes cooking in a residential dwelling or unit, but includes cooking in communal kitchens such as community halls, hire venues, hostels, marae and the like.

Where You are not the commercial cooking operator, You must provide the operator with a copy of this warranty advising them in writing that they may be held responsible for any damage resulting from breach of this warranty.

### 2. Salvage

Where Insured Property under Section 1 is lost or damaged, We may:

- (a) enter any Building where the Loss or Damage has occurred and take and keep possession of the damaged property;
- (b) deal with the salvage in any reasonable manner.

However:

- (i) You are not entitled to abandon any property to Us;
- (ii) We are not entitled to sell or otherwise dispose of salvaged branded goods without Your prior consent. In the event of You declining to give consent, You will retain possession of the salvaged goods and their reasonable salvage value will be deducted from the amount of claim that would otherwise be payable. Where it is practical to remove brands, labels or other marks which identify the goods as supplied by You, the salvage value of the goods will be determined after such removal at Our expense.

## SECTION 2: BUSINESS INTERRUPTION

### The indemnity

We will indemnify You in respect of each item in the Schedule for the duration of the Indemnity Period(s) stated in the Schedule for the amount of loss resulting from interruption or interference to Your Business, if during the Period of Insurance any Insured Property used by You at the Premises for the purpose of the Business be Destroyed or Damaged.

## Insured items

### 1. Insured profit

The insurance under this Item is limited to Loss of Insured Profit due to a reduction in Turnover and any increase in cost of working and the amount payable as indemnity under this Item shall be:

- (a) in respect of reduction in Turnover - the sum produced by applying the Rate of Insured Profit to the amount by which the Turnover during the Indemnity Period, in consequence of Insured Damage, falls short of the Standard Turnover;
- (b) in respect of increase in cost of working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of Insured Damage, but not exceeding the sum produced by applying the Rate of Insured Profit to the amount of the reduction thereby avoided; less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Insured Profit as may cease or be reduced in consequence of Insured Damage.

However, if:

- (i) during the Indemnity Period, goods are sold or services rendered elsewhere than at the Premises for the benefit of the Business, either by You or by others on Your behalf, the money paid or payable in respect of those sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period;
- (ii) any charges and expenses of the Business are not insured by this Policy (having been deducted in arriving at the Insured Profit), then in computing the amount recoverable under this Item as an increase in the cost of working, that proportion only of any additional expenditure shall be brought into account which the Insured Profit bears to the sum of the Insured Profit and those uninsured charges and expenses.

### 2. Insured revenue

The insurance under this Item is limited to Loss of Insured Revenue due to a Loss of Insured Revenue and any increase in cost of working and the amount payable as indemnity under this Item shall be:

- (a) in respect of Loss of Insured Revenue - the amount by which the Insured Revenue during the Indemnity Period, in consequence of Insured Damage, falls short of the Standard Insured Revenue;
- (b) in respect of increase in cost of working - the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Insured Revenue which but for that expenditure would have taken place during the Indemnity Period in consequence of Insured Damage, but not exceeding the amount of the reduction in Insured Revenue thereby avoided; less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Insured Revenue as may cease or be reduced in consequence of Insured Damage.

If, during the Indemnity Period, services are rendered elsewhere than at the Premises for the benefit of the Business, either by You or by others on behalf of You, the money paid or payable in respect of those services shall be brought into account in arriving at the Insured Revenue during the Indemnity Period.

### 3. Payroll and wages (dual basis)

The insurance under this Item is limited to Loss in respect of Payroll and Wages and the amount payable as indemnity under this Item shall be:

- (a) in respect of reduction in Turnover:
  - (i) during the Initial Period, the sum produced by applying the Rate of Payroll and Wages to the Shortage in Turnover during such period less any saving during such period in the amount of Payroll and Wages paid;
  - (ii) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Payroll and Wages to the Shortage in Turnover, less any saving in the amount of Payroll and Wages paid or payable, but not exceeding the sum produced by applying the remainder percentage of the Rate of Payroll and Wages to the Shortage in Turnover during the remaining portion of the Indemnity Period, plus savings in Payroll and Wages deducted under clause (i) above.

Note: At Your option the Alternative Period may be substituted for the Initial Period provided that the amount arrived at under the provisions of clause (a) (ii) above shall not exceed such amount as is deducted under clause (a) (i) above for savings effected during the Alternative Period.

- (b) In respect of increase in cost of working so much of the additional expenditure described in clause (b) of Item 1 above as exceeds the amount payable, but not more than the additional amount which would have been payable in respect of reduction in Turnover under the provisions of clauses (a) (i) and (ii) of this Item had such expenditure not been incurred.

### 4. Payroll and wages in lieu of notice

The insurance under this Item is limited to the Loss incurred by You by the payment of Payroll and Wages for a period beginning with the start of the Indemnity Period and ending not later than the number of weeks thereafter shown in the Schedule.

The amount payable as indemnity under this Item shall be the actual amount which You shall pay as Payroll and Wages for such period to employees whose services cannot, in consequence of the Insured Damage, be utilised by You at all and an equitable part of the Payroll and Wages paid for such period to employees whose services cannot, in consequence of the Insured Damage, be utilised by You to the full.

## 5. Insured rentals and management fees

The insurance under this Item is limited to (a) Loss of Insured Rentals and Management Fees, and (b) increase in cost of working and the amount payable as indemnity under this Item shall be:

- (a) in respect of Loss of Insured Rentals and Management Fees – the amount by which the Insured Rentals and Management Fees during the Indemnity Period, in consequence of Insured Damage, falls short of the Standard Insured Rentals and Management Fees;
- (b) in respect of increase in cost of working – the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the Loss of Insured Rentals and Management Fees which, but for that expenditure, would have taken place during the Indemnity Period in consequence of Insured Damage, but not exceeding the amount of the reduction in Insured Rentals and Management Fees thereby avoided; less any sum saved during the Indemnity Period in respect of such expenses of the Business payable out of Insured Rentals and Management Fees as may cease or be reduced in consequence of Insured Damage.

## 6. Book debts

The insurance under this Item is limited to the Loss sustained by the Insured in respect of customers' outstanding debit balances directly due to the Insured Damage and the amount payable as indemnity under this Item in respect of any one occurrence of Insured Damage shall not exceed:

- (a) the difference between:
  - (i) customers' debit balances, and
  - (ii) the total of the amounts received or traced in respect thereof;
- (b) the additional expenditure incurred with the prior consent of Us in tracing and establishing customers' debit balances after the Insured Damage.

The insurance under this item does not apply if You have also claimed under Contingent Business Interruption Extension (c) Customers and suppliers.

## 7. Goodwill or key money

The insurance under this Item is limited to the Loss of business goodwill and/or key money in order to establish the Business at alternative premises as a result of Insured Damage. If the goodwill and/or key money for the alternative premises is greater than the amount paid for goodwill and/or key money for the Premises, then the difference is to be borne by You.

## 8. Fines or damages

The insurance under this Item is limited to fines or damages for breach of contract, and the amount payable as indemnity under this Item shall be such sums as You become legally liable to pay in discharge of fines or damages, incurred solely in consequence of Insured Damage, for non-completion or late completion of orders.

## 9. Severance and redundancy payments

The insurance under this Item is limited to the amount(s) of payment in lieu of notice and/or severance and/or redundancy which You are legally required to pay in consequence of Insured Damage.

The insurance under this item does not apply to any previous or pre-existing:

- (a) Payroll and Wages owed, or
- (b) leave of any description accumulated;

prior to the Insured Damage.

## 10. Additional increase in expenditure

The insurance under this Item is limited to additional expenditure (including the additional cost of obtaining the necessary information for the replacement of all records of the Business, including Electronic Data, deeds, documents, plans, drawings, specifications, valuations, card indices and books of accounts) necessarily and reasonably incurred by You during the Indemnity Period in consequence of the Insured Damage, for the purpose of:

- (a) avoiding or diminishing a reduction in Turnover;
- (b) avoiding or diminishing a reduction in Insured Revenue;
- (c) resuming or maintaining any normal Business operation or service.

However, the insurance under this Item does not apply to:

- (i) any additional expenditure which would have been recoverable under any other Item of Section 2 but for the inadequacy of the Sum Insured under that item;
- (ii) any expenditure incurred to reinstate Damage other than expenditure incurred to reconstruct records.

## 11. Claims preparation expenses

The insurance under this Item is limited to such reasonable professional fees, and such other reasonable expenses necessarily incurred by You for the preparation of a claim under Section 1 and Section 2. We will indemnify You for such reasonable fees and expenses up to, but not exceeding, the total Sum Insured under this Item. This Item does not include any cost for negotiation of claims under this Policy.

## Conditions (applying to Section 2: Business Interruption)

### 1. Adjustment of premium

If the premiums for insured Items 1, 2, 3 and 4 have been calculated based on provisional Sums Insured, the premium for those insured items is subject to adjustment on expiry of each Period of Insurance as follows:

- (a) within six (6) months of the expiry date of any Period of Insurance You will submit to Us a certificate from a member of the Chartered Accountants Australia and New Zealand and CPA Australia - New Zealand, setting out the actual Insured Profit, Insured Revenue, and Payroll and Wages insured by Section 2 for the accounting year most nearly concurrent with that Period of Insurance;
- (b) the provisional premium will be adjusted at the agreed rate on such actual amounts, or a multiple thereof if the Indemnity Period exceeds twelve (12) months, by payment to Us of an additional premium or by allowance to You of a return premium as the case may be. However, if a return premium is due, it shall in no case exceed fifty per cent (50%) of the provisional premium charged for the Items;
- (c) in the event of a claim occurring during the Period of Insurance, the amount paid or payable for the Loss in respect of the period shall be regarded as actually earned.

However, in no case shall Our liability in respect of each insured Item of this Policy exceed the Sums Insured shown in the Schedule.

### 2. Accumulated stocks

In adjusting any claim, account shall be taken and an equitable allowance made if, during the Indemnity Period, Turnover is temporarily maintained from accumulated stocks of finished goods held by You, therefore causing a shortage of finished goods after the Indemnity Period has expired.

### 3. Alternative index

In the event of a claim under Section 2, adjustments may be based on 'Turnover' or 'Output' or whatever other index of business activity affords the most equitable result, and except in the definition of Turnover, the word 'Turnover' (wherever used in Section 2) shall be read as 'Turnover or Alternative Index'.

### 4. Departments

If the Business is conducted in departments or other units, the independent trading results of which are ascertainable, this Policy shall apply separately to each department or other unit affected by the Insured Damage.

However, in no case shall Our liability in respect of each insured Item of this Policy exceed the Sums Insured shown in the Schedule.

### 5. Payment on account

In the event of the occurrence of a Loss under this Policy, payments on account will be made to You during the Indemnity Period, if desired, on production of a statement of claim certified by the Accountant appointed in accordance with Condition 5 (When a claim happens) of this Policy.

### 6. Reinstatement of amount of insurance

In the event of Loss or Damage for which a claim is payable under Section 2, the claim payable under this Section 2, in consequence of such Loss or Damage, will be automatically reinstated as from the date the Insured Property is either repaired, replaced or reinstated, subject to You undertaking to pay such premium as may be required for any reinstatement.

There will be no automatic reinstatement of the Sum Insured following Loss or Damage as a result of a Natural Disaster. Any reinstatement of the Natural Disaster Sum Insured will need to be agreed to in writing by Us.

### 7. Salvage sale

If, following Insured Damage giving rise to a claim under Section 2, You shall hold a salvage sale during the Indemnity Period:

- (a) Clause (a) of Item 1 (Insured Profit) shall, for the purpose of such a claim, read as follows:  
in respect of reduction in Turnover - the sum produced by applying the Rate of Insured Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the salvage sale) shall, in consequence of the Insured Damage, fall short of the Standard Turnover, from which shall be deducted the Insured Profit actually earned during the period of the salvage sale.
- (b) The definition of Shortage in Turnover shall, for the purpose of such claim, read as follows:  
'Shortage In Turnover' - the amount by which the Turnover during a period (less the Turnover for the period of the salvage sale) shall, in consequence of the Insured Damage, fall short of the part of the 'Standard Turnover' which relates to that period, from which shall be deducted the Payroll or Wages paid during the period of the salvage sale.

## 8. Trend adjustment

For the purpose of any claim arising from Insured Damage, the Insured Items shall be adjusted on the financial year period immediately before the date of the Insured Damage.

We will allow for adjustments as may be necessary to provide for:

- (a) the trend of Your Business operations, and
- (b) other circumstances affecting Your Business;

either:

- (i) before or after the Insured Damage, or
- (ii) which would have affected the Business had the Insured Damage not occurred;

so that the result will represent as nearly as practicable the results that would, but for the Damage, have been obtained during the relative period after the Insured Damage.

Where the Insured Damage has occurred before the completion of the first year's trading of the Business at the Premises, the words 'the financial year period immediately before the date of the Insured Damage' are deemed to read 'the period between the start up date of the Business and the date of the Insured Damage'.

## Automatic extension (applying to Section 2: Business Interruption)

### Indemnity period deferment

The Business Interruption Policy Indemnity Period is amended so that, at the Insured's option, the start of the Indemnity Period can be deferred to start at any time. However:

- (a) the start of the Indemnity Period cannot be deferred if a prior Loss has occurred under this Policy as a result of Insured Damage which has not been repaired or reinstated (other than for Claims preparation expenses in respect of the Material Damage policy); and
- (b) if deferred, the Indemnity Period will only start when repair or reinstatement of the Insured Damage actually starts, such repair or reinstatement to start within a reasonable time after the occurrence of the Insured Damage; and
  - (i) in no case later than the number of months shown in the Schedule as the Indemnity Period or,
  - (ii) within twelve (12) months after the occurrence of the Insured Damage,whichever is the earlier.

## Contingent business interruption extensions

Subject otherwise to the terms, conditions and exclusions of this Policy insofar as they can apply, We will indemnify You for Loss resulting from interruption of or interference to the Business in consequence of:

### Civil authorities

- (a) acts of destruction resulting in Insured Damage, undertaken at the order of any lawfully constituted civil authority for the prevention or restriction of imminent Loss or imminent Damage. However, this Policy excludes such acts of destruction as may be ordered or exercised by the Canterbury Earthquake Recovery Authority (or any equivalent authority) pursuant to the Canterbury Earthquake Recovery Act 2011, relevant Regulations, or any similar or substituted legislation, except to the extent that You are otherwise indemnified under this Policy or this extension.

The Deferment Period is the first twenty-four (24) hours.

### Public authorities - transport routes

- (b) closure as a result of Insured Damage, or by order of any competent public authority as a result of any Insured Damage, to or at any:
  - (i) port or airport, port or airport building, wharf or railway warehouse;
  - (ii) transport route that is the sole means of entry to the Premises;anywhere in New Zealand.

The Deferment Period is the first seven (7) days.

### Customers and suppliers

- (c) Insured Damage to or at any Premises of Your direct:

- (i) suppliers of goods or services;
- (ii) customers;

anywhere in New Zealand or Australia, but only if We would have paid a loss under Section 2 if the Damage had been to Your own property. This extension does not apply:

- where the Damage is to the property of any customer or supplier of electricity, natural gas, gas, sewage, water or telecommunications, or
- if You have also claimed under Item 6 (Book debts) of Section 2.

The Deferment Period is the first twenty-four (24) hours.

### Damage to anchor tenancies

- (d) Insured Damage to or at the Premises of any anchor tenant whose business attracts customers for Your Business and is situated in the same retail shopping complex where Your Business is located.

Our Indemnity Period under this extension is limited to thirty (30) days.

The Deferment Period is the first seventy-two (72) hours.

### Public authorities - closure of the premises

- (e) action taken by a competent public authority, including closing all or part of the Premises, consequent upon:

- (i) bodily injury to any person;
- (ii) immediate and imminent danger to human life on or within the Vicinity of the Premises;
- (iii) murder or suicide on or within the Vicinity of the Premises;
- (iv) defects in the drains and other sanitary arrangements;
- (v) the sudden and accidental escape of fumes or hazardous materials.

The Deferment Period is the first twenty-four (24) hours.

### Prevention of access - property damage

- (f) Damage to Insured Property within the Vicinity of the Premises that prevents or hinders access to or use of the Premises, whether or not the Premises are damaged.

The Deferment Period is the first twenty-four (24) hours.

### Loss of utilities

- (g) Insured Damage within New Zealand to any telecommunications lines or cables, electricity station or substation, power line or cable, gas or water works from which You receive or send telecommunications, electricity, natural gas, gas or water, but excluding offshore facilities, pipelines to shore and the Cook Strait cable.

The Deferment Period is the first twenty-four (24) hours;

However:

1. For Natural Disaster the Deferment Period is the first fourteen (14) days. This replaces any other Deferment Period.
2. For any and all claims under this Contingent Business Interruption extension, the most We will pay for any one Event is:
  - (i) ten per cent (10%) of the total Section 2 Sum Insured, or
  - (ii) NZD 2,500,000 in total,whichever is the lesser, unless otherwise stated in the Schedule.

For the avoidance of doubt, cover under all Contingent Business Interruption extensions above are not cumulative for any one Event.