



UK Property Wording (Open Market)



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Important Information

About the Policy

This policy is a legal contract between the **insured** and the **Insurer**. The policy is made up of this policy wording, the **schedule**, and any endorsements; they should all be read together.

Please read this policy wording together with any endorsements and the **schedule** very carefully. If anything is not correct or the **insured** needs to change anything, the **insured** should ask their insurance intermediary to tell the **Insurer**. If a prospective **insured** does not understand any part of this notice, it should obtain independent advice.

In this Section: About the Policy, "**we**", "**our**" and "**us**" means the **Insurer**.

"**You**" and "**your**" means the person(s) or entity named in the **schedule** as '**Insured**' including any new entity or subsidiary companies or subsidiaries thereof or any controlled or managed entity now or hereafter formed or acquired. **We** may also use the word '**Insured**' to describe **you**.

Duty of Disclosure

The insureds duty of disclosure

Before entering into a contract of insurance with the **Insurer**, each prospective **insured** has a duty to disclose to the **Insurer** information that is material to the **Insurer's** decision whether to accept the insurance and, if so, on what terms. This includes material information about the **insured**, any other people and all property and risks **insured** under the policy. Information may be material whether or not a specific question is asked.

There is the same duty to disclose material information to the **Insurer** before renewal, extension, variation or **reinstatement** of a contract of insurance with the **Insurer**. The **insured** should also provide all material information when they make a claim or if circumstances change during the term of the contract of insurance.

It is important that each prospective **insured** understands all information provided in support of the application for insurance and that it is correct, as each prospective **insured** will be bound by the answers and by the information it has provided.

The duty of disclosure continues after the application for insurance has been completed up until the time the contract of insurance is entered into.

Consequences of non-disclosure

If an **insured** fails to comply with its duty of disclosure, the **Insurer** may be entitled, without prejudice to its other rights, to reduce its liability under the contract in respect of a claim or refuse to pay the entire claim. The **Insurer** may also have the right to avoid the contract from its beginning. This means the contract will be treated as if it never existed and no claims will be payable.

Fair Insurance Code

The **Insurer** is a member of the Insurance Council of New Zealand (**ICNZ**) and a signatory to ICNZ's Fair Insurance Code (**the Code**). The Code and information about the Code is available at www.icnz.org.nz and on request.



Financial Strength Rating

At the time of print, Lloyd's has an AA- financial strength rating given by S&P Global Ratings.

The rating scale is:

| | | |
|--|-------------------------------|------------------------|
| AAA Extremely Strong | AA Very Strong | A Strong |
| BBB Good | BB Marginal | B Weak |
| CCC Very Weak | CC Extremely Weak | |
| SD or D Selective Default or Default | R Regulatory Action | NR Not Rated |

The rating from 'AAA' to 'CC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standings within the major rating categories. A full description of the rating scale is available on the S & P Global Ratings www.spglobal.com.

The **Insurer's** rating is reviewed annually and may change from time to time, so please refer to the **Insurer's** website for the latest financial strength rating.

Privacy Statement

This statement is a summary of **our** privacy policy and provides an overview of how **we** collect, disclose and handle **your** personal information.

We are committed to protecting **your** privacy. **We** collect, use and retain **your** personal information in accordance with the requirements of *New Zealand's Privacy Act*, as amended or replaced from time to time.

Personal information handling practices

When does the Insurer collect the insured's personal information?

The **Insurer** collects **your** personal information (which may include health information) from **you** when **you** interact with the **Insurer**, including when **you** are applying for, changing or renewing an insurance policy with the **Insurer** or when the **Insurer** is processing a claim, complaint or dispute. The **Insurer** may also (and **you** authorises the **Insurer** to) collect **your** personal information from other parties such as brokers or service providers, as detailed in the **Insurer's** privacy policy.

Purpose of Collection

The **Insurer** will collect and hold the information to offer products and services to **you**, including to assess applications for insurance, to provide and administer insurance products and services, and to handle any claim, complaint or dispute that may be made under a policy.

If **you** do not provide the **Insurer** with this information, the **Insurer** may not be able to provide **you** or **your** organisation with insurance or to respond to any claim, complaint or dispute, or offer any other products and services to **you** or **your** organisation.

Sometimes, the **Insurer** may also use **your** personal information for the **Insurer's** marketing campaigns and research, to improve **our** services or in relation to new products, services or information that may be of interest to **you**.

Recipients of the Information and Disclosure

The **Insurer** may disclose the information collected to third parties, including:

- + contractors and contracted service providers engaged by **us** to deliver **our** services or carry out certain business activities on **our** behalf (such as actuaries, loss adjusters, claims investigators, claims handlers, professional advisers including lawyers, doctors and other medical service providers, credit reference bureaus and call centres);
- + intermediaries and service providers engaged by **you** (such as current or previous brokers, travel agencies and airlines);
- + the policy holder (where **you** are not the policy holder);
- + insurance and reinsurance intermediaries, other **Insurers**, the **Insurer's** reinsurers, marketing agencies;
- + government agencies or organisations (where the **Insurer** is required to by law); and
- + 360 Commercial Limited.

These third parties may be located outside New Zealand. In such circumstances the **Insurer** also takes steps to ensure **your** personal information remains adequately protected.

From time to time, the **Insurer** may use **your** personal information to send **you** offers or information regarding the **Insurers** products that may be of interest to **you**. If **you** does not wish to receive such information, please contact **our** Privacy Officer using the contact details provided below.

Rights of Access to, and Correction of Information

If **you** would like to access a copy of **your** personal information, or to correct or update **your** personal information, want to withdraw **your** consent to receiving offers of products or services from **us** or persons **we** have an association with, please contact the Privacy Officer by posting correspondence to:

Email. admin@360commercial.co.nz
Telephone. 0800 867 677
Post: 360 Commercial Limited
PO Box 9521, Waikato Mail Centre, Hamilton 3240

How to Make a Complaint

If **you** have a complaint or would like more information about how **we** manage **your** Personal Information, please review **our** Privacy Policy for more details, or contact **our** Privacy Officer at the details above.

You also have a right to address **your** complaint directly to the Privacy Commissioner by telephoning 0800 803 909, emailing enquiries@privacy.org.nz or using the online form available on the Privacy Commissioner's website at www.privacy.org.nz.

Complaints and Dispute Resolution

Complaint handling arrangements

We take the concerns of its customers very seriously and has detailed complaint handling and dispute resolution procedures that **you** may access, at no cost to **you**. To assist **us** with **your** enquiries, please provide **us** with **your** claim or policy number (if applicable) and as much information as **you** can about the reason for **your** complaint or dispute.

The complaints and dispute procedures are as follows:

Stage 1 – Complaint handling procedure

If **you** have any concerns or wish to make a complaint in relation to this policy, **our** services or **your** insurance claim, please let **us** know and **we** will attempt to resolve **your** concerns in accordance with **our** Internal Dispute Resolution procedure. Please contact 360 Commercial in the first instance:

Email. admin@360commercial.co.nz
Telephone. 0800 867 677
Post. 360 Commercial Limited
PO Box 9521, Waikato Mail Centre, Hamilton 3240

We will acknowledge receipt of **your** complaint within 5 business days and do **our** utmost to resolve the complaint to **your** satisfaction within 10 business days, unless **we** require further information in which case, **we** will agree an alternate time frame with **you**.

We will update **you** at least once every 20 business days, or at another interval agreed with **you**, until the complaint is resolved.

Stage 2 – Dispute resolution procedure

If **we** cannot resolve **your** complaint to **your** satisfaction, **you** can escalate the matter to Lloyd's General Representative in New Zealand:

Email. idrnz@lloyds.com
Telephone. 04 472 7582
Post. Lloyd's General Representative
c/- Hazelton Law
PO Box 5639, Wellington 6143

Following receipt of **your** complaint, **you** will be advised whether **your** dispute will be handled by the Complaints team at Lloyd's Australia or the Lloyd's Complaints team in the UK, or what other avenues are available to **you**.

A final decision will be provided to **you** within 2 months of the date on which **you** first made the complaint unless certain exceptions apply.

Stage 3 – External dispute resolution

If **your** complaint is not resolved in a manner satisfactory to **you** or **we** do not resolve **your** complaint within 2 months of originally receiving it, **you** may refer the matter to the Insurance and Financial Services Ombudsman (IFSO). **We** will provide **you** with a "deadlock letter". IFSO can be contacted as follows:

Email. info@ifso.nz
Freephone. 0800 888 202
Telephone. 04 499 7612
Post. Insurance and Financial Services Ombudsman
PO Box 10-845, Wellington 6143
Web. www.ifso.nz

Your complaint must be referred to IFSO within 3 months of the final decision, unless IFSO considers special circumstances apply. If **your** complaint is not eligible for consideration by IFSO, **you** may be referred to the Financial Ombudsman Service (UK) or **you** can seek independent legal advice. **You** can also access any other external dispute resolution or other options that may be available to **you**.

The complaints handling arrangements above are without prejudice to **your** rights in law.

Definitions

In this policy the following words in **bold** shall have the definitions that follow under all Policy Sections unless stated otherwise.

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accidental' also applies to the words 'accidentally', 'accident' and 'accidents'.

Accidental means:

Unexpected and unintended by the **insured**.

Alternative period means:

The portion of the **indemnity period** beginning with the occurrence of the **damage** and ending not later than the number of weeks thereafter stated in the **schedule**.

Breakdown means:

The actual stopping or failing of the **machine** due solely to internal stress or a fault in the **machinery** whilst in use and not by any cause external to the affected **machine**.

Business means:

The commercial operation of the **insured property** stated in the **schedule**.

Business Hours means:

Any hours during which the **insured**, or any **principal** or any employee entrusted with the care custody or control of **money**, is on the **premises** for the purpose of the **insured's business**.

Building means:

Any of the following:

1. Any building or structure;
2. Pipes, cables and other services pertaining to that building or structure;
3. Permanent fixtures, fittings, located in or about that building or structure;
4. **Landscaping**;
5. **Site** improvements power lines and their supports, walls, gates, fences, retaining walls, driveways, car parks, **site** roads and yards;
6. **storage container**,

located at the **premises**.

Burglary means:

Theft or attempted theft:

1. accompanied by threat of violence, or actual violence, to any person at the **premises**; or
2. involving physical evidence of violent and forcible entry to, or exit from, an enclosed building (or part of an enclosed building); or
3. involving physical evidence of violent and forcible entry to, or exit from a securely locked motor vehicle or **storage container** at the **premises**; or
4. of a permanently attached part of the **building** by the forcible removal of it.

Common Site means:

A common physical location where the **insured property** is linked to achieve a common **business** purpose at that location.

Computer System means:

Any computer, hardware, **software**, network, information technology and communications system or electronic device including, but not limited to:

1. Any smart phone, laptop, tablet, wearable device, server, cloud or microcontroller; and
2. Any similar system or any configuration of a above; and
3. Any associated input, output or data storage device, cloud based technology, networking equipment or back up facility; and
4. The World Wide Web,

owned or operated by the **insured** or any other party.

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. Includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs.

Contents means:

Contents of **buildings** including but not limited to:

1. machinery, plant, tools and chattels,
2. business fixtures, fittings and furnishings,
3. tenants improvements.

Damage means:

Accidental physical loss or **accidental** physical damage occurring during the **period of insurance** to any property owned or used by the **insured** for the **business**, provided that the property lost or damaged:

1. is covered under Section A of this policy or would have been but for the amount of any **deductible**; or
2. would have been covered (but for the **deductible**) under Section A of this policy if the **insured** owned the property; or
3. is caused by the explosion or collapse of a **pressure vessel**.

Data means:

Information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **computer system**.

Deductible means:

The first amount of the **insured's** loss stated in the **schedule**.

Deferment Period means:

The period by which the start of the **indemnity period** is deferred as stated in the **schedule**.

Destroyed means:

So damaged by an **insured event** that the property, by reason only of that damage, cannot be repaired.

This calculation disregards any seismic strengthening costs in order to obtain a building consent or otherwise in connection with the **reinstatement** of the damaged property.

EQC Act means:

Earthquake Commission Act 1993 and any Act in substitution of that Act.

EQC Entitlement means:

1. An amount payable to the **insured** by the Earthquake Commission as a result of loss or damage to the **insured property**; and
2. Any amount that would have been payable but for:
 - a. The application of the **deductible** under the **EQC Act**; or
 - b. A failure by the **insured** to correctly notify a claim to the Earthquake Commission within the time required under the **EQC Act**; or
 - c. A decision by the Earthquake Commission to decline a claim or limit its liability for that loss or damage in whole or in part and for any reason whatsoever; or
 - d. Any act or omission on the **insured's** part, the part of any agent of the **insured**, or the part of the Earthquake Commission.

Equivalent Building means:

1. a **building** or structure which is as nearly as practicable the same as the **building** or structure lost or **destroyed**, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any **building** or other **regulation**;
2. where, as a result of any special circumstances, no **building** or structure which falls within the scope of paragraph 1. 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**;
3. where, as a result of any special circumstances, no **building** or structure which falls within the scope of paragraph 1. is suitable to the **insured's** reasonable requirement, then, with the consent of the **Insurer** (which will not be unreasonably withheld), a **building** or structure which is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the **building** or structure lost or **destroyed**.

Equivalent Contents means:

Any **contents** as nearly as practicable the same as or equivalent to the **contents** lost or **destroyed**, having regard to the current state of technology, and having an equivalent capacity to that of the lost or **destroyed contents**, but not greater capacity unless **contents** with an equivalent capacity is not available and the replacement **contents** has the nearest to an equivalent capacity.

Event means:

Any one event or a series of events arising from any one cause.

Fusion means:

The process of fusing or melting together of windings or wiring following damage to the insulating material as a result of overheating.

Hidden Gradual Damage means:

Hidden rot, hidden mildew or hidden gradual deterioration, caused by water leaking from any internal:

1. tank that is plumbed into the water reticulation system of a building or structure located at the **premises** and is permanently used to store water; or
2. water pipe; or
3. waste disposal pipe,

installed at the building or structure.

Indemnity Period means:

The period beginning with the occurrence of the **damage** and ending not later than the number of months thereafter stated in the **schedule** during which the results of the **business** shall be affected in consequence of the **damage**.

Initial Period means:

The portion of the **indemnity period** beginning with the occurrence of the **damage** and ending not later than the number of weeks thereafter stated in the **schedule**.

Insured means:

The insured stated in the schedule.

Insured Damage means:

Physical loss or physical damage covered under **Section A – Material Damage**.

Insured Profit means:

The amount by which:

1. the sum of the **turnover** and the amount of the Closing Stock shall exceed;
2. the sum of the amount of the Opening Stock and the amount of the **uninsured working expenses**.

Note:

- a. The amount of the Opening and Closing Stocks shall be arrived at in accordance with the **insured's** normal accounting methods, taking into account depreciation.
- b. The words and expressions used shall have the meaning usually attached to them in the **insured's** books and accounts including **uninsured working expenses** listed in the **schedule**.

Insured Property means:

All tangible property of every description not excluded, that is listed in the **schedule of insured property** in the following categories:

1. **buildings**; and
2. **contents**; and
3. **stock**; and
4. other property as described in the **schedule**; and
5. portable handheld tools of trade.

Provided that:

- a. the property is owned by the **insured** (solely or jointly); or
- b. the property (excluding **buildings**) is:
 - I. in the **insured's** care, custody and control; and
 - II. for which the **insured** is responsible to insure.

Insurer means:

The Insurers stated in the **schedule**.

Landlords Obligations means:

The **insured** or the person who manages the **insured property** on behalf of the **insured** must:

1. exercise reasonable care in the selection of **tenant(s)** by obtaining at least satisfactory verbal or written references; and
2. complete an external and internal inspection of the **insured property** at a minimum of three monthly intervals and upon the change of every **tenant(s)**; and
3. keep a written record of the outcome of each inspection, and provide a copy to the **Insurer** if a copy is requested.

Landscaping means:

Permanently sited live plants, trees, shrubs, hedges or grass including rock work, paving and ornamentation used to adorn or improve the grounds at the **premises**, except if any of these items are **stock** of the **insureds business**.

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.

Machinery Breakdown means:

1. any mechanical, hydraulic, electrical or electronic:
 - a. **breakdown** or failure; or
 - b. cessation of function; or
 - c. malfunction; or
 - d. derangement.
2. **fusion** of any nature.

Money means:

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

Natural Disaster means:

Earthquake, volcanic activity, tsunami, geothermal activity, hydrothermal activity, subterranean fire, volcanic activity or fire caused by any of these.

Payroll means:

The gross remuneration (including but not limited to salaries, wages, Accident Compensation entitlements, redundancy payments, levies, bonuses, sick pay, holiday pay, long service leave, superannuation contributions and other payments and charges pertaining to payroll calculated on a "per capita" or percentage of payroll basis) for all employees engaged in activities of the **business**.

Period of Insurance means:

The period shown in the **schedule**, that specifies the start and end dates of this insurance contract

Portable Electronic Equipment means:

Cell phones, video data projectors, digital cameras, other audio visual equipment, portable computing devices and portable data storage devices.

Pre 1935 Building Risks means:

Where:

1. the **building** is; or
2. the **contents** and/or **stock** are located in any building, or part of a building, originally constructed prior to 1935.

Production Process means:

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

Premises means:

The situation(s) stated in the **schedule**.

Pressure Vessel means:

Any boiler, economiser, pipe, or other vessel that, in normal use, is subject to generated or applied fluid pressure.

Principal means:

Any of the **insured's** directors and executive officers, but only in their capacity as such.

Rate of Insured Profit means:

The **rate of insured profit** earned on the **turnover** during the financial year immediately before the date of the **damage** subject to any **standard adjustments**.

Rate of Payroll means:

The **rate of payroll** to **turnover** during the financial year immediately before the date of the **damage** subject to any **standard adjustments**.

Region means:

The areas of land in each of the named Regions and Districts as defined in the Local Government New Zealand (LGNZ) Regional and Districts boundaries map.

Regulation means:

Building laws under any Act of Parliament or Regulation or By-law of any local authority.

Reinstatement means:

1. where property is lost or **destroyed**, its replacement by an **equivalent building** or by **equivalent plant** as the case may require;
2. 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.

Rent means:

The amount of any:

1. rent received or receivable; and
2. payments for services provided,

in respect of letting the **buildings** situated at the **premises**.

Residential Property means:

Insured property that is covered by the relevant sections of the *Earthquake Commission Act 1993* or any amendment to or replacement of that Act.

Residential Unit means:

Each self-contained part of the **building** designated for separate residential occupancy.

Revenue means:

The monies paid to the **insured** or monies billed by the **insured** for work done or services provided as part of the **insured's business**.

Schedule means:

The most recent Schedule to this policy.

Schedule of Insured Property means:

The **insured property** listed at **Section A** – Insured Property in the **schedule**.

Shortage in Turnover means:

The amount by which the **turnover** during a period shall in consequence of the **damage** fall short of the part of the **standard turnover** which relates to that period.

Site means:

Any parcel of land owned or occupied by the **insured**.

Site Sum Insured means:

The total of the **sums insured** for all **insured property** listed in the **schedule of insured property** located at a **common site**.

Software means:

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

Standard Adjustments means:

Any adjustments necessary to provide for:

1. the trends of the **insured's business**; and
2. variations in the **insured's business**; and
3. other circumstances affecting the **insured's business**, that:
 - a. occur before or after the start of the **indemnity period**; or
 - b. would have affected the **insured's business** operations had the **damage** not occurred,

so that the final adjusted figures should represent, as close as is reasonably practicable, the results that would have been achieved during the relative period after the **damage** but for the **damage**, not including **revenue** that would likely have been earned as a result of an increase in the volume of **business** due to favourable **business** conditions caused by the impact of **damage** on customers or on other **businesses**.

Standard Rent means:

The **rent** during that period in the twelve months immediately before the date of the **damage** which corresponds with the **indemnity period** subject to any **standard adjustments**.

Standard Revenue means:

The **revenue** during that period in the twelve months immediately before the date of the **damage** which corresponds with the **indemnity period** subject to any **standard adjustments**.

Standard Turnover means:

The **turnover** during that period in the twelve months immediately before the date of the **damage** to which corresponds with the **indemnity period** subject to any **standard adjustments**.

Stock means:

Stock and materials in trade.

Storage Container means:

Any fully enclosed:

1. shipping container or similar; or
2. portable shed or similar structure; or
3. non-portable container, such as a metal or wooden container that has been built into or secured to a vehicle,

located at the **premises**.

Sum Insured means:

The amount(s) shown in the **schedule**.

Sustainable Products means:

1. products that increase the efficiency of a building or structure located at the **premises** relating to the use of energy and/or water;
2. rebuilding materials that reduce environmental impacts;

but do not include the following:

- a. fire protection devices or systems;
- b. security devices or systems;
- c. natural hazard protection.

Terrorism means:

An act, including but not limited to the use of force or violence and/or the threat thereof, of 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 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.

Temporarily Removed means:

Removed for a particular purpose, with the intention that the **insured property** be returned to the place from which it has been removed once that purpose has been served.

Tenant means:

The person or persons renting the **building(s)** from the **insured** under a tenancy agreement or commercial lease.

Turnover means:

The **money** paid or payable to the **insured** for goods sold and delivered and for services rendered in course of the **business** at the **premises**.

Undamaged means:

Not damaged physically and directly by an **event** insured under this policy.

Uninsured Working Expenses means:

Those expenses that are:

1. subtracted in the calculation of **Insured Profit** covered by this policy; or
2. in the event of **damage**, variable in direct proportion to the variation in **turnover** or, that part of which is variable in direct proportion to the variation in **turnover**; or
3. specifically excluded from the policy as stated in the **schedule**.

Vicinity means:

The area within 5 kilometre radius of the **premises**.

Work of Art means:

An object of intrinsic rarity, historical or artistic or cultural value including but not limited to paintings/pictures/sketches/prints of any kind whether created by applying water/oil/acrylic based paints, charcoal, pencil or collage, art photographs, tapestries, sculptures, ornaments, statuary, antiques, hand woven carpets, valuable rugs or mats, rare glassware and windows, antique jewellery, porcelains, and similar property.

Section A – Material Damage

If, during the **period of insurance**, sudden **accidental** physical loss or sudden **accidental** physical damage happens to any of the **insured property**, then, subject to the terms conditions and general exclusions of this policy, the **Insurer** will indemnify the **insured** for that physical loss or physical damage.

Maximum Amount Payable

1. Amount payable

The most the **Insurer** will pay during the **period of insurance** for any item of **insured property** is 110% of the **sum insured** stated for that item, provided always that:

1. limits that are stated elsewhere in this policy, including the sub limits stated in the **schedule**, are part of, and not in addition to the **sum insured** stated for that item of **insured property**; and
2. the most the **Insurer** will pay during the **period of insurance** is the Total Sum Insured shown in the **schedule of insured property**.

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:

1. Where **insured property** was **destroyed** prior to the subsequent event, this policy does not cover loss or damage relating to that **insured property** arising directly or indirectly from the subsequent event.
2. 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 the claim in respect of the subsequent event, will be deducted when calculating the loss or damage arising directly or indirectly from the subsequent event.

3. Damage caused by prior events

This policy does not cover loss or damage predating the inception of this policy. The burden of proving that any loss or damage happened during the **period of insurance** shall be on the **insured**.

4. Reinstatement of amount of insurance

In the event of **insured** loss or damage to **insured property**, the **sum insured** for the affected item of **insured property** is reduced by the cost of **reinstating the insured property**.

The **sum insured** will be automatically reinstated upon completion of the permanent repair or replacement of the **insured property** that suffered the loss or damage.

5. Sub limits

If any sub limit in this policy is higher than the **sum insured** for the applicable **insured property** as shown in the **schedule**, the sub limit does not apply and the most the **Insurer** will pay is the **sum insured**.

Basis of Settlement

The **Insurer** will indemnify the **insured** in accordance with the applicable basis of settlement set out below.

Buildings, Contents and Other Property

1. Reinstatement

The **Insurer** will pay the cost of **reinstatement** under this clause of the policy only in respect of those items of **buildings, contents** and other property where it is stated in the **schedule** that **reinstatement** applies.

The **Insurer** will pay the reasonable cost to repair, replace or reinstate **insured property** based on current industry accepted building materials and construction methods.

Circumstances Where Reinstatement Does Not Apply

'Basis of Settlement 2. Indemnity' will apply in the following circumstances; regardless of the basis of settlement shown in the **schedule**.

1. if the **insured** elects not to **reinstatement** the **insured property**; or
2. if the work of **reinstatement** is not commenced and carried out with reasonable dispatch; or
3. until the cost of **reinstatement** has been actually incurred; or
4. where **buildings** or other property 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; or
5. **buildings** or other property awaiting demolition.

Compliance with Regulations

The **Insurer** will pay the costs incurred which are necessary to comply with any **regulations**; except costs:

1. to the extent to which the work had already been required of the **insured** by notice served prior to the happening of the loss or damage; or
2. in respect of **undamaged** property or **undamaged** portions of property. This will apply whether or not the **undamaged** property or portion comprises a separate **building** or structure or a separate item of **contents**; or
3. incurred solely for the purpose of seismically strengthening the **insured property** to a level greater than its level at the time of loss or damage; or
4. in respect of upgrading refrigeration plant the additional cost of altering or modifying any part of any refrigeration or air conditioning plant to enable the plant to operate with a more ozone friendly refrigerant.

Site of Reinstatement

Where **insured property** is **destroyed**, the work of **reinstatement** must be carried out on the same **site**; provided that the work may be carried out upon another **site**.

1. where **reinstatement** on the same **site** is not permissible by reason of any **regulations**; or
2. where **reinstatement** on the same **site** is not suitable to the **insured's** reasonable requirements, in which case, and with the consent of the **Insurer** (which will not be unreasonably withheld), **reinstatement** may be carried out on any alternative **site**.

In any case where **reinstatement** is carried out on any alternative **site** then the **Insurer** will not pay more than what would have been the cost of rebuilding on the original **site**.

2. Indemnity

This clause only applies to those items of **buildings, contents** and other property where it is not **insured** for **reinstatement**.

In such cases the **Insurer** will pay as soon as the indemnity value has been established by the **insured** by providing sufficient evidence to the **Insurer's** sole satisfaction:

1. if **insured property** is physically lost or physically **destroyed**, pay the **insured** only the cost to replace the **insured property** with property of a similar condition, age and specification as it was in immediately prior to the loss or damage; or
2. if the **insured property** is physically damaged, pay the **insured** only the cost to repair the **insured property** to a condition that it was in immediately prior to the loss or damage, or pay the indemnity value of the damaged part of the **insured property**.

The **Insurer** will pay the reasonable cost to repair, replace or reinstate **insured property** based on current industry accepted **building** materials and construction methods.

3. Special property

The basis of settlement for the following types of **insured property** will apply regardless of the basis of settlement shown in the **schedule**.

1. Software

The reasonable cost of restoring, re-setting or re-programming the **software** that is necessary to operate any electronic equipment or machine insured under this policy.

2. Work of Art

Where a claim is payable for loss or damage to **insured property** comprising a **work of art**, the **Insurer** may appoint an independent and suitably qualified valuer or restorer to determine if the **work of art** can be restored to its pre-damaged condition.

If the valuer or restorer determines that the **work of art** cannot be economically restored to its pre-damaged condition, then it will be deemed **destroyed**. Its pre-damage value will be determined by the valuer, or, providing the restorer is suitably qualified, by the restorer. The amount payable as indemnity will be the difference between the pre-damage value and any salvage value of the damaged **work of art**.

If the **work of art** can be economically restored to its pre-damaged condition, the amount payable will be the cost of restoration or, if the restoration is not carried out, the restorer's reasonable estimate of the cost of restoration.

Where any lost or damaged **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.

Provided the **work of art** has been satisfactorily restored following damage, this insurance does not cover any reduction in value due solely to the fact of the **work of art** having been damaged and restored. The onus of proving that any restoration work is unsatisfactory rests with the **insured**.

3. Machinery Breakdown Optional Extension

Basis of Settlement 2. Indemnity will apply to **machinery** covered under the *Machinery Breakdown Extension* where the **machine** is:

- a. more than 10 years old; and
- b. the cost to repair the **machine** exceeds its current indemnity value.

Basis of Settlement 1. Reinstatement applies in all other cases.

4. Portable Electronic Equipment

Basis of Settlement 2. Indemnity will apply to **portable electronic equipment** more than 3 years old.

Basis of Settlement 1. Reinstatement applies in all other cases.

5. Portable Handheld Tools of Trade

Basis of Settlement 2. Indemnity will apply to portable handheld tools of trade more than 5 years old.

Basis of Settlement 1. Reinstatement applies in all other cases.

6. Limited Lifetime Construction Materials

For loss or damage to:

- a. cladding, roofing or skylights, where they are made of plastic, polycarbonate, acrylic or PVC materials; and/or
- b. any textile awnings or shade sails,

the **Insurer** will, at its option, pay either:

- I. the indemnity value of the materials; or
- II. the cost to repair the materials, as near as reasonably possible, to the condition they were in immediately prior to the loss.

The indemnity value of the materials will be depreciated over the lifetime of the product based upon the manufacturer's UV rating.

4. Stock

1. For raw materials, supplies and other merchandise not manufactured by the **insured**, the basis of settlement is the replacement cost at the time and the place of replacement or, if such property is not replaced, the market value at the time and place of the damage.
2. For material in process of manufacture, the basis of settlement is the replacement cost of the raw materials and the cost of labour and other overhead charges expended on them at the time and the place of the damage.
3. For finished goods, the basis of settlement is the replacement cost of the raw materials and the cost of labour and other overhead charges expended on them before any allowance for profit, or the cost of re-stocking the goods, whichever is the lesser.

Standard Extensions

The Standard Extensions below are subject to the terms of the policy, except to the extent they are varied by each Standard Extension.

Where the terms of an Extension are inconsistent with the terms of any other Extension, the terms most favourable to the **insured** will prevail.

Unless expressly stated otherwise, any amounts payable under these Standard Extensions are included within **sum insured**. They are not additional.

1. Alternative accommodation

This policy extends to insure any **residential unit** occupied by the **insured** or by a director or employee of the **insured** for reasonable expenses for alternative accommodation necessarily incurred by the **insured** provided that:

1. the **residential unit** is **insured property** under the *Material Damage* section of this policy and is rendered uninhabitable in consequence of loss or damage insured under the policy;
2. the expenses are not insured by any other policy;
3. the period for which the expenses are covered will be limited to the period reasonably required for **reinstatement** of the **residential unit**;
4. the **Insurer** will be entitled to deduct a reasonable allowance for expenses reduced or avoided in

consequence of the **residential unit** being rendered uninhabitable.

General Exclusion 4. Consequential Loss does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Alternative accommodation*.

Payment under this Extension is in addition to the applicable **sum insured**.

2. Capital additions

This policy extends to insure property acquired by the **insured** situated anywhere in New Zealand during the **period of insurance**.

This Extension of cover does not apply to:

1. **stock**;
2. property of any kind expressly excluded from this insurance;
3. the increase in the value of **insured property** that results from alterations, additions and improvements to it.

This additional cover is subject to the **insured** advising the **Insurer** within three months of acquisition of the particulars of any such capital additions and the payment of any additional premium the **Insurer** may require.

The most the **Insurer** will pay under this Extension during the **period of insurance** is the sub limit stated in the **schedule** for *Capital Additions*.

3. Constructive total loss

In the event of loss or damage to **insured property** comprising any **building** covered for **reinstatement** where the cost or reinstating the loss or damage to that **building** is 60% or more of its **reinstatement** cost the **building** will be treated as having been **destroyed** where the following conditions exist:

1. the **reinstatement** of the **building** is prevented by sole reason of any law; or
2. where the **insured** and the **Insurer** agree.

4. Demolition and other costs

This policy extends to insure costs necessarily and reasonably incurred for any of the following purposes in consequence of loss or damage insured under the policy:

1. demolition, dismantling, shoring up or propping of the **insured property**;
2. removal, safeguard, protect or temporarily store of property whether damaged or **undamaged**;
3. removal and 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**. This does not include any sums

which the **insured** becomes legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris;

4. clearing, cleaning and repairing of gutters, drains and the like;
5. temporarily repair and secure **insured property** to make it comply with safety rules and regulations suitable for continued use.

Where any costs are in connection with the removal of asbestos, the most the **Insurer** will pay for any **event** is the sub limit stated on the **schedule** for Asbestos Removal.

The Endorsement – Asbestos Exclusion Endorsement does not apply to this Extension.

5. Electrical current damage

This policy extends to insure damage to:

1. electric motors and starters which do not individually exceed 5 Kw (6.7 hp). However, this will not apply to submersible pumps, sealed and semi-sealed compressors, portable power tools or other machines in which the electric motor is not a separate identity in itself;
2. distribution switchboards and permanently installed electrical reticulation;

directly caused by failure of electrical insulation, or abnormal electric current, or electrically induced self-heating.

6. Employees' effects

This policy extends to insure the personal effects of the **insured's** directors and employees, but only whilst the effects are at **premises** owned or occupied by the **insured**, whilst being worn, kept, carried or used by the directors or employees acting in the course of their duties or employment.

The effects are deemed to be included in the description of **insured property** as if they were owned by the **insured**.

The most the **Insurer** will pay under this Extension for any one **event** to any one director or employee is the sub limit stated in the **schedule** for *Employees' Effects*.

7. Expediting costs

Where a claim is payable under this policy for the cost of **reinstating** any **insured property**, the **Insurer** will also indemnify the **insured** for such additional costs of express freight and overtime labour as are reasonably incurred for the purpose of expediting that **reinstatement**.

The indemnity provided by this Extension will not increase the **Insurer's** liability beyond the **sum insured** on the affected property.

8. Fire fighting equipment

This policy extends to insure the reasonable costs incurred by the **insured** to replenish portable hand-held firefighting equipment after the equipment has been used to protect **insured property** from loss or damage covered under this policy, or immediate and imminent threat of loss or damage, provided that the loss or damage would be covered under this policy if it did occur.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Fire Fighting Equipment*.

9. Hidden gradual damage

This policy extends to insure:

1. **hidden gradual damage** that the **insured** discover during the **period of insurance**; and
2. any other part of any **insured property** that is not directly affected but must be removed, damaged or destroyed to locate the cause of the **hidden gradual damage**, provided that the **Insurer** has first given its permission.

General Exclusion 25 Types of Damage Not Covered 2. does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Hidden Gradual Damage*.

10. Illegal substances

This policy extends to insure loss or damage to a building or structure and/or all other property within the building or structure shown in the **schedule of insured property**, caused by chemical contamination that the **insured** first discovers during the **period of insurance** caused by the manufacture, use, storage, or distribution of any controlled drug as defined in the *Misuse of Drugs Act 1975*, if:

1. the building or structure is tenanted; and
2. the **insured** or the person who manages the tenancy on the **insureds** behalf has met the **landlord obligations**.

General Exclusion 14. Pollution or Contamination does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Illegal Substances*.

11. Landslip & subsidence

This policy extends to insure loss or damage to **insured property** directly caused by:

1. landslip that is neither gradual nor progressive; or
2. subsidence that is neither gradual nor progressive; or land beneath or adjacent to the affected property; or

3. the movement (whether by way of sinking, collapsing, falling, sliding or flowing) of ground:

but excluding:

- a. compaction or erosion of soil; or
- b. the normal settling, expansion or shrinkage of any building or its foundations; or
- c. the expansion, shrinkage, compaction or erosion of soil; or
- d. movement as a result of the water-table drying out from atmospheric or climatic conditions; or
- e. loss or damage caused by **natural disaster**.

General Exclusion 8. Landslip and Subsidence does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **site** in any one **period of insurance** is the sub limit stated in the **schedule** for *Landslip and Subsidence*.

12. Money

This policy extends to insure the loss or damage of **money** as follows:

Section A

1. **money** in transit;
2. **money** at the **insured's business premises** of contract during **business hours**; or
3. **money** in a securely locked safe or strong room at the **insured's premises** outside **business hours**.

Section B

1. **money** at the **insured's business premises** outside **business hours** and not in a securely locked safe or strong room; or
2. **money** at the residential **premises** of the **insured** or any **principal** or authorised employee of the **insured**.

Provided always that the cover provided by this Extension is subject to the following additional exclusions.

There is no cover for:

- a. Loss or damage due to errors in receiving or paying out;
- b. Loss or damage occurring whilst the **money** is entrusted to any person other than the **insured**, or any **principal**, or any employee or agent of the **insured**, or any professional money carrier;
- c. Loss or damage resulting from payment of **money** in exchange for any cheque which is subsequently dishonoured;
- d. Loss or damage occurring whilst the **money** is in an unlocked and unattended vehicle; or
- e. Loss or damage directly or indirectly arising, or resulting from, theft or fraud by any of the **insured's** employees. However, this exclusion does not apply to loss discovered within 72 hours (excluding Saturdays, Sundays and other public holidays) of the act of theft or fraud;

- f. Loss or damage covered by a valid and collectable claim under a policy of Fidelity Guarantee (or equivalent) form of insurance.

General Exclusions

1. *6. Fraudulent Scheme and Dishonest Acts*;
2. *11. Money*;
3. *22. Theft*;
4. *23. Theft by Employees*; and
5. *24. Transit*;

do not apply to the cover provided by this Extension.

Limits of Liability

The most the **Insurer** will pay under each of Sections A and B of this Extension for any one **event** are the sub limits stated in the **schedule** for *Money A & B*.

However, if an additional limit designated "special carry" is shown in the **schedule**, the **Insurer's** liability under *Money Section A* will be increased by the amount stated during the months specified in the **schedule**.

13. Other interests

Where the **insured** is under an obligation to insure the interest of any person or corporate body having an interest in any of the **insured property**, the **Insurer** will indemnify the **insured** and that person or corporate body as if a separate policy had been issued to each, provided always that:

1. the **Insurer** will not be liable to indemnify any person or corporate body whose interest has not been declared to the **Insurer** by the time indemnity becomes payable; and
2. the **Insurer's** liability will not be increased beyond the amount that would be payable if this Extension had not been incorporated in the policy.

14. Portable electronic equipment

This policy extends to insure loss or damage to **portable electronic equipment**, while away from the **premises** and whilst in transit and located anywhere in the world.

General Exclusion 24 Transit does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** are the sub limits stated in the **schedule** for *Portable Electronic Equipment*.

15. Professional fees

This policy extends to insure all reasonable professional and clerk of works fees, salaries and costs necessarily incurred in **reinstating** damage to **insured property**. 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.

16. Property under construction

This policy is extended to insure loss or damage to **insured property** at the **premises** during the course of

1. installation, construction or erection and testing and commissioning following; or
2. demolition;

provided that;

- a. the property will be owned or will be occupied by the **insured**; and
- b. the completed value of the contract works does not exceed the sub limit stated in the **schedule** for *Property Under Construction*.

General Exclusions

- I. 19. *Property Under Construction*; and
- II. 24. *Transit*

do not apply to the cover provided by this Extension.

17. Protection costs

This policy is extended to insure temporary costs reasonably incurred by the **insured** for the purpose of directly controlling or reducing imminent loss or damage insured by this policy that involves or threatens to involve **insured property** and for damage directly resulting therefrom.

However this indemnity does not apply to costs for any permanent loss controlling or loss reduction device or system protecting the **insured property**.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Protection costs*.

18. Redundant foundations

This policy extends to insure **undamaged** foundations that are made redundant, where the **insured property** resting on them has been **destroyed** as a result of a loss or damage covered by this policy.

Where the redundant and **undamaged** foundations are not demolished, and the presence of them increases the market value of the **site** to which they are fixed, the amount of the market value increase will be deducted from the amount payable for the **insureds'** claim.

19. Redundant plant and stock

This policy extends to insure any of the following provided it is also **insured property**:

1. **stock** rendered redundant as a result of loss or damage covered by this policy to other **insured property**.
2. a. plant which is interdependent with **insured property**; and/or

- b. spare parts held exclusively for **insured property**;

rendered redundant as a result of loss or damage covered by this policy to its respective **insured property** in a. or b. above.

Regardless of any Basis of Settlement shown in the **schedule**, *Basis of Settlement 2. Indemnity* will apply to the redundant plant and/or spare parts.

20. Release of liability

Where the **insured** is required by legislation or by contractual agreement to release any of:

1. the Fire Service Commission and any contractor, service-provider or agent approved by them to carry out fire alarm monitoring;
2. any other party to an agreement which has been declared to and accepted by the **Insurer**;

from liability arising from loss or damage insured by this policy, the release is allowed without prejudice to this insurance and notwithstanding the '*Subrogation*' condition of the policy.

21. Rewards

This policy extends to insure the cost of any reward paid by the **insured** for the purpose of protecting or recovering any of the **insured property**. However:

1. no payment will be made unless it contributes to the protection or recovery of the property;
2. the terms of the reward must be agreed by the **Insurer** prior to the reward being offered; and
3. the **Insurers** liability will not be increased beyond the **sum insured** on the **insured property**.

The **Insurer** will not unreasonably refuse its agreement to the terms of a reward payable under this Extension.

22. Social club

This policy extends to insure the property of any social club, sports club or similar body whose activities are principally for the benefit of the **insureds'** employees. The property is deemed to be included in the description of **insured property** as if it were owned by the **insured**.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Social club*.

23. Stolen keys

Where any key (including any equivalent device) or combination giving access to **insured property** is stolen during the **period of insurance** or believed on reasonable grounds to have been duplicated without proper authority during the **period of insurance**, this policy extends to insure the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. This also extends to insure the reasonable cost of opening any safe or strong room following theft of its key or combination.

General Exclusions

1. 22. *Theft*; and
2. 26. *Unexplained Disappearances or Shortage*

do not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Stolen Keys*.

24. Sustainable rebuilding costs

This policy extends to insure the reasonable costs the **insured** incurs to upgrade a building or structure located at the **premises** with **sustainable products** following loss or damage covered by this policy, provided that:

1. the building or structure is **destroyed**;
2. the *'Basis of Settlement – Reinstatement'* applies to the building or structure;
3. the **insured** replaces the building or structure; and
4. the **sustainable products** are first approved by the **Insurer**.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Sustainable Rebuilding Costs*.

The cover provided by this Extension will not increase the **Insurer's** liability beyond the **sum insured** on the **insured property**.

25. Tenanted premises

This policy extends to insure loss or damage to:

1. glass;
2. doors and windows;
3. light fittings and power points; and
4. floor coverings,

that are not owned by the **insured** at the **premises**, provided that:

- a. the **insured** is responsible to arrange and bear the cost to repair them under the terms of the **insureds'** lease agreement; and
- b. the provisions of sections 268 to 272 of the *Property Law Act 2007* (or any relevant amendments) do not release the **insured** from this responsibility.

26. Temperature controlled goods

This policy extends to insure:

1. loss or damage to temperature controlled **insured property** at the **premises** provided the loss or damage results from
 - a. **machinery breakdown** or **accidental** disconnection of plant that controls temperature; or
 - b. sudden failure of power supplied by a public utility to the **insureds premises**; or
 - c. the operation of an overload switch;
2. reasonable costs incurred by the **insured** to minimise loss or damage to refrigerated **insured property** that is covered by 1. above

General Exclusions

- a. 7. *Interruption of Supply*;
- b. 9. *Losses Not Covered (4.)*; and
- c. 10. *Machinery Breakdown*;

do not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Temperature Controlled Goods*.

27. Temporary removal

This policy extends to insure **contents** whilst **temporarily removed** to any place in New Zealand and whilst in transit to or from that place.

However, the **Insurer's** liability will not exceed the amount for which the **Insurer** 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 handheld tools of trade and **portable electronic devices**.

General Exclusion 24. Transit does not apply to the cover provided by this Extension.

28. Theft

This policy extends to insure **insured property** for loss or damage:

1. at the **premises**; or
2. during the period the **insured property** is covered by:
 - a. *Standard Extension 14. Portable Electronic Equipment*;
 - b. *Standard Extension 16. Property Under Construction*;
 - c. *Standard Extension 27. Temporary Removal*;
 - d. *Standard Extension 29. Transit*;
 - e. *Standard Extension 3. Unspecified Locations*; or
 - f. *Optional Extension 2. Portable Handheld Tools of Trade* caused by theft.

This Extension does not apply to theft from any:

1. motor vehicle; or
2. part of any motor vehicle

that is not securely locked.

General Exclusion 22 Theft does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is:

1. the amount stated in the **schedule** for *Theft*; or
2. If the loss or damage occurs during the period the **insured property** is covered by one of the Standard or Optional Extensions referred to in 2. a. to f. above any sub-limit detailed in that Extension, whichever is the lesser.

29. Transit

This policy extends to insure **contents** and **stock** during any transit beginning and ending in New Zealand.

This Extension does not apply to portable handheld tools of trade.

General Exclusion 24. Transit does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Transit*.

30. Unharmed property

If, for the sole purpose of **reinstating insured property** which is insured under this policy it is necessary to demolish or remove any damaged property or property unharmed, the **Insurer** will indemnify the **insured** for the cost of doing so. The **Insurer** will also indemnify the **insured** for the cost of reinstating the property or part to a condition the same as, but not better nor more extensive than its condition immediately prior to the demolition, damage or removal.

The indemnity provided by this Extension will not increase the **Insurer's** liability beyond the **sum insured** on the lost or damaged property.

31. Unspecified locations

This policy extends to insure **contents** and/or **stock** for loss or damage while situated at any unspecified location in New Zealand away from the **premises**.

This Extension does not apply to portable handheld tools of trade and **portable electronic devices**.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Unspecified Locations*.

Optional Extensions

Each Optional Extension below only applies if it is shown in the **schedule**.

Each Optional Extension is subject to the terms of the policy, except to the extent it is varied by the Optional Extension.

1. Machinery breakdown

This policy extends to insure sudden and **accidental machinery breakdown** to a **machine** during the **period of insurance**.

This Extension does not provide cover for any:

1. Loss or damage to belts, ropes, wires, chains, tyres, dies, exchangeable tools, engraved cylinders, glass components, porcelain components, ceramics, refractories, felts, sieves, fabrics, jointing, packaging and operating media (except loss of refrigerant or insulating oil);
2. Wasting or wearing away or wearing out of any part caused by or naturally resulting from ordinary use or working, gradual deterioration, damage due to cavitation scratching of painted or polished surfaces;
3. The cost of carrying out alterations, additions, improvements, overhauls or maintenance.

General Exclusion 10. Machinery breakdown does not apply to the cover provided by this Extension.

The most the **Insurer** will pay under this Extension for any one **event** is the sub limit stated in the **schedule** for *Machinery breakdown*.

2. Natural disaster

This policy is extended to insure loss or damage directly or indirectly caused by **natural disaster**.

Additional Conditions

1. Basis of Settlement

The following Basis of Settlement clause applies to this Extension.

The most the **Insurer** will pay during any the **period of insurance** for any item of **insured property** in the **schedule of insured property** is the **sum insured** for that item, provided always that:

- a. limits that are stated elsewhere in this policy, including the sub limits stated in the **schedule**, are part of, and not in addition to the **sum insured** for that item of **insured property**; and
- b. the most the **Insurer** will pay in total during the **period of insurance** is the Total Sum Insured shown in the **schedule of insured property**.

2. Reinstatement of Amount of Insurance

The **sum insured** will not be automatically reinstated if the loss or damage was caused by **natural disaster**. Any **reinstatement** of the **sum insured** will need to be agreed in writing by the **Insurer**.

3. Natural Disaster Deductible (temporarily removal)

Where the **insured property** that suffers loss or damage caused by **natural disaster** has been **temporarily removed**, the **site sum insured deductible** applicable will be that of the **insured property's original premises**.

4. EQC ACT

Where the **insured property** is covered wholly or in part by the **EQC Act** then:

- a. this policy only pays in excess of the cover paid under the **EQC Act**; and
- b. the most the **Insurer** will pay is the difference between the **insured's EQC entitlement** (whether or not that is actually paid) and the **sum insured** declared in the **schedule of insured property** under the item insured for that loss; and
- c. the **natural disaster deductible** is reduced by any payment made by the Earthquake Commission, except for payments for land.

General Exclusion 12. Natural Disaster does not apply to the cover provided by this Extension.

3. Portable handheld tools of trade

This policy extends to insure loss or damage to portable handheld tools of trade, while away from the **premises**.

General Exclusions

1. *22 Theft*, and
2. *24 Transit*

do not apply to the cover provided by this Extension.

The most the **insurer** will pay under this Extension for any one **event** is the **sum insured** stated in the **schedule** for *Portable Handheld Tools of Trade*.

4. Seasonal stock increase

The maximum amount payable on **stock** is automatically increased by the percentage specified in the **schedule** during the months of October, November and December, unless a different period for Seasonal Stock Increase is shown in the **schedule**.

5. Stock declaration

Where the **Insurer** has agreed to insure **stock** on a declaration basis, the premium charged for cover on **stock** is provisional and represents 75% of the full premium payable for the **sum insured** on **stock**. The premium will be adjustable at the end of the **period of insurance** as follows:

1. The **insured** will provide the **Insurer** with a declaration of the actual value of the **stock** the **insured business** held on the last business day of each month for the **period of insurance**. This declaration must be made available to the **Insurer** within six weeks after the end date of the **period of insurance**.
2. If a monthly declaration exceeds the **sum insured** on **stock** then the **sum insured** will be used in place of the actual declaration for that month;
3. If no declaration is received for any one month, the **sum insured** specified in the **schedule** will apply in place of the declaration for that month;
4. The average of these monthly declarations will be calculated at the end of the **period of insurance** and the final premium payable will be based on the greater of:
 - a. the actual average; or
 - b. a minimum premium based on 75% of the **sum insured** for **stock**.

The **Insurer** will refund to the **insured** the amount by which the provisional deposit premium paid exceeds the actual premium payable as calculated above. Alternatively, the **insured** will pay to the **Insurer** the amount by which the provisional premium paid falls short of the actual premium calculated.

5. If, in any **period of insurance**, the **insured** fails to furnish the declarations required in terms of this Extension, the required premium payable will be calculated on the full **sum insured** and the **insured** must pay to the **Insurer** the amount by which the provisional premium falls short of that premium.

Section B – Business Interruption

The **Insurer** will indemnify the **insured** for the financial loss described in the **Insured** Items below that are stated in the **schedule** caused by the interruption or interference with the **business** due to **damage** at the **premises**.

Maximum Amount Payable

The most the **Insurer** will pay during the **indemnity period** for any **Insured** Item is the specific **sum insured** shown in the **schedule** for that **Insured** Item.

Insured Items

The **insured** only has cover for those Insured Items below that are stated in the **schedule**.

1. Insured profit

The insurance under this Item is limited to:

1. reduction in **turnover**; and
2. increase in cost of working

and the amount payable as indemnity thereunder shall be:

- a. in respect of reduction in **turnover**
the sum produced by applying the **rate of insured profit** to the amount by which **turnover** during the **indemnity period** shall, in consequence of the **damage**, fall 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 the **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 the **damage**.

Savings in Uninsured Charges and Expenses

If any charges and expenses of the **business** are not insured by this policy (having been deducted in arriving at the **insured profit** as defined herein) then in calculating the amount recoverable hereunder as increase in cost of working, that proportion only of the additional expenditure shall be brought into account which the **insured profit** bears to the sum of the **insured profit** and all such **uninsured working expenses**.

2. Revenue

The insurance under this item is limited to:

1. reduction in **turnover**; and
2. increase in cost of working

and the amount payable as indemnity thereunder shall be:

- a. in respect of reduction in **turnover**
the amount by which **revenue** during the **indemnity period** shall, in consequence of the **damage**, fall short of the **standard 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 **revenue** which, but for that expenditure, would have taken place during the **indemnity period** in consequence of the **damage**;

less (in either case) any sum saved during the **indemnity period** in respect of such of the charges and expenses of the **business** payable out of **revenue** as may cease or be reduced in consequence of the **damage**.

3. Rent

The insurance under this Item is limited to:

1. reduction in **turnover**; and
2. increase in cost of working,

and the amount payable as indemnity hereunder shall be:

- a. in respect of reduction in **turnover**
the amount by which **rent** during the **indemnity period** shall, in consequence of the **damage**, fall short of the **standard rent**;
- 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 **rent** which, but for that expenditure, would have taken place during the **indemnity period** in consequence of the **damage** but not exceeding the amount of the reduction in **rent** thereby avoided;

less (in either case) any sum saved during the **indemnity period** in respect of such charges of the **business** payable out of **rent** as may cease or be reduced in consequence of the **damage**.

4. Payroll

The insurance under this Item is limited to:

1. reduction in **turnover**; and
2. increase in cost of working,

and the amount payable as indemnity hereunder shall be:

- a. in respect of reduction in **turnover**:

the sum produced by applying the **rate of payroll** to the **shortage in turnover** during the **indemnity period**;

- b. in respect of increase in cost of working:

so much of the additional expenditure described in Insured Item 1. clause **b.** of the relative **Insured Profit** Item as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of reduction in **turnover** under the provisions of clause **a.** of this Insured Item had such expenditure not been incurred;

less (in either case) any sum saved during the **indemnity period** for **payroll** that may cease or be reduced in consequence of the **damage**.

5. Payroll – dual basis

The insurance under this Item is limited to:

1. reduction in **turnover**; and
2. increase in cost of working, and

the amount payable as indemnity hereunder shall be:

- a. in respect of reduction in **turnover**:

- i. during the **initial period**, the sum produced by applying the **rate of payroll** to the **shortage in turnover** during such period less any saving during such period through reduction in consequence of the **damage** in the amount of **payroll** paid;

- ii. during the remaining portion of the **indemnity period**, the sum produced by applying the **rate of payroll** to the **shortage in turnover** during the remaining portion of the **indemnity period** less any saving during such period through reduction in consequence of the **damage** in the amount of **payroll** paid, but not exceeding

the sum produced by applying the remainder percentage of the **rate of payroll** to the **shortage in turnover** during the said remaining portion of the **indemnity period** increased by such amount as is **deductible** for savings under the terms of clause **a. i.**;

- iii. Optional Period

at the option of the **insured**, the **alternative period** may be substituted for the **initial period** provided that the amount arrived at under the provisions of

clause **a. ii.** shall not exceed such amount as is deducted under clause **a. i.** for savings effected during the **alternative period**.

- b. in respect of increase in cost of working, so much of the additional expenditure described in Insured Item 1. clause **b.** of the relative **Insured Profit** Item as exceeds the amount payable thereunder, 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 Insured Item had such expenditure not been incurred.

6. Rewriting of records

The insurance under this Item is limited to costs reasonably incurred to replace or restore:

1. entries;
2. information; or
3. data, including **data**, (but not **software**),

contained within any of the **insureds business** records, provided that the need to replace or restore is as a result of the **damage**.

7. Book debts

The insurance under this item is limited to the loss sustained by the **insured** in respect of outstanding debit balances directly due to **damage**.

The amount payable as indemnity under this item in respect of any one **event of damage** shall not exceed:

1. The difference between:
 - a. the outstanding debit balances; and
 - b. the total of the amounts received or traced in respect thereof;
2. The additional expenditure incurred with the prior consent of the **Insurer** in tracing and establishing customers' debit balances after **damage**.

8. Goodwill

The insurance under this item is limited to the loss of goodwill consequent upon cancellation of the **insured** lease of the **premises** as a result of **damage**.

The amount payable as indemnity shall be limited to the proportion of the **sum insured** under this item that the unexpired term of the lease at the date of **damage** bears to the unexpired term of the lease as stated on the **schedule**. If the **insured** are able to obtain the same or equivalent alternative **premises** under a new lease the amount payable hereunder shall be either the sum calculated above or the actual loss sustained, whichever is the less.

9. Redeployment expenses

The insurance under this item is limited to the expenditure reasonably incurred by the **insured** during the **indemnity period**

in the necessary relocation of employees where in consequence of the **damage**, the **insured** elects to permanently redeploy employees at any alternative sites.

The cover for expenses will include all such expenses as the **insured** would normally incur or reimburse to employees when transferring employees and their families and pets to different places of permanent residence for the purpose of the **business**.

10. Additional increased cost of working

The insurance under this Item is limited to the additional expenditure reasonably incurred by the **insured** during the **indemnity period** and in consequence of the **damage** for the purpose of solely:

1. avoiding or diminishing a reduction in **turnover**; or
2. for the purpose of resuming or maintaining normal **business** operations.

Notwithstanding the above, this Item **Insured** does not include:

- a. expenditure which would have been covered under any other **Insured** Item's increase in cost of working, until the amount of insurance under that **Insured** Item is exhausted; or
- b. costs of reinstating **damage**.

11. Claim preparation costs

The insurance under this Item is limited to the:

1. reasonable fees as may be payable by the **insured** to a professional accountant, auditor or other professional financial consultant; and
2. reasonable costs incurred by the **insured's** own staff

for preparing or verifying information as may be required by the **Insurer** under the terms of the *Claim Conditions* and *Claims Procedure* of the policy, for claims under *Section A* and *Section B* of this policy.

This Item **Insured** does not include any cost for negotiation of claims under this policy.

Contingent Business Interruption

Subject to the sums **insured** for the **Insured** Items set out in the **schedule**, the **Insurer** will indemnify the **insured** for financial loss directly caused by interruption or interference with the **business** due to:

1. Closure by an authority/prevention of access

1. **Insured damage** to property in the **vicinity** which shall prevent or hinder access to the **premises**.
2. Closure of the whole or part of the **premises** by any lawful authority due to:
 - a. bodily injury to any person; or
 - b. murder or suicide of any person
 on the **premises** that prevents or hinders access to the **premises**.
3. closure of the situation by any lawful authority due to defects in drains or other sanitary arrangements on the **premises**.

2. Customers'/suppliers' premises

Insured damage within New Zealand:

1. at any **premises** where the **insured** has property deposited or stored or property being processed or repaired, altered or renovated, or upon which they are directly dependent wholly or in part for supplies of goods of any description;
2. at the **premises** of any direct customers of the **insured**.

This Extension of cover does not apply to the supply of any services of power, gas, water sewage or telecommunications.

3. Dependent business that attracts customers

Where the **insured's business** is situated in a retail shopping complex, **insured damage** to an anchor **tenant** situated in the same retail shopping complex as the **insureds business**.

4. Service interruption

Insured damage within New Zealand to any utility that supplies:

1. Power or gas; or
2. Water or sewage; or
3. Telecommunications

to the **insured's business**.

This Extension of cover excludes any claim arising directly or indirectly from, or in connection with, undersea electric cables and offshore oil and gas facilities.

General Exclusion 7. Interruption of supply does not apply to this Extension.

5. Transportation routes

Insured damage that results in the order by any lawful authority that results in closure of any transport route, port or airport within 10 kilometres of the **premises**.

Standard Extensions

The Standard Extensions below are subject to the terms of the policy, except to the extent they are varied by each Standard Extension.

Unless expressly stated otherwise, any amounts payable under these Standard Extensions are included within **sum insured**. They are not additional.

1. Accumulated stocks

Where the **indemnity period** is 12 months or more then 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** held by the **insured**, thus causing a shortage of **stock**, with a resultant loss of **turnover**, after the **indemnity period** has expired.

2. Alternative index

In the event of a claim under this policy 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 this **policy** shall be read as "**turnover** or Alternative Index".

3. Contractual commitments

This policy insures the amount the **insured** is legally liable to pay under contracts for purchases unavoidably not used as a result of the **damage** during the **indemnity period**, less any sums received or receivable by the **insured** in respect of such purchases through any salvage handling operations or resale.

4. Departments

If the **business** be conducted in departments, the independent trading results of which are ascertainable, the provisions of the policy shall apply separately to each department affected by the **damage**.

5. New business

For the purpose only of any claim arising from **damage** occurring before the completion of the first year's trading of the **insured's business** at the **premises** the definitions of **rate of insured profit**, **rate of payroll**, **standard revenue**, **standard rent** and **standard turnover** shall have the following meanings and not as stated in the *Definitions* section of this policy.

Rate of insured profit

The **rate of insured profit** earned on the **turnover** during the period between the date of the commencement of the **business** and the date of the **damage** subject to any **standard adjustments**.

Rate of payroll

The **rate of payroll** to **turnover** during the period between the commencement of the **business** and the date of the **damage** subject to any **standard adjustments**.

Standard revenue

The proportional equivalent, for a period of twelve months, of the **revenue** during the period between the commencement of the **business** and the date of the **damage** subject to any **standard adjustments**.

Standard rent

The proportional equivalent, for a period of twelve months, of the **rent** during the period between the commencement of the **business** and the date of the **damage** subject to any **standard adjustments**.

Standard turnover

The proportional equivalent, for a period of twelve months, of the **turnover** during the period between the commencement of the **business** and the date of the **damage** subject to any **standard adjustments**.

6. Option to defer commencement of the indemnity period

The **insured** may elect to defer the start of the **indemnity period** after **insured damage** occurs on the following basis:

1. the **insured** must notify the **insurer** (in writing or by electronic means) within 90 days of the **insured damage** occurring of the **insured's** intention to defer the commencement of the **indemnity period**; and
2. the deferred **indemnity period** must start:
 - a. no later than the number of months specified in the **schedule** as the '**Indemnity Period**'; or
 - b. within 12 months of the date the **insured damage** occurred,

whichever is the earlier, otherwise this option to defer expires; and
3. the **indemnity period** cannot be deferred if the **Insurer** has already paid a claim under any 'Insured Item' of this Business Interruption policy (other than for *Rewriting of records*, or *Claims preparation costs* in respect of *Section A Material Damage*) resulting from that **insured damage**.

When the **insured** does elect to defer commencement of the **indemnity period** as described above, then the **insured** must notify the **Insurer** (in writing or by electronic means) of the actual date on which the **insured** elects the **indemnity period** to start as soon as possible, but no later than 30 days after that actual date.

7. Premium adjustment

If the **insured** declares within 3 months after the expiry of the **period of insurance** that the **insured profit** or **revenue**, earned during the twelve month accounting period most closely concurrent with the **period of insurance** as certified by the **insured's** auditors, was less than the **sum insured** then a pro rata return premium of not more than 75% of the original calculated premium can be made.

8. Reduced margin

In the event of a claim under this policy where **turnover** is maintained at a reduced **rate of insured profit**, an equitable allowance shall be made for the loss of **insured profit** resulting from an increase in the ratio of **stock** usage or purchases (adjusted for **stock** variation) to **turnover**. No allowance shall be made for an increase in the ratio of any other expense not covered to **turnover**.

9. Salvage sale

In the event of a claim under this policy the **insured** shall hold a salvage sale during the **indemnity period**:

1. Clause *a.* of Insured 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 **damage**, fall short of the **standard turnover**, from which shall be deducted the **insured profit** actually earned during the period of the salvage sale;
2. 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 **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.

10. Turnover elsewhere

If during the **indemnity period** goods shall be sold or services shall be rendered elsewhere than at the **premises** for the benefit of the **business** either by the **insured** or by others on behalf of the **insured**, the **money** paid or payable in respect of such sales or services shall be brought into account in arriving at the **turnover** during the **indemnity period**.

Optional Extension

The Optional Extension below only applies if it is shown in the **schedule**.

The Optional Extension is subject to the terms of the policy, except to the extent it is varied by the Optional Extension.

1. Machinery breakdown business interruption

In the **event** of a claim (or would have been but for the application of a **deductible**) under the *Machinery Breakdown Optional Extension 1* under *Section A* of this policy, the most the **Insurer** will pay under *Section B* of this policy for any one **event** is the amount shown in the policy **schedule** for *Machinery Breakdown*.

General Exclusion 10. Machinery breakdown does not apply to the cover provided by this Extension.

General Exclusions applying to Sections A & B

1. Building defects and mould

This policy does not insure loss or damage to a **building** being affected by or arising directly or indirectly from:

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

form that is caused directly or indirectly by:

- a. non compliance with the *NZ Building Code*; or
- b. faulty design or faulty specification, including but not limited to faulty sequence, procedure or program; or
- c. faulty materials; or
- d. faulty workmanship.

when the **building** constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to loss or damage that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

2. Cessation of work

This policy does not insure loss or damage to **insured property** arising directly from any cessation of work whether total or partial.

3. Confiscation

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with confiscation, requisition, or destruction of or damage to 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

No matter what the cause, this policy does not insure any consequential losses including:

1. fines, penalties;
2. loss of use of **insured property**;
3. delays, or loss of market;
4. rates, tax, duty, development charge;
5. any other charge or assessment arising out of capital appreciation, which may be payable in respect of the **insured property** by reason of compliance with any regulations.

5. Faulty materials and workmanship

No matter what the cause, this policy does not insure the cost of:

1. repairing or replacing faulty materials;
2. putting right faulty workmanship;

3. putting right work performed to a faulty or defective design plan or design specification;
4. putting right faulty or defective work where the fault or defect results from an error or omission in design plan or design specification.

This exclusion does not apply to any resultant loss or damage covered by this policy occurring as a result of the faulty or defective materials, workmanship, design plan, design specification or work.

6. Fraudulent scheme and dishonest acts

This policy does not insure loss or damage or interruption or interference with the **business** directly or indirectly arising, or resulting from:

1. any fraudulent scheme or device or false pretence practiced on the **insured** or on any other person having care of the **insured property**;
2. any dishonest act, including but not limited to theft, committed alone or in collusion with others, at any time by an **insured** or any proprietor, partner, director, trustee, officer, or employee of an **insured**; or by any proprietor, partner, director, trustee or office of any **business** or entity engaged by an **insured** to do anything in connection with **insured property** under this policy.

7. Interruption of supply

This policy does not insure loss or damage to **insured property** or any interruption of or interference with the **insured business** directly or indirectly arising from, or caused by, the interruption of the supply to the **premises** of electricity, fuel, water, gas, steam or refrigerant.

8. Landslip and subsidence

This policy does not insure loss or damage directly or indirectly arising from, or caused by, landslip, subsidence or any erosion of the land.

9. Losses not covered

This policy does not insure loss or damage caused by or arising from:

1. fumes, gas, dust, smoke, smuts from any production process;
2. action of micro-organisms, insects, animal or vermin;
3. maintenance of **insured property**, normal upkeep or making good;
4. changes in artificially controlled temperature, change in humidity or atmosphere;
5. the inherent nature of the property, or action of light;
6. spontaneous combustion;
7. spontaneous fermentation.

However this exclusion does not apply to subsequent loss or damage to other **insured property** which is not otherwise excluded.

10. Machinery breakdown

In respect of the **machine** immediately affected this policy does not, no matter how caused, insure **machinery breakdown of a machine**.

However, this exclusion does not apply to;

1. sudden and **accidental** loss covered under this policy (or that would have been covered if the property was **insured** under this policy) occurs completely outside the **machine** resulting in the **machinery breakdown** occurring. However, this proviso does not apply to **machinery breakdown** resulting directly or indirectly from any:
 - a. error in: setting, programming or operating the **machine**; or
 - b. **stock** or part of the **machine** being drawn into the **machine**; or
 - c. failure to service or maintain the **machine** correctly; or
2. subsequent loss or damage to other property which is not otherwise excluded.

11. Money

This policy does not insure **money**.

12. Natural disaster

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with, or caused by, **natural disaster**.

13. Nuclear risks

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with:

1. the production, use or storage of nuclear material;
2. nuclear weapons materials;
3. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. (For the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission).

14. Pollution or contamination

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with, pollution or contamination, unless the pollution or contamination results from loss or damage to **insured property** covered by this policy.

15. Precious goods

This policy does not insure jewellery, precious stones, furs, precious metals or bullion, other than:

1. as **stock** of the **business**; or
2. as a component of any plant or machinery that is covered by this policy as **contents**.

16. Pressure vessel

In respect of the **pressure vessel** immediately affected this policy does not insure explosion, overheating, rupture, bursting, cracking, leakage, collapse of any **pressure vessel(s)**, (excluding pressure caused by chemical explosion);

However this exclusion does not apply to subsequent loss or damage to other **insured property** which is not otherwise excluded.

17. Production process

This policy does not insure loss or damage to **insured property** arising directly or indirectly from manufacturing or processing operations while such **insured property** is being processed (including any **accidental** modification of the process), manufactured, tested or otherwise worked on.

18. Property excluded

This policy does not insure any of the following property unless it is specified in the **schedule**, and the **Insurer** has agreed to insure these as **insured property**:

1. standing timber or growing crops;
2. live plants, flora, trees, hedges, grasses or pastures, other than those forming part of **landscaping**;
3. livestock or any living creature;
4. dams, canals, dikes, reservoirs (but not tanks);
5. roads, bridges, or tunnels;
6. railway tunnels, railway bridges, railway lines or tracks;
7. rail locomotives and rolling stock;
8. docks, piers, wharves;
9. mining property located beneath the surface of the ground, unmined or unrecovered oil, gas and mineral deposits;
10. any land (including topsoil, backfill, drainage or culverts);
11. surface water, underground water, rigs, wells, pipelines, cables;
12. deeds, evidence of debt or title, valuable papers and records, securities;
13. transmission and distribution lines and their supporting structures, unless located on the **premises**.

19. Property under construction

This policy does not insure any **insured property** during the course of:

1. installation, construction or erection and testing and commissioning following; or
2. demolition.

20. Settlement / shrinkage / bulging / expansion

This policy does not insure loss or damage directly or indirectly arising from, or caused by, settlement and/or bedding down of new structures, shrinkage and/or expansion of **buildings**, foundations (including any pedestal, pad, platform or other property supporting machinery), roof, walls, floors, ceilings, pavements, roads or any other improvements.

21. Terrorism

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with, any act of **terrorism**.

22. Theft

This policy does not insure loss or damage arising directly or indirectly to **insured property**, resulting from theft unless caused by **burglary**.

23. Theft by employees

This policy does not insure loss or damage directly or indirectly arising, or resulting, from theft by the **insured** or by any of the **insured's** employees.

24. Transit

This policy does not insure **insured property** in transit away from the **premises**.

25. Types of damage not covered

No matter what the cause, this policy does not insure any of the following types of damage to **insured property**:

1. wear and tear, corrosion, fading, marring, scratching, or developing flaws;
2. gradual deterioration;
3. rot, mould or mildew;
4. slowly developing deformation or distortion.

26. Unexplained disappearances or shortage

This policy does not insure loss or disappearance that is:

1. not traceable to a specific event;
2. a mysterious disappearance, loss or shortage only discovered during an inventory or stock taking;
3. any other unexplained loss;
4. shortages due to clerical or accounting errors.

27. Vehicles watercraft and aircraft

This policy does not insure any of the following (including plant attaching to, or accessories in or on any of them):

1. any vehicle or trailer that is required to be registered or licensed to travel on a public road;
2. any mechanically or electrically propelled vehicles (including railway locomotives and rolling stock);
3. watercraft of any kind;
4. aircraft of any kind,

other than if any of these items are

- a. **stock**; or
- b. any crane or unregistered mobile plant

and at the time of the loss or damage, they are on any **site**.

28. War

This policy does not insure loss or damage to **insured property**, or any interruption of or interference with the **insured business** arising directly or indirectly from, or in connection with war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, mutiny, conspiracy, military or usurped power, confiscation, nationalisation, commandeering, requisition or destruction or damage by or under the order of any government de jure or de facto or by any public or local authority.

29. Weather conditions

This policy does not insure loss or damage to **insured property** directly or indirectly arising from, or caused by, 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.

General Conditions Applying to Sections A & B

Claims Conditions

1. Claims conditions

The **Insurer** will not be liable under this policy unless the **insured** fully complies with the following conditions.

In the event of any incidence of loss or damage or circumstances which might give rise to a claim under this policy the **insured** shall:

1. notify the **Insurer** immediately, from when the **insured** has knowledge about such loss or damage or circumstance, indicating the nature and extent of the loss or damage;
2. promptly take all such measures as may be reasonable for the purpose of minimising loss or damage;
3. ensure that all rights against carriers, bailees or other third parties are properly preserved and exercised;
4. do all such things as may be necessary to establish the cause and extent of the loss or damage;
5. not destroy or dispose of anything that is or could be part of a claim;
6. inform the police authorities if any loss or damage was caused by an illegal act;
7. furnish any information and documentary evidence that the **Insurer** may require together with, if required.

2. Claims procedure

1. The liability of the **Insurer** under this policy in respect of any lost or damaged part or parts of the **insured property** shall cease if such part or parts are not repaired or replaced in accordance with the relevant manufacturer's technical standards;
2. The **insured** shall be obliged to keep for the **period of insurance** complete records of the **insured business**, including without limitation inventories, production and balance sheets for the three preceding years. All records shall be held in safe keeping and, as a precaution against their being simultaneously destroyed, the **insured** shall keep separate sets of such records;
3. In the event of a claim being made, the **insured** shall at its own expense deliver to the **Insurer** not later than thirty days after the interruption of or interference with the **insured business** or within such further periods as the **Insurer** may allow, a written statement in writing setting forth particulars of the claim;
4. The **insured** shall at its own expense produce and furnish to the **Insurer** such books of account and other **business** books or other evidence as may reasonably be required by the **Insurer** for the purpose of investigating or verifying the claim together with, if required, a statutory declaration of the truth of the claim and of any matters connected therewith;

5. If as a result of any loss or damage or any interference with or interruption of the **insured business**, police or criminal investigations have been initiated against the **insured**, then in that case payment shall not become due until the completion of such investigations, provided always that if the **insured** is convicted of any offence in respect of any claim for indemnity under this policy shall be void.

3. Mutually acceptable assessors

Where the **Insurer** appoints any loss adjuster, assessor, surveyor or valuer to any claim under this policy, the appointee must be mutually acceptable to both **insured** and **Insurer**.

4. Payment on account

In the event of a claim under this policy, payments on account will be made to the **insured** during the **indemnity period** on production of a statement of claim in accordance with the *Claims Conditions and Claims Procedures* of this policy.

5. Subrogation

Once the **Insurer** has accepted any part of a claim under this policy, the **Insurer** may assume the **insureds** legal right of recovery. If the **Insurer** initiates a recovery the **Insurer** will include any **deductible**, and any other uninsured losses suffered by the **insured**.

Where the **Insurer** does this, the **insured** agrees to pay the proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that the **Insurer** will reimburse any **insureds deductible** first.

The **insured** must fully co-operate with any recovery process. If not, the **Insurer** may recover from the **insured** the amount paid in relation to the claim.

Recoveries

If any property that the **Insurer** has paid a claim for is later found or recovered, the **insured** must advise the **Insurer** immediately and hand it over to the **Insurer** if requested. The **Insurer** has the right to keep any property that the **Insurer** has paid a claim for under this policy, including any proceeds if it is sold.

Reparation

If any person is ordered to make reparation to the **insured** for loss or damage to any property that the **Insurer** has paid a claim under this policy for, then the **insured** must advise the **Insurer**. Any payments received, must first reimburse the **Insurers** claims payment up to the amount of any reparation received.

General Conditions

1. Acts of parliament

All references to an Act of Parliament in this policy include its Regulations, and any subsequent Act of Parliament that replaces or substitutes it.

2. Cancellation

This policy may be cancelled:

1. by the **insured** at any time, and with immediate effect, by giving notice in writing to the **Insurer**;
2. by the **Insurer** at any time by giving notice in writing to the **insured** of the **Insurer's** intention to cancel this policy. The cancellation will take effect at 4pm on the 30th day after the notice has been sent.

In the event of such cancellation, the **Insurer** will refund to the **insured** a pro-rata proportion of the premium, subject to any adjustment required by the terms of this policy.

However, if any claims, direct financial loss, legal proceedings or losses have been notified to the **Insurer** during the relevant **period of insurance** and prior to the date of cancellation, the **insured** shall have no entitlement to any full or part refund of premium.

3. Currency

Any amounts shown in this policy and in the **schedule** are in New Zealand dollars.

4. Deductible

For each adjusted loss, the **deductible** specified in the **schedule** will be deducted.

The **deductible** shown in the **schedule** will be deducted from the amount payable for each **event**. Where an **event** occurs over a period of more than 72 consecutive hours, one **deductible** will be deducted for every 72 consecutive hour period.

5. Fraud

If an **insured** (or anyone on behalf of an **insured**) makes any false or untrue declaration or statement or is fraudulent in:

1. making any claim under or in support of this policy; or
2. making any communication regarding a claim under or in connection with or in support of this policy; or
3. notifying the **Insurer** of any change in risk or change in circumstances in accordance with 8 below; or
4. applying for this insurance at its inception, or upon renewal.

then the policy shall become void or the claim can be declined (at the **Insurer's** sole election) and the **Insurer** shall not be liable to make any payment.

6. Governing law and jurisdiction

The laws of New Zealand apply to this policy and the New Zealand Courts shall have sole jurisdiction in any dispute.

7. GST

Subject to the *Goods and Services Tax Act 1985*, and on the basis provided that Goods and Services Tax (GST) is recoverable by the **Insurer**, GST will be payable in addition to any claim payments. However, all **deductibles** are inclusive of GST where payable by law.

8. Increase in risk / change in circumstances

The **insured** must notify the **Insurer** immediately if for any reason other than loss or damage there is any change in the nature of the occupation or any other material change in risk to the **insured property**. This includes any change which:

1. increases the risk of loss or damage to the **insured property**; or
2. is an alteration or change in the risk to the **insured property**; or where
3. the **insured business** is wound up or carried on by a liquidator or receiver or is permanently discontinued; or
4. the **insured's** interest in the **business** ceases other than by death; or
5. with the knowledge of the **insured**, any alteration is made, either to the **insured's business** or to the **premises** or **insured property** where the risk of loss or damage is increased.

For the purposes of this general condition only, a material change is one where **Insurers** would have made a different decision about either:

- a. accepting the **insureds** insurance; or
- b. setting the terms of the **insureds** insurance, if **Insurers** had known that information.

This insurance will cease in respect of the **insured property** unless any material change in risk has been declared to and accepted by the **Insurer** in writing.

However, this insurance will not be prejudiced by:

- I. changes to the **insured business** which are usual or incidental to the **insured's business**; or
- II. the cessation of operations or vacancy of any **building** for a period not exceeding 90 days. Any cessation of operations or vacancy of the **insured premises** exceeding 90 days must be agreed to by the **Insurer** in writing for this insurance to remain in force.

9. Insurance law reform acts

The exclusions and conditions in this policy are subject to the **insured's** rights under the *Insurance Law Reform Act 1977* and the *Insurance Law Reform Act 1985*.

10. Interests of other parties

If **Insurer's** are advised of any party having a financial interest in any of the **insured property**, **Insurer's** may pay part or all of any valid claim payment to that party to the extent of their interest. This will form part of the **Insurer's** obligations to the **insured** under this policy.

The **insured** consents to the **Insurer** transferring the **insured** parties relevant personal information to that party.

Any party, who is recorded as having a financial interest under this policy, is not covered by this policy and does not have any rights to claim under this policy.

11. Observance of terms and conditions

The **insured's** compliance with the terms and conditions of this policy in so far as they relate to anything to be done or complied with by the **insured**, and the truth of any statements made to the **Insurer** (whether made by the **insured** or not), are conditions precedent to any liability of the **Insurer** to provide any indemnity under this policy.

12. Other insurance

The **insured** shall give written notice as soon as practicable to the **Insurers** of any other insurance effected covering the **insured property**.

This policy will then only apply to the amount of any loss or damage in excess of the amount recoverable under the other Insurance.

This condition does not apply to Standard Extension under *Section A* called *Employees' effects*.

13. Reasonable care

The **insured** at its own expense shall take all reasonable precautions and comply with all reasonable recommendations made by the **Insurer** to prevent loss or damage to the **insured property** or any liability arising under this policy.

The **insured** will also comply with all relevant statutory requirements or, manufacturer's recommendations, including maintaining any fire protection, security equipment and installations in accordance with the manufacturer's recommendations.

The **insured** must also take reasonable care at all times to avoid circumstances that could result in a claim. A claim will not be accepted if the **insured** (or anyone on the **insured's** behalf) is reckless or grossly irresponsible.

14. Risk inspections

The **Insurer's** agent shall have the right to inspect and examine and/or survey the **insured property** at any reasonable time and the **insured** shall provide the **Insurer's** agent with all relevant details and information that relates to this insurance.

Any such survey or examination shall not waive any duty of the **insured** to disclose relevant information to the **Insurer**.

No inspection performed by the **Insurer**, nor any report arising from an inspection, are to be regarded as an undertaking by the **Insurer** to determine or warrant that any operations or **premises** are safe.

15. Sanction clause

The **Insurer** shall not be deemed to provide cover and the **Insurer** shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the **Insurer**, or its parent or ultimate holding company, to any sanction, prohibition or restriction implemented pursuant to the resolutions of the United Nations or the trade and economic sanctions, laws or regulations of the European Union, United Kingdom, New Zealand or United States of America.

16. Several liability

The subscribing **Insurers'** obligations under this policy are several and not joint and are limited solely to the extent of their individual specified participations. The subscribing **Insurers** are not responsible for the subscription of any co-Insurers who for any reason does not satisfy all or part of its obligations to the **insured**.

17. Waiver of liability

The **Insurer** will not be prejudiced by any disclaimer clause in any contract entered into by the **insured** for:

1. the storage of goods; or
2. the leasing of **insured property**,

whether the storage and leasing contracts are declared to the **Insurer** or not, unless any change has been agreed to and accepted by the **Insurer** in writing. Any agreement by the **Insurer** may be subject to a change in policy conditions.

This condition does not apply to the *Release of liability extension* under this policy.





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