

# Small Business Solutions Combined Insurance



AIG Insurance New Zealand Limited

## Policy Wording



Bring on tomorrow



Policy Wording

# Small Business Solutions Combined Insurance

## SME Insurance Policy Material Damage & Business Interruption

This Policy is issued / insured by AIG Insurance New Zealand Limited ("AIG").

AIG  
PO Box 1745  
Shortland Street  
Auckland 1140  
New Zealand

**Issuing Office:**

**This document contains your Insurance Policy terms, Provisos, Exclusions and Conditions. It is important that you read and understand it and retain it in a safe place.**



Policy Wording

# Small Business Solutions Combined Insurance

## Contents

Cover.....	4
Introduction .....	5
Insuring Agreement.....	5
Section One: Material Damage .....	6
Section Two: Business Interruption.....	25
General Definitions: All Sections of the Policy.....	42



Policy Wording

## Small Business Solutions Combined Insurance

### Cover

#### Your Duty of Disclosure

When **you** apply for insurance **you** have a legal duty of disclosure. This means **you** must disclose all information **you** know or could reasonably be expected to know that would influence the judgement of a prudent underwriter:

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

**You** have the same duty of disclosure each time **you** renew, vary or reinstate **your** insurance.

Information **you** will need to disclose includes:

- a) circumstances which could increase the risk of an insurance **claim**;
- b) any criminal offences or convictions;
- c) any cancellation, refusal to renew insurance or imposing of special terms by another insurer ;
- d) insurance **claims you** have made in the past.

Information **you** do not need to disclose include:

- a) circumstances which would diminish the risk of an insurance **claim**;
- b) anything that **we** know or would be expected to know in the ordinary course of **our business**;
- c) anything **we** advise **you** do not need to disclose.

If in doubt, **you** should disclose.

If **you** fail to comply with **your** duty of disclosure **your policy** can be rendered void from the beginning.



## Introduction

The **policy**, **schedule** and endorsements (if any) are to be read together and any word or expression to which a specific meaning has been given shall bear such meaning wherever it may appear unless otherwise specifically stated.

This **policy** sets out the definitions, terms, exclusions and conditions of insurance provided by the **insurer** and the operative sections of the **policy** are shown on the **schedule**. **We** ask that **you** read this **policy**, the **schedule** and any endorsements carefully so that **you** are aware of the terms and conditions and if these are not completely in accordance with **your** intentions to contact **your** broker or agent.

## Insuring Agreement

In consideration of **you** having paid or promised to pay the required **premium**, **we** agree to indemnify **you** in accordance with the insurance selected.

This **policy** is based upon the information provided in **your** proposal form or statement of fact which is incorporated in this **policy**.

The liability of the **insurer** shall not exceed the **sums insured** or **limit(s) of liability** specified in the **schedule**.



## Section One: Material Damage

### Cover

#### Material Damage Indemnity

The **insurer** will indemnify the **insured** for physical **loss** or damage unintended and unforeseen by any **insured** occurring to any of its **insured property** during the **policy period** and at the **situation**.

At the **insurer's** option, the **insured** will be indemnified by payment, by repair, or by replacement of the lost or damaged **insured property** and by payment of any insured costs.

Subject to the "reinstatement of amount of insurance" condition of this **policy**, the **insurer's** liability will not exceed the **sum insured**; and if more than one item is included in the **schedule**, will not exceed in respect of each item the **sum insured** applicable to that item.

### Automatic Extensions

#### Alternative Accommodation Costs

Where any residential accommodation occupied by the **insured** or by an **employee** of the **insured** is **insured property** under section one and is rendered uninhabitable by an insured contingency, this insurance is extended to include reasonable expenses for alternative accommodation necessarily incurred by **you** provided that:

1. The expenses are not otherwise insured;
2. The period for which the expenses are covered will be limited to the period reasonably required for **reinstatement** of the affected accommodation;
3. The **insurer** will be entitled to deduct a reasonable allowance for expenses reduced or avoided in consequence of the affected accommodation being rendered uninhabitable.

The **insurer's** liability under this extension is limited to \$10,000 in respect of any one **event**, unless otherwise stated in the **schedule**.

#### Capital Additions

Subject to the additional conditions set out below, this insurance is extended to cover property (including, but not limited to, alterations, additions and improvements to existing property) situated anywhere in New Zealand and acquired by **you** during the **policy period**.

Additional conditions:

1. This extension of cover does not apply to: (i) **stock in trade**; (ii) property of any kind expressly excluded from this insurance; or (iii) any appreciation of value which is not due to a physical alteration addition or improvement.
2. Cover under this extension commences on each acquired property when the risk in the property passes to **you**, provided that the particulars of each property acquired must be notified to the **insurer** within 30 days after acquisition. On receipt of those particulars the **insurer** will be entitled to charge an additional **premium** calculated pro-rata from the date on which cover commenced, and the terms of this extension will be fully reinstated.

At any one time, the **insurer's** liability under this extension is limited to the amount stated in the **schedule**.

This amount is included in the maximum amount payable, not in addition.



Change of Temperature	This <b>Policy</b> is extended to cover the effects of any change in temperature caused by an <b>event</b> not otherwise excluded. Reasonable costs incurred by the <b>Insured</b> in the removal and/or storage of such property at another building/ <b>premises</b> is also covered.
Damage by Electric Current	<p>Notwithstanding any specific Exclusion in Section 1, this <b>Policy</b> extends to cover <b>loss</b> or damage to <b>Insured Property</b> caused by the actual burning out of part or parts of the property due to the failure of electrical insulation, or abnormal or artificially generated electric current, or electrically induced self-heating. The <b>Insurer</b> will not be liable under this Extension for:</p> <ol style="list-style-type: none"><li>1. Loss of use;</li><li>2. <b>Loss</b> or damage to lighting or heating elements, fuses or protective devices, or electrical contacts at which sparking or arcing occurs in ordinary working;</li><li>3. Electric motors and starters which individually exceed 5kw or 6.7hp.</li></ol>
Demolition and other Costs	<p>This insurance is extended to cover costs necessarily incurred for any of the following purposes in consequence of <b>loss</b> or damage insured under this <b>policy</b>:</p> <ol style="list-style-type: none"><li>1. Demolition, dismantling, shoring up or propping of the <b>insured property</b>;</li><li>2. Disposal of debris (including any kind of solid, liquid or gaseous matter) from the <b>site</b> of the <b>insured property damaged</b> and the area immediately adjacent to such <b>site</b>;</li><li>3. Recovery, defence, safeguard, removal, storage and return of stock, plant and other chattels whether damaged or <b>undamaged</b>;</li><li>4. Clearing, cleaning and repairing of gutters, drains and the like;</li><li>5. Temporary repairs and other measures necessary to secure <b>insured property</b> or to make it safe or suitable for continued use;</li></ol> <p>This extension of cover does not include any sums which <b>you</b> become legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris. The indemnity provided by this extension will not increase the <b>insurer's</b> liability beyond the <b>sum insured</b> on the affected property.</p>
Disclaimer Clause	Notwithstanding any provisions of the release of liability extension, this insurance will not be prejudiced by any disclaimer clause in any contract entered into by <b>you</b> for: (i) the storage of goods; or (ii) the leasing of property; whether or not the storage and leasing contracts are declared to the <b>insurer</b> or not.
Employees' Effects	<p>This insurance is extended to insure the personal effects of the <b>insured's executives</b>, partners, <b>officers</b>, consultants, visitors and <b>employees</b>, but only whilst the effects are at <b>premises</b> owned, operated or occupied by the <b>insured</b>, or elsewhere whilst being worn, kept, carried or used by the <b>executives</b>, partners, <b>officers</b>, consultants or <b>employees</b> acting in the course of their duties of employment or terms of engagement. The effects are deemed to be included in the description of <b>contents of buildings</b> as if they were owned by the <b>insured</b>.</p> <p>Unless the <b>insured</b> is responsible for the <b>loss</b> or damage, this extension of cover does not apply to <b>loss</b> or damage to the personal effects of any <b>executive</b>, partner, <b>officer</b>, consultant, visitor or <b>employee</b> who is entitled to indemnity for that <b>loss</b> or damage under any other <b>policy</b> of insurance. In respect of any one event the <b>insurer's</b> liability under this extension to any one <b>executive</b> or <b>employee</b> is limited to \$5,000, unless otherwise stated in the <b>schedule</b>.</p>
Equipment Breakdown	The <b>insurer</b> will, subject to the terms, conditions and exclusions to this extension, the material damage and business interruption sections, the general conditions and general exclusions to



the **policy**, indemnify the **insured** against **loss** caused by or resulting from an **accident** to an **object** which is in use or commissioned and ready for use at the **premises**.

Subject to a maximum of \$ 10,000 any one **loss** or series of **losses** from the same **event** unless otherwise specified.

*Basis of settlement applicable to this automatic extension*

The **insurer's** liability for **loss** to **insured property** which is damaged is as follows:

1. On media and **electronic data** for electronic and electro mechanical data processing and production equipment, the cost of blank material plus the cost of transcription from duplicates or from originals;
2. On exposed film, records, manuscripts, drawings and other valuable papers and records, the cost of blank material plus the cost of transcription from duplicates or from originals;
3. On all other **insured property**, the lesser of the cost at the time of the **accident**,

A) to repair the damaged property; or

B) to replace the damaged property with similar property of like kind, capacity, size, quality and function.

The **insurer** will not be liable for:

1. More than the amount actually expended by the **insured**;
2. The cost of repairing or replacing any part or parts of a piece of equipment which is greater than the cost of repairing or replacing the entire piece of equipment; or
3. **Loss** or damage to **insured property** which is useless or obsolete to the **insured**.

If the damaged property is not repaired or replaced within twelve (12) months after the date of the **accident** then the **insurer** will only pay for the **actual cash value** of the damaged property.

If the reinstatement optional extension has been selected, it does not apply to this automatic extension equipment breakdown.

*Definitions applicable to this automatic extension*

**Accident** means a sudden and accidental breakdown of an **object** or a part thereof, which manifests itself at the time of its **occurrence** by physical damage to the **object** or part thereof that necessitates its repair or replacement, but

**Accident** shall not mean:

1. Depletion, deterioration, corrosion or erosion of material;
2. Wear and tear;
3. Leakage at any valve, fitting, shaft seal, gland packing, joint or connection;
4. Vibration or misalignment;
5. The breakdown of any structure or foundation supporting the object or any part thereof;
6. The functioning of any safety device or protective device; or
7. The cracking of any part of a gas turbine exposed to the products of combustion.

**Actual cash value** means the cost of replacing the damaged property with property of similar





kind, capacity, size, quality and function less depreciation however caused. The **insurer** will consider such items as the age, condition and normal life expectancy of the damaged property in determining depreciation.

**Hazardous substance** means:

1. Any pollutant, contaminant or other substance declared by a governmental authority to be hazardous to health or the environment; or
2. Any mould, yeast, fungus or mildew including any spores or toxins created or produced by or emanating from such mould, yeast, fungus or mildew, whether or not allergenic, pathogenic or toxigenic.

**Media** means material on which data is recorded, such as magnetic tapes, hard disks, floppy disks, cartridges, cds or dvds.

**Object** means any equipment owned, leased, operated or controlled by the **insured** and described below:

1. Any boiler, any fired or unfired **pressure vessel** normally subject to vacuum or internal pressure other than static pressure of contents, any refrigerating or air conditioning vessels and piping or any other piping and its accessory equipment, but **object** shall not include:
  - A) any boiler setting, any refractory or insulating material;
  - B) any part of a boiler or fired vessel that does not contain steam or water;
  - C) any hose, buried piping, sewer piping, drainage piping, sprinkler system or its accessory equipment; or
  - D) any oven, stove, furnace or kiln but not excluding heat recovery piping or vessels used therewith;
2. Any mechanical or electrical **machine** or electrical apparatus used for the generation, transmission or utilisation of mechanical or electrical power, but

**Object** shall not include:

- A)
  - 1) any elevator, escalator, crane or hoist; or
  - 2) any oven, stove, furnace or kiln;

But not excluding:

- i) any pump, compressor, fan, blower, engine or turbine;
- ii) any separate enclosed gear set connected to such **machine** or apparatus by a coupling, clutch or belt;
- iii) any electrical equipment; or
- iv) any electronic equipment used solely to start, stop, control or monitor such **machine** or apparatus;
- B) any **vehicle**, any mechanically or electrically propelled equipment, any towable equipment, power shovel, excavator, dragline or other mobile equipment, including equipment permanently mounted thereon; or
- C) any conveyor belt;
3. Any electronic equipment used:
  - A) for the generation, control, transmission, reception, recording, reproduction, playback or other use of television, radio or telephone signals;
  - B) for research, diagnostic, treatment, experimental or other medical or scientific purposes;



- C) for computing, data processing, duplicating, inventory control, monitoring, scanning or office services; or
- D) to start, stop, control or monitor one or more insured **objects**,  
but **object** shall not include:
  - 1) any anode, x-ray or video amplifier tube.

*Additional coverages applicable to this automatic extension*

The following coverage's also apply to **loss** caused by or resulting from an **accident** to **insured property**. These coverages do not provide additional amounts of insurance, unless specifically stated otherwise.

1. Business interruption

If the **insured** has selected section two: business interruption, this automatic extension indemnifies the **insured** under that section following a **loss** which is indemnifiable under this automatic extension, or would have been but for the application of a **retention** or deductible.

The limit of the **insurer's** liability under this additional coverage shall not exceed \$5,000 and is in addition to any **sum(s) insured** or **limit(s) of liability** specified in the **schedule** for section one: material damage.

2. Hazardous substances

If a **hazardous substance** is involved in or released by an **accident**, the **insurer** will be liable for the increase in cost to repair, replace, clean up or dispose of affected **insured property**.

The "increase in cost" or "increase in loss" shall mean that cost or **loss** beyond that which would have been incurred had no **hazardous substance** been present.

The limit of the **insurer's** liability under this coverage shall not exceed \$20,000.

3. Professional fees

Under the professional fees automatic extension, following a **loss** admissible under the equipment breakdown automatic extension, the limit of the **insurer's** liability under that coverage shall not exceed \$20,000 unless otherwise stated in the **schedule**.

4 Expediting cost

Under the expediting cost automatic extension, following a **loss** admissible under the equipment breakdown automatic extension, the limit of the **insurer's** liability under that coverage shall not exceed \$20,000 unless otherwise stated in the **schedule**.

5. Temporary hire costs

The **insurer** will pay the cost, reasonably incurred, of hiring temporary replacement equipment of similar specification during the time taken to repair the **Insured equipment** as a result of an **accident**.

The limit of the insurer's liability under this coverage shall not exceed \$10,000 unless otherwise stated in the **schedule**.

6. Media and **electronic data** restoration

If, solely as a result of an **accident** to an **object**, **electronic data** or **media** is lost or damaged,



the **insurer** shall be liable under the coverage described in the basis of settlement for this extension, for the additional costs of repairing or replacing such **electronic data** or **media**, including the cost of gathering or assembling information.

The **insurer** shall not be liable for **loss** or damage caused by or resulting from programming errors.

The limit of the **insurer's** liability under this coverage shall not exceed \$10,000 unless otherwise stated in the **schedule**.

#### 7. Demolition and increased cost of construction

The **insurer** shall be liable under this coverage for the increased cost of repair or replacement of damaged and/or **undamaged insured property** (including any necessary demolition and **site** clearing costs) occasioned by the enforcement of any law, by-law, ordinance, regulation, rule or ruling which is in force prior to the time of the **accident** and which regulates or restricts the repair, replacement, construction or installation.

The **insurer** shall also be liable under additional coverage

1. Business interruption during the additional time required, with the exercise of due diligence and dispatch, to affect such repair or replacement as a result of the enforcement of said law, by-law or ordinance.

The **insurer** shall not be liable for:

A) any expense in excess of the cost at the time of the **accident** to replace the said property on the same **site** or a **site** adjacent thereto with property of such kind, capacity, size, quality and function as will satisfy the minimum requirements prescribed by any law, by-law, ordinance, regulation, rule or ruling. In the event the replacement is by property of a better kind or quality or of a larger capacity or size, the liability of the **insurer** shall not exceed the amount that would be paid if replacement had been made by property as would satisfy such minimum requirements.

B) any increase in **loss** occasioned by the enforcement of any law, by-law, ordinance, rule or ruling affecting the use or operation of the location or any **object**;

C) **loss** or expense excluded by exclusions 1(a) and 1(b) of this automatic extension;

D) **loss** in excess of \$100,000.

#### **Exclusions applicable to this automatic extension**

This extension does not insure:

1.

A) any increase in **loss** as a result of damage, contamination or pollution by a **hazardous substance**;

B) any increase in **loss** or additional expenses incurred for cleanup, repair, replacement or disposal of damaged, contaminated or polluted property. As used herein "additional expenses" shall mean expenses incurred beyond those for which the **insurer** would have been liable had no contaminant, **pollutant** or **hazardous substance** been involved in the **accident**;

Except as specifically provided under the **hazardous substances** coverage under this automatic extension.

2. **Loss** caused by or resulting from:

A) delay or interruption of business, manufacturing or process;

B) lack of power, light, heat, steam or refrigeration; or

C) any other indirect result or consequence of an **accident**.



*Conditions applicable to this automatic extension*

1. The definition of **machine** and **pressure vessel** under “general definitions: all sections of the **policy**”, do not apply to this automatic extension.

Expediting Cost	Where a <b>claim</b> is payable under this insurance for the cost of reinstating any <b>insured property</b> , the <b>insurer</b> will also indemnify the <b>insured</b> for such additional costs of express freight and overtime labour as are reasonably incurred for the purpose of expediting that <b>reinstatement</b> . The indemnity provided by this extension will not increase the <b>insurer’s</b> liability beyond the <b>sum insured</b> on the affected property.
Glass	This insurance is extended to cover costs of sign writing, burglar alarm tape, wiring security film or sensors on the glass, removal of frames, temporary shutting, heat reflecting, tinting, removal and refacing of window and shaw case frames/fittings and security guards. Limited to \$5,000 unless otherwise stated in the <b>schedule</b> .
Gradual Damage – Residential Portion of Building	<p>The <b>insurer</b> will pay for damage to the residential portion of the <b>insured’s</b> property covered under section one of this <b>policy</b> resulting from the action of micro-organisms, mould, mildew, rot, fungi or gradual deterioration, caused by water leaking or overflowing from any internal water system, if the <b>loss</b> or damage first occurs during the time that the <b>insured</b> owns the property.</p> <p>The limit includes the cost of searching for the source of the problem if it is reasonably incurred and the <b>insurer</b> has accepted a <b>claim</b> for the <b>loss</b> or damage.</p> <p>An internal water system is any water pipe, waste disposal pipe, water cylinder or water storage tank which is permanently connected and contained within the walls, floors or roof of the residential portion of the structure and any pipe which is hidden from view that is connected to an appliance, such as a washing <b>machine</b> or dishwasher.</p> <p>The <b>insurer’s</b> liability under this extension will not exceed \$5,000 for any one <b>event</b> and must be applied towards searching for and/or repair for the damage.</p> <p>The <b>retention</b> will be the higher of \$500 or the standard <b>retention</b> shown in the <b>schedule</b>.</p>
Hazardous Substance Emergencies	<p>The <b>insurer</b> will indemnify the <b>insured</b> for any charge that the New Zealand fire service is authorised to make against the <b>insured</b> in respect of any <b>hazardous substance emergency</b> arising out of or in connection with any <b>insured property</b> during the <b>policy period</b>. The indemnity will be payable regardless of whether the <b>insured property</b> has been damaged. ‘<b>Hazardous substance emergency</b>’ has the same meaning as defined in the fire service act 1975 or any statutory amendment to or replacement of that act.</p> <p>At any one time the <b>insurer’s</b> liability under this memorandum will not exceed \$20,000. The indemnity provided by this memorandum will not increase the <b>insurer’s</b> liability beyond the <b>sum insured</b> on the affected property.</p>
Landscaping	This insurance is extended to cover the reasonable costs of landscaping at <b>Your Premises</b> including trees, shrubs, plants and lawn following the damage however the <b>Insurer’s</b> liability for this Extension is limited to \$10,000 any one <b>event</b> .
Money	Subject to the definitions and additional exclusions set out below, section one is extended to cover <b>money</b> as follows:



### Section A

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

### Section B

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

### Additional perils insured

This **policy** is further extended to cover **loss** of or damage to **money**:

- (a) directly caused by or resulting from any earthquake, hydrothermal activity, landslip, tsunami, volcanic eruption, or subsidence or erosion of the land;
- (b) directly resulting from theft of any kind not expressly excluded from cover under this extension.

### Additional exclusions

This extension is subject to the following additional exclusions: (i) **loss** due to errors in receiving payment or paying out; (ii) **loss** or damage occurring whilst the **money** is entrusted to any person other than the **insured**, any **principal** or any **employee** or agent of the **insured**, or any professional **money** carrier; (iii) **loss** resulting from payment of **money** in exchange for any cheque which is subsequently dishonoured; (iv) **loss** occurring whilst the **money** is in an unlocked and unattended **vehicle**; (v) **loss** directly 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; (vi) **loss** covered by a valid and collectable **claim** under a policy of fidelity guarantee (or equivalent) form of insurance; (vii) **loss** occurring whilst the **money** is in a safe or strong room opened by a key or by use of a combination, either of which has been left at the **insured's business premises** or **sites** of contract outside **business hours**, unless such key or combination details have been properly secured.

### Limits of liability

In respect of any one **loss** under:

Section A, the **insurer's** liability under this extension is limited to \$5,000, and

Section B, the **insurer's** liability under this extension is limited to \$1,000;

unless otherwise stated in the **schedule**.

Portable Electronic  
Equipment

Section one is extended to cover portable computer equipment and cell phones anywhere in the world.

In respect of any **loss** or damage covered by this extension, only items of portable electronic equipment less than two years old at the time of **loss** or damage will be covered for **reinstatement** value.



The liability of the **insurer** is limited to \$5,000 any one item and \$10,000 any one **event**. The indemnity provided by this memorandum will not increase the **insurer's** liability beyond the **sum insured** on contents.

Professional Fees

This insurance is extended to cover all reasonable professional and clerk of works fees, salaries and costs necessarily incurred in reinstating damage to **insured property** which is insured under this **policy**. The insured fees, salaries and costs are deemed to be included in the **sum insured** on the affected property. This extension does not apply to fees for preparing **claims** made under this **policy**.

Property Under Construction

This insurance is extended to cover **property damage** to any **buildings** or **contents of buildings** during the course of

1. demolition, or
2. installation, construction or erection, or
3. testing and commissioning following 2. above, provided that:

1. the property is owned, will be owned or will be occupied by the **named insured**, and
2. the completed value of contract works does not exceed:

(a) 10% of the sum insured for the **building** and/or **contents of buildings** (whichever is/are relevant), or

(b) \$100,000, whichever is the lesser.

These amounts are included in the maximum amount payable, not in addition.

Protection Costs

The **insurer** will indemnify **you** for any costs reasonably incurred by **you** for the purpose of, and for damage directly resulting from, controlling any cause of **loss** that involves or threatens to involve **insured property** which is insured under this insurance. However (a) this indemnity does not apply to costs or damage for which indemnity would be payable under this insurance in the absence of this extension; (b) the **insurer's** liability under this extension is limited to \$100,000 in respect of costs and damage arising out of any one **event**, unless otherwise stated in the **schedule**;

Redundant Foundations

Where the foundations of any building or plant are made redundant for any reason in consequence of **insured damage** to the superstructures or plant resting on them, and if the value of the foundations is reduced as a result, the loss of value will be deemed to be **loss** by physical damage for the purpose of **claims** under section one. If it is not necessary to demolish the foundations in order to reinstate damaged property, and if the presence of the abandoned foundations increases the market value of the property to which they are fixed, the amount of increase will be treated as salvage in the adjustment of **loss** for **claim** settlement purposes.



Redundant Plant and Stock

**Redundant plant**

The **insurer** will indemnify **you** for redundant:

- a) Interdependent plant; or
- b) Spare parts of the **insured property** affected;

following **loss** or damage covered by this material damage section.

**Redundant stock**

The **insurer** will indemnify **you** for unavoidable **permanent loss** of the value of **undamaged stock** resulting from a **loss** of or damage to other **insured property** covered by this material damage section.

Refrigerated Goods

The **insurer** will indemnify **you** against:

- (a) damage to goods stored in refrigerated cabinets or chambers arising from accidental stoppage, damage, or malfunction of refrigerating plant; and
- (b) expenses reasonably incurred to avoid or minimise the damage insured by (a) above by transferring the threatened goods to alternative storage or by other means;

Provided that:

- (i) the words "goods stored" are deemed to include goods anywhere on the **premises** at the **situation** specified in the **schedule** at the time of **loss** causing **event** and which would, but for the **event**, have been placed in the refrigerated cabinets or chambers;
- (ii) the extension does not cover **loss** due to the disconnection of public electricity supply by the supply authority where not less than 24 hours prior notice of the disconnection has been given at the time of **loss**.

**The insurer's** liability under this extension is limited to \$5,000, unless otherwise stated in the **schedule**.

Release of Liability

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

- a) The Fire Service Commission and any contractor, service-provider or agent approved by them to carry out fire alarm monitoring; or
- b) 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 general condition: subrogation of this **policy**.

Rented Premises

This **Policy** extends to cover the **Insured** for **loss** or damage to all internal and external glass, mirrors, wash basins, lavatory pans (including the cost of temporary shuttering and/or the hiring of a security service to protect **Insured property** pending replacement glass; replacement signwriting or ornamentation or burglar alarm tape and the like on glass; replacement heat reflecting, tinting, security material or process on the glass; removing and re-fixing window and show case frames and fittings) and **loss** or damage to the **premises** (including landlord's fixtures and fittings) for which the **Insured** is responsible by reason of any lease or rental agreement.



Rewards	<p>This insurance is extended to cover the cost of any reward paid by the <b>insured</b> for the purpose of protecting or recovering any <b>insured property</b>. However: (a) no payment will be made unless it contributes to the protection or recovery of the <b>insured property</b>; (b) the terms of the reward must be agreed by the <b>insurer</b> prior to the reward being offered; and (c) the <b>insurer's</b> liability will not be increased beyond the <b>sum insured</b> on that property. The <b>insurer</b> will not unreasonably refuse its agreement to the terms of a reward payable under this extension.</p>
Sale of Insured Property	<p>This <b>policy</b> extends to cover <b>loss</b> or damage to any <b>insured property</b> covered by this <b>policy</b> which is for sale and where an agreement to sell has not been fully completed, provided the said <b>insured property</b> is not otherwise fully insured by or on behalf of the purchaser against such <b>loss</b> or damage.</p>
Seasonal Stock Increase	<p>The <b>sum insured</b> for stock (if any) is automatically increased by 20% during the months of November, December and January, unless otherwise stated in the <b>schedule</b>.</p>
Smoke Damage	<p>In the event of adjacent <b>premises</b> to the <b>insured's</b>, not being its own or under its custody or control, being damaged by fire any damage to the <b>insured property</b> by smoke or water used in the extinguishing of the fire shall be deemed to be fire damage within the terms of the <b>policy</b>.</p>
Social Club	<p>This section extends to cover the property of any social club, sports club or similar body whose activities are principally for the benefit of the <b>insured's employees</b>. The property is deemed to be included in the description of <b>insured property</b> as if it were owned by the <b>insured</b>.</p>
Subsidence & Landslip	<p>This insurance is extended to cover physical <b>loss</b> or damage to <b>insured property</b> caused by subsidence or landslip, provided that the basic principles of <b>site</b> investigation and foundation design have been observed.</p> <p>The <b>insurer's</b> liability under this extension is limited to \$250,000 in respect of any one <b>event</b>, unless otherwise stated in the <b>schedule</b>.</p> <p>A <b>retention</b> of \$10,000 will apply in respect of all costs and damages arising from any one <b>event</b>.</p>
Stolen or Lost Keys	<p>Where any key (including any equivalent device) or combination giving access to <b>insured property</b> is lost, stolen or believed on reasonable grounds to have been duplicated without proper authority, section one is extended to cover the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. The insurance also is extended to cover the reasonable cost of opening any safe or strong room following theft of its key or combination. The costs are deemed to be included in the <b>sum insured</b> on the affected property.</p>
Temporary Removal	<p>This insurance is extended to cover any of the <b>insured property</b> (except stock) whilst temporarily removed to any place in New Zealand and whilst in transit to or from that place. The most <b>we</b> will pay under this extension, in total, during an annual period, is the amount <b>we</b> would be liable to pay if the property had been at its usual <b>situation</b>.</p> <p>In this extension, "temporarily removed" means removed for a particular purpose, with the intention that the property be returned to the place from which it has been removed once that purpose has been served.</p>





Transit	Notwithstanding exclusion (e), this insurance is extended to cover <b>insured property</b> whilst in transit within New Zealand. In respect of any one <b>event</b> the <b>insurer's</b> liability under this extension is limited to \$20,000, unless otherwise stated in the <b>schedule</b> . The <b>retention</b> will be the higher of \$1,000 or the burglary <b>retention</b> shown on the <b>schedule</b> .
Theft from Locked Vehicle	<p>This insurance is extended to cover theft of <b>insured property</b> at or away from the <b>insured's premises</b> and damage resulting from theft, or any attempt at theft, following forcible entry to or exit from any securely locked motor <b>vehicle</b> or theft or any attempt at theft from a securely locked motor <b>vehicle</b> accompanied by violence or threat of violence to persons.</p> <p>In respect of any one <b>event</b> the <b>insurer's</b> liability under this extension is limited to \$20,000, unless otherwise stated in the <b>schedule</b>. The <b>retention</b> will be the higher of \$1,000 or the <b>burglary retention</b> shown on the <b>schedule</b>.</p>
Theft	<p>This insurance is extended to cover theft of <b>insured property</b> which is not accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any enclosed <b>building</b>, provided that this extension does not extend to cover: (a) shoplifting; or (b) the <b>insured</b> voluntarily parting with title or possession if induced to do so by any fraudulent scheme, trick or false pretence.</p> <p>In respect of any one <b>event</b> the <b>insurer's</b> liability under this extension is limited to \$20,000, unless otherwise stated in the <b>schedule</b>. The <b>retention</b> will be the higher of \$2,500 or the <b>burglary retention</b> shown on the <b>schedule</b>.</p>
Unharmed Property	If, for the sole purpose of reinstating <b>insured property</b> which is insured under section one it is necessary to demolish, damage or remove any property or part unharmed, the <b>insurer</b> will indemnify <b>you</b> for the cost of doing so. The <b>insurer</b> will also indemnify the <b>insured</b> for the cost of reinstating the property or part to a condition the same as, but not better or more extensive than, its condition immediately prior to the demolition damage or removal. The indemnity provided by this extension will not increase the <b>insurer's</b> liability beyond the <b>sum insured</b> on the <b>property damaged</b> .

#### Special Extension: Blanket Aggregate Limit

Blanket Aggregate Limit	Notwithstanding any <b>sub-limits</b> of liability detailed in Automatic Extensions: Section 1, this <b>Policy</b> is extended to cover on an automatic blanket limit basis an additional annual aggregate limit of up to \$10,000 for coverage offered pursuant to Automatic Extensions: Section 1 for the following Automatic Extensions only: Demolition and Other Costs, <b>Employees' Effects</b> , Glass, Professional Fees, Repairs and Maintenance, Stolen or Lost Keys, Works of Art, Landscaping and Temporary Removal.
-------------------------	---

All other terms and conditions for the above Automatic Extensions continue to apply.

#### Optional Extensions

Applicable to those items of **insured property** where it is stated in the **schedule** that the extension applies:

Deep Fat Frying Warranty	There being Deep Fat Frying carried on in the <b>premises</b> described in this <b>Policy</b> it is warranted by the <b>Insured</b> :
--------------------------	---



- a) That a separate non-adjustable manually reset thermostat be fitted to each pan which thermostats shall disconnect each heating element from the power supply when the temperature of the cooking oils or cooking fats reaches 220 degrees Centigrade, and
- b) That each pan be fitted with close-fitting steel lids which must be shut down in the event of fire and when the pans are not in use, or alternatively, an Asbestos Blanket and Container be installed adjacent to the Deep Frying Pans and be readily accessible for immediate use, and
- c) That one fully charged Dry Powder Extinguisher of not less and 2 kg capacity or one fully charged BCF Extinguisher of not less than 1.8 kg capacity be mounted in a conspicuous place in the area in which frying operations are carried out and be readily accessible for immediate use, and
- d) That all Thermostats, Pans, Asbestos Blankets and Containers and Extinguishers be at all times maintained in good working order.

#### Earthquake

This insurance is extended to cover **loss** or damage to **insured property** caused by earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these.

#### Stock Declaration

The **premium** charged for cover on stock is provisional, and represents 75% of the full **premium** payable for the **sum insured** on stock. It is adjustable at the end of the current **policy period** in accordance with the following conditions:

- a) declarations of the actual value of the property insured held on the last day of each month within the **policy period** will be made to the **insured's** insurance broker not later than six weeks after the end of each month.
- b) the **sum insured** on stock is the limit of **our** liability for damage to that property. If any monthly declaration exceeds that amount, then in computing the average of the monthly declarations, the **sum insured** will be included in place of the actual declaration for that month.
- c) if no declaration is received for any one month, the specified **sum insured** will apply in place of the declaration for that month.
- d) the average of these monthly declarations will be computed at the end of the **policy period** and the actual **premium** payable will be assessed on that average (or on one half of the **limit of liability** on stock, whichever is greater).
- e) **we** will refund to **you** the amount by which the provisional **premium** exceeds the actual **premium** payable as calculated above. Alternatively, **you** will pay to **us** the amount by which the provisional **premium** paid falls short of the actual **premium**.
- f) if, in any **policy period** **you** fail to furnish a minimum of 75% of the declarations required in terms of this extension the extension will cease to apply, and:
  - i) the **premium** will be calculated on the full **sum insured**; and
  - ii) **you** must pay to **us** the amount by which the provisional **premium** falls short of that **premium**

#### Reinstatement

In the event of any **insured property** to which this extension applies being lost or damaged, the basis on which the amount payable under this insurance is to be calculated will be the cost of **reinstatement** of that property. Insurance under this extension is subject to the special provisions set out below, and is subject to the terms and conditions of this insurance except in so far as they are varied by the extension.



### Special provisions

1. Compliance with **regulations**: the amount payable under this extension will include the cost incurred in **reinstatement** which is necessary to comply with any **regulations**; provided that the amount payable will not include any such cost: (a) to the extent to which the work has already been required of the **insured** by notice served prior to the happening of the **loss** or damage; or (b) in respect of **undamaged** property or **undamaged** portions of property other than foundations (unless foundations are expressly excluded from insurance under this **policy**). This special provision (1) (b) will apply whether or not the **undamaged** property or portion comprises a separate building or structure or a separate item of plant or equipment.
2. **Site of reinstatement**: where 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**: (a) where **reinstatement** on the same **site** is not permissible by reason of any **regulations**; or (b) where **reinstatement** on the same **site** is not suitable to the **insured's** reasonable requirement, **reinstatement** may be carried out on any alternative **site**.
3. Limitations of amount payable: (a) where the work of **reinstatement** is carried out in terms of definition **equivalent building** (ii) or (iii), or on any location other than the original location at the same **site**, the **insurer's** liability will not exceed the cost which would have been incurred had **reinstatement** been carried out in terms of definition **equivalent building** (i) on the original location; (b) where the **insured's** property is damaged but not **destroyed**, the **insurer's** liability will not exceed the amount the **insurer** could have been called upon to pay for **reinstatement** of the property had the property been **destroyed**; (c) the **insurer's** liability under this extension in respect of any item of **insured property** will not exceed the **sum insured** in respect of that item.
4. Circumstances where this extension does not apply: no payment, beyond the amount which would have been payable had this extension not been incorporated in this **policy** will be made: (a) if the **insured** elects not to **reinstatement** the property; or (b) if the work of **reinstatement** is not commenced and carried out with reasonable despatch; or (c) where a building or structure 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. Where, by any reason of any of these circumstances, no payment is to be made beyond the amount which would have been payable if this extension had not been incorporated in this **policy**, the rights and liabilities of the **insured** and the **insurer** in respect of the **loss** or damage will be the same as if this extension had not been incorporated in this **policy**.
5. Valuation of the property: Where required by the **Insurer**, the **Insured** shall at the commencement of such insurance and when required provide the **Insurer** with a written estimate of the cost at such date of **reinstatement** of the Property Insured to which this Extension applies made and certified by a Valuer acceptable to the **Insurer**. The **Sum Insured** under the **policy** and this Extension in respect of each item will not be less than the amount of such estimate, and may be adjusted for renewal provided this is done within a two month period of the renewal date.
6. Average / Underinsurance: If, at the time of **loss** or damage, the **sum insured** is less than 90% of the cost which would be incurred by **reinstatement** if the whole of the property to which the **sum insured** applies were **destroyed**, then **you** will be considered as an **insurer** for the difference between the **sum insured** and the sum representing the cost of **reinstatement** of the whole of that property, and must bear a rateable proportion of the **loss** accordingly.
7. Rates, Tax and Other Charges: The amount payable under this extension will not include the amount of any rate, tax, duty, development charge, or any other assessment arising out of capital appreciation, which may be payable in respect of the



property by reason of compliance with any **regulations**.

8. Notwithstanding anything in the **Policy** to the contrary, the amount payable under this reinstatement memorandum or otherwise under the **Policy** in respect of property that is damaged but not **Destroyed** shall not include any cost incurred in connection with the seismic strengthening of the property to a level greater than it was immediately prior to the **occurrence** of the damage.

For the avoidance of doubt, the **Insured** shall bear any costs incurred or necessary to comply with any seismic strengthening requirements of the Building Code or similar regulation, which result in an increase in the seismic strength or resistance of the property to a level greater than it was immediately prior to the **occurrence** of the damage.

For the purpose of this clause **Destroyed** means so damaged that the property by reason only of that damage cannot be repaired.

The fact that the **Insured** must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the **reinstatement** of any damaged property shall be disregarded when assessing whether that property shall be deemed a total **loss**. Any provision in the **Policy** for Constructive Total **Loss** shall not apply.

All other provisions in the **Policy** concerning **reinstatement** and the basis of settlement continue to apply.



## Exclusions

Section One does not cover:

- a) **loss**, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with, including any action taken in controlling, preventing, suppressing or in any way relating to any of the following regardless of any other cause or **event** contributing concurrently or in any other sequence to the **loss**; (i) **war**, invasion, acts of foreign enemies, hostilities or warlike operations (whether **war** be declared or not), civil **war**, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or (ii) any act of **terrorism**;
- b) Property in the course of installation, construction, demolition, erection, or testing following any of them, unless the property is owned or to be owned or occupied by the **insured** and then only if the expected completed value or contract price will not exceed the amount specified in the **schedule**;
- c) Jewellery, precious stones, furs, precious metals or bullion, other than as stock of the **business** or as part of any plant;
- d) Motor **vehicles**, other mechanically or electrically propelled **vehicles** (including but not limited to railway locomotives and rolling stock), **watercraft** and **aircraft** of every kind, and accessories contained in them or on them, other than as stock of the **business**;
- e) Property in transit other than at **premises** owned or occupied by the **insured**;
- f) **Property damaged** as a result of its undergoing any normal **production process** where the damage is directly caused by that process;
- g) Standing timber, growing crops, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill;
- h) Any consequential **losses** whatsoever including penalties, **loss** of use of any property, delays, or loss of market;
- i) The cost of:
  - (i) Repairing or replacing faulty materials,
  - (ii) Putting right faulty workmanship,
  - (iii) Putting right work performed to a faulty or defective design plan or design specification, or
  - (iv) Putting right faulty or defective work where the fault or defect results from an error or omission in design plan or design specification;But this exclusion does not apply to any consequential **loss** or damage occurring as a result of the faulty or defective materials, workmanship, design plan, design specification or work;
- j) **loss**, damage, destruction, distortion, erasure, corruption or alteration of **electronic data** from any cause whatsoever (including but not limited to **computer virus**) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting there from, regardless of any other cause or **event** contributing concurrently or in any other sequence to the **loss**, except as provided for under the equipment breakdown automatic extension.

However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this **policy**, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the **policy period** to the **insured property** by this **policy** directly caused by such listed peril. Listed



perils: fire, explosion;

- k) notwithstanding any provision to the contrary within the **policy** or any endorsement thereto, it is understood and agreed as follows:-

Should **electronic data** processing media insured by this **policy** suffer physical **loss** or damage insured by this **policy**, then the basis of valuation shall be the cost of the blank media plus the costs of copying the **electronic data** from back-up or from originals of a previous generation. These costs will not include research and engineering or any costs of recreating, gathering or assembling such **electronic data**. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this **policy** does not insure any amount pertaining to the value of such **electronic data** to the assured or any other party, even if such **electronic data** cannot be recreated, gathered or assembled, except as provided for under the equipment breakdown automatic extension.

- l) any physical **loss** or damage:
- a. in excess of \$20,000 as a result of malicious damage, theft or attempted theft regardless of whether force and/or violence/threat of violence is used or not, from an unattended **vehicle** unless the **vehicle** is in a securely locked building
  - b. any other theft other than as provided under 'Automatic Extension' - Theft

Section One does not insure loss or damage directly or indirectly caused by or arising from:

- a) 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 other peril for which insurance is provided by this **policy**;
- b) Nuclear weapons material;
- c) 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;
- d) Earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these;
- e) Landslip, subsidence or erosion of the land;
- f) Normal settlement, shrinkage or expansion of **buildings**, foundations, walls, pavements, roads and other structural improvements;
- g) 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;
- h) Interruption of the supply to the **site** of water, gas, electricity or any fuel;
- i) Total or partial cessation of work, retarding or interruption or cessation of any process;
- j) Unexplained disappearances, shortages revealed only by the taking of an inventory, shortages due to clerical or accounting errors;
- k) theft by the **insured** or by any of the **insured's employees**;
- l) Any fraudulent scheme or device or false pretence practised on the **insured** or on any other person having care of the **insured property**;
- m) Fumes, gas, dust, smuts;
- n) Normal working, maintenance, wear and tear, gradual deterioration, erosion, corrosion, slowly developing deformation or distortion, marring or scratching, except as provided for under the equipment breakdown automatic extension;



- o) Vermin or insects;
- p) The inherent nature of the property, or action of light;
- q) Pollution or contamination, except as provided for under the equipment breakdown and hazardous substance emergencies automatic extensions;
- r) Changes in artificially controlled temperature or atmosphere, except as provided for under the refrigerated goods automatic extension;
- s) The action of micro-organisms, mould, mildew, rot or fungi.

The Insurer will not indemnify the Insured or fulfil any obligation otherwise owed to any Insured:

In respect of any building or structure where that indemnity or obligation arises from, is consequent upon or is in connection with the failure of that building or structure to contain: (i) materials; or (ii) a design; or (iii) a system; or (iv) a standard of workmanship; which effectively prevents or manages the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.

#### Conditions

Earthquake -  
Residential Property -  
Excess of Earthquake  
Commission Cover

The indemnity provided by optional extension 1 of section one of this **policy** in respect of **residential property** is only for that amount of the **loss** that is in excess of the cover provided by sections 18 and 20 of the Earthquake Commission Act 1993 (plus any excess applied by the Earthquake Commission).

Provided that if the **residential property** has not been declared as such on the proposal for insurance, this **policy** shall not indemnify **you** for **loss** or damage to **residential property** directly or indirectly caused by or resulting from earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these.

Basis of Settlement

- (a) for **insured property** insured for “replacement” the basis of settlement shall be as in the reinstatement memorandum of this section.
- (b) for **insured property** insured for “indemnity value” the basis of settlement shall be the lesser of: (i) the cost of repairing that part of the **insured property damaged**, to the condition existing immediately before the time of **loss** or damage; (ii) the cost of rebuilding or repairing the **insured property** to a condition as when new, less due allowance for the age and condition of the building immediately before the time of **loss** or damage; or (iii) the current market value of the building (having due regard to its condition and state of repair immediately before the time of **loss** or damage); and shall include, where appropriate: (a) the cost of demolition and removal of debris including the removal of **contents of buildings**; and (b) architects, surveyors, legal and other related expenses.
- (c) for property insured under **stock in trade** and materials of trade: (i) in respect of **stock in trade** insured under declaration conditions the basis of settlement shall be on the same basis of **stock in trade** as declared in the monthly declaration figures made to the **insurer** by the **insured**; or (ii) in respect of **stock in trade** not insured under declaration conditions the basis of settlement shall be on the same basis as the **sum insured** was calculated.

Other Interests

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

However, (a) 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 (b) the **insurer's** liability will not be increased beyond the amount that would be payable if this clause had not been incorporated in this **policy**.

Progress Claim  
Payments

In the event of **loss** or damage giving rise to a **claim** under this insurance, it is agreed that the **insurer** will make progress **claim** payments on production of acceptable evidence of insured **loss**. Provided that, if the aggregate of progress payments exceeds the total amount of the adjusted **loss**, **you** will immediately refund the difference between the amount of adjusted **loss** and the aggregate of payments actually made.

Reinstatement of  
Amount of Insurance

In the event of a **loss** for which a **claim** is payable under section one and, in the absence of written notice by the **insurer** or **you** to the contrary, the amount of insurance cancelled by the **loss** will be automatically reinstated from the date of **loss**. **You** undertake to pay such pro-rata **premium** at the rate applicable to the item(s) concerned as may be required for the **reinstatement**.

This condition does not apply to **loss** from earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these

Salvage

Where property insured under section one is lost or damaged, the **insurer** may: (a) enter any building where the **loss** or damage has occurred and take and keep possession of the damaged property; (b) deal with the salvage in any reasonable manner, provided that: (i) the **insured** is not entitled to abandon any property to the **insurer**; (ii) the **insurer** is not entitled to sell or otherwise dispose of salvaged branded goods without the **insured's** prior consent. In the event of the **insured** declining to give consent, the **insured** will retain possession of the salvaged goods and their reasonable salvage value will be deducted from the amount of **claim** that would otherwise be payable. Where it is practical to remove brands, labels or other marks, which identify the goods as supplied by the **insured**, the salvage value of the goods will be determined after such removal at the **insurer's** expense.

**End Section One**





## Section Two: Business Interruption

### Cover

Business Interruption Indemnity	<p>The <b>insurer</b> will indemnify the <b>insured</b> in respect of each item in the <b>schedule</b> the amount of <b>loss</b> resulting from interruption or interference to the <b>business</b> if during the <b>policy period</b> any building or <b>other property</b> or part thereof used by <b>you</b> at the <b>premises</b> for the purpose of the <b>business</b> be <b>destroyed</b> or damaged by:</p> <ul style="list-style-type: none"><li>(a) such risks as are covered under section one material damage;</li><li>(b) explosion of any boiler or economiser or pipe or other vessel which, in normal use is subject to generated or applied fluid pressure;</li></ul> <p>(destruction or damage so caused being called "<b>insured damage</b>") and the <b>business</b> carried on by <b>you</b> at the <b>premises</b> is consequently interrupted or interfered with.</p> <p>Provided that:</p> <ul style="list-style-type: none"><li>(i) the <b>insurer</b> will not be liable under section two unless the <b>insured property destroyed</b> or damaged is insured against such <b>insured damage</b> under section one material damage (<b>insured damage</b> by explosion of any boiler or economiser or pipe or other vessel which, in normal use is subject to generated or applied fluid pressure excepted) and the <b>insurer</b> shall have (or would have, but for the application of a <b>retention</b> or deductible) paid for or admitted liability in respect of the <b>insured damage</b>;</li><li>(ii) subject to the "reinstatement of amount of insurance" condition of section two, the <b>insurer's</b> liability will not exceed the <b>sum insured</b>; and if more than one item is included in the <b>schedule</b>, will not exceed in respect of each item the <b>sum insured</b> applicable to that item.</li></ul>
Automatic Extensions:	
Contractual Commitments	<p>This <b>Policy</b> insures the amount the <b>Insured</b> is legally liable to pay under contracts for purchases unavoidably not used as a result of the <b>Insured Damage</b> during the <b>Indemnity Period</b> as a result of the <b>Insured Damage</b>, less any sums received or receivable by the <b>Insured</b> in respect of such purchases through any salvage handling operations or resale.</p>
Closure of Transport Routes Ports or Airports	<p>This insurance is extended to include <b>loss</b> resulting from interruption of or interference with the <b>business</b> in consequence of: (a) <b>insured damage</b> resulting in closure; or (b) closure by order of any authority as a result of fear of any <b>insured damage</b> at any transport route, port or airport anywhere in New Zealand.</p> <p>Provided that: (i) for the purposes of this extension <b>insured damage</b> need not have been insured or liability admitted; and (ii) liability under this extension shall be limited to 15% of each and every item insured by section two, unless otherwise stated in the <b>schedule</b>. (iii) the <b>insurer</b> shall not be liable for the amount of <b>loss</b> arising from the first 48 hours (2 days) of any <b>loss</b> under this extension</p>
Customers / Suppliers Premises	<p>This insurance is extended to include <b>loss</b> resulting from interruption of or interference with the <b>business</b> in consequence of <b>insured damage</b> within New Zealand: (a) at any <b>premises</b> of suppliers of goods or services to <b>you</b>, including suppliers of</p>



telecommunication services; (b) at the **premises** of any customers of **you**.

Provided that: (i) for the purposes of this extension **insured damage** need not have been insured or liability admitted; (ii) liability under this extension shall be limited to 15% of each and every item insured by section two, unless otherwise stated in the **schedule**. (iii) the **insurer** shall not be liable for the amount of **loss** arising from the first 48 hours (2 days) of any **loss** under this extension

#### Health

This insurance is extended to include **loss** directly resulting from interruption of or interference with the **business** in consequence of action taken by a competent public authority in respect of: (a) **injury** or illness sustained by any guest arising from or traceable to foreign or injurious matter in food or drink provided on the **premises**; or (b) closing of whole or part of the **premises** consequent upon defects in the drains and other sanitary arrangements at the **premises**.

Provided that: (i) liability under this extension shall be limited to 10% of each and every item insured by section two, unless otherwise stated in the **schedule**; and (ii) the **insurer** shall not be liable for the amount of **loss** arising during the first 7 days immediately following the action taken by a competent public authority.

#### Murder, Suicide or Injury

This insurance is extended to include **loss** directly resulting from interruption of or interference with the **business** in consequence of action taken by a competent public authority in respect of murder, suicide or **injury** occurring at the **premises**.

Provided that: (i) liability under this extension shall be limited to 10% of each and every item insured by section two, unless otherwise stated in the **schedule**; and (ii) the **insurer** shall not be liable for the amount of **loss** arising during the first 7 days immediately following the action taken by a competent public authority.

#### Prevention of Access

This insurance is extended to include **loss** resulting from interruption of or interference with the **business** in consequence of **insured damage** within New Zealand to property within one kilometre radius of the **premises** which shall hinder or prevent the use thereof or access thereto, whether **your premises** or property therein shall be damaged or not.

Provided that: (i) for the purposes of this extension **insured damage** need not have been insured or liability admitted; liability under this extension shall be limited to 15% of each and every item insured by section two, unless otherwise stated in the **schedule**. (ii) the **insurer** shall not be liable for the amount of **loss** arising from the first 48 hours (2 days) of any **loss** under this extension.

#### Purchases from Joint Insureds

Where, for the purpose of avoiding or diminishing a reduction in **Turnover**, goods or services are purchased from a party jointly insured under this **Policy**, the reasonable full price of such goods or services (less any discount normally allowed) shall be taken into account for the purpose of adjusting a **claim**, as though the goods or services were purchased during the course of normal **business**.

#### Public and Private Utilities

This insurance is extended to include **loss** resulting from interruption of or interference with the **business** in consequence of **insured damage** within New Zealand to any electricity station or sub-station or power line and cable, gas works or water works of the public and/or private supply from which **you** obtain electric current, gas or water.

Provided that: (i) for the purposes of this extension **insured damage** need not have been insured or liability admitted; (ii) no cover shall apply for any **loss** in consequence of **insured damage** to the Maui platform or associated offshore pipeline; liability under



this extension shall be limited to 20% of each and every item insured by section two, unless otherwise stated in the **schedule**. (iii) the **insurer** shall not be liable for the amount of **loss** arising from the first 48 hours (2 days) of any **loss** under this extension.

#### Reduced Margin

If, in consequence of **Insured Damage** giving rise to a **claim** under this **Policy**, **Turnover** is maintained at a reduced **Rate Of Gross Profit**, an equitable allowance shall be made for the **loss of Gross 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 uninsured expense to **Turnover**.

#### Use of Accountants or Auditors

Any particulars or details contained in the **Insured's** books of account or any other **business** books or documents which may be required by the **Insurer** under the Claims Condition of this **Policy** for the purpose of investigating or verifying any **claim** may be produced and certified by the **Insured's** Accountant or Auditors or their Agents, whose Certificate shall be prima facie evidence of the particulars and details required.

#### Description of Items:

##### Item 1 Gross Profit

The insurance under this item is limited to **loss of gross profit** due to (a) reduction in **turnover** and (b) increase in cost of working and the amount payable as indemnity under this item shall be:

- (a) in respect of reduction in **turnover**, the sum produced by applying the **rate of gross profit** to the amount by which the **turnover** during the **indemnity period**, in consequence of **insured damage**, falls short of the **standard turnover**;
- (b) in respect of increase in cost of working, the additional expenditure (subject to the provisions of memo 2 of this item) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in **turnover** which but for that expenditure would have taken place during the **indemnity period** in consequence of **insured damage**, but not exceeding the sum produced by applying the **rate of gross 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 **gross profit** as may cease or be reduced in consequence of **insured damage**.

#### Memoranda

##### Memo 1: Alternative trading

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

##### Memo 2: Uninsured expenses

If any charges and expenses of the **business** are not insured by this **policy** (having been deducted in arriving at the **gross profit**), then in computing the amount recoverable under this item as increase in cost of working, that proportion only of any additional expenditure shall be brought into account which the **gross profit** bears to the



sum of the **gross profit** and those uninsured charges and expenses.

Item 2 – Gross Revenue

The insurance under this item is limited to **loss of gross revenue** due to (a) **loss of gross revenue** and (b) increase in cost of working and the amount payable as indemnity under this item shall be:

- (a) in respect of **loss of gross revenue**, the amount by which the **gross revenue** during the **indemnity period**, in consequence of **insured damage**, falls short of the **standard gross 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 **gross revenue** which but for that expenditure would have taken place during the **indemnity period** in consequence of **insured damage**, but not exceeding the amount of the reduction in **gross revenue** thereby avoided; less any sum saved during the **indemnity period** in respect of such of the charges and expenses of the **business** payable out of **gross revenue** as may cease or be reduced in consequence of **insured damage**.

Memoranda

Memo 1: Alternative trading

If during the **indemnity period**, services are rendered elsewhere than at the **premises** for the benefit of the **business**, either by **you** or by others on behalf of **you**, the **money** paid or payable in respect of those services shall be brought into account in arriving at the **gross revenue** during the **indemnity period**.

Item 3 - Additional Increase In Expenditure

The insurance under this item is limited to additional expenditure (including the additional cost of obtaining the necessary information for the replacement of all records of the **business**, including deeds, documents, plans, drawings, specifications, valuations, card indices and books of accounts) necessarily and reasonably incurred by **you** during the **indemnity period** in consequence of the **insured damage**, for the purpose of:

- (a) avoiding or diminishing a reduction in **turnover**;
- (b) avoiding or diminishing a reduction in **gross revenue**;
- (c) avoiding or diminishing a reduction in **gross rentals**;
- (d) resuming or maintaining any normal **business** operation or service.

However, the insurance under this item does not apply to: (i) any additional expenditure which would have been recoverable under any other item of section two but for the inadequacy of the **sum insured** under that item; or (ii) any expenditure incurred to reinstate physical damage other than expenditure incurred to reconstruct records.

Item 4 - Claims Preparation Expenses

The insurance under this item is limited to such reasonable professional fees, and such other reasonable expenses necessarily incurred by **you** for the preparation of a **claim** under section two and section one. The **insurer** will indemnify **you** for such reasonable fees and expenses up to but not exceeding in total the **sum insured** under this item.

Item 5 - Rents Receivable

The insurance under this item is limited to (a) **loss of gross rentals** and (b) increase in cost of working and the amount payable as indemnity under this item shall be:

- (a) in respect of **loss of gross rentals**, the amount by which the **gross rentals** during



the **indemnity period**, in consequence of **insured damage**, falls short of the **standard gross rentals**;

- (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 gross rentals** which, but for that expenditure, would have taken place during the **indemnity period** in consequence of **insured damage**, but not exceeding the amount of the reduction in **gross rentals** thereby avoided; less any sum saved during the **indemnity period** in respect of such expenses of the **business** payable out of **gross rentals** as may cease or be reduced in consequence of **insured damage**.

Memoranda

Alternative premises

If during the **indemnity period**, the **business** is conducted elsewhere than at the **premises**, the **gross rentals** derived from the other premises shall be brought into account in arriving at the **gross rentals** during the **indemnity period**.

Item 6- Wages (Dual Basis)

The insurance under this item is limited to **loss** in respect of wages and the amount payable as indemnity under this item shall be:

- (a) in respect of reduction in **turnover**:
  - (i) during the initial period, the sum produced by applying the **rate of wages** to the **shortage in turnover** during such period less any saving during such period through reduction in consequence of **insured damage** in the amount of wages paid;
  - (ii) during the remaining portion of the **indemnity period** the sum produced by applying the **rate of wages** to the **shortage in turnover** during such period less any saving during such period through reduction in consequence of **insured damage** in the amount of wages paid, but not exceeding the sum produced by applying the remainder percentage of the **rate of wages** 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 (i); note: at the option of **you** 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 clause (b) of item 1 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 item had such expenditure not been incurred.

Memoranda

Alternative trading

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



- Item 7 - Wages In Lieu Of Notice      The insurance under this item is limited to the **loss** incurred by **you** by the payment of wages for a period beginning with the commencement of the **indemnity period** and ending not later than the number of weeks thereafter specified in the **schedule**.
- The amount payable as indemnity under this item shall be the actual amount which **you** shall pay as wages for such period to **employees** whose services cannot, in consequence of **insured damage**, be utilised by **you** at all and an equitable part of the wages paid for such period to **employees** whose services cannot, in consequence of **insured damage**, be utilised by **you** to the full.
- Item 8 - Book Debts      The insurance under this item is limited to the **loss** sustained by **you** in respect of outstanding debit balances directly due to **insured damage** and the amount payable as indemnity under this item in respect of any one **occurrence of insured damage** shall not exceed:
- (a) the difference between: (i) the outstanding debit balances, and (ii) the total of the amounts received or traced in respect thereof;
- (b) the additional expenditure incurred with the prior consent of the **insurer** in tracing and establishing customers' debit balances after **insured damage**.
- Item 9 – Goodwill      The insurance under this item is limited to the **loss** of goodwill consequent upon cancellation of **your** lease of the **premises** as a result of **insured 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 **insured damage** bears to the unexpired term of the lease as stated on the **schedule**. If **you** 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.
- Conditions:
- Adjustment Of Premium      As **premiums** for items 1, 2, 5, 6 and 7 are provisional, the **premium** is subject to adjustment on expiry of each **policy period** as follows:
- (a) within six months of the expiry date of any **policy period you** shall submit to the **insurer** a certificate from a member of the institute of chartered accountants of New Zealand setting out the actual insured **gross profit, gross revenue**, rents received and wages insured by section two for the accounting year most nearly concurrent with that **policy period**;
- (b) the provisional **premium** will be adjusted at the agreed rate on such actual amounts, or a multiple thereof if the **indemnity period** exceeds 12 months, by payment to the **insurer** of an additional **premium** or by allowance to **you** of a return **premium** as the case may be. Provided that if a return **premium** is due, it shall in no case exceed 50% of the provisional **premium** charged for the items;
- (c) in the event of a **claim** occurring during the **policy period** the amount paid or payable for the **loss** in respect of the period shall be regarded as actually earned.
- Provided that in no case shall the liability of the **insurer** in respect of each item of this **policy** exceed the sums insured specified in the **schedule**.
- Alternative Index      In the event of a **claim** under section two adjustments may be based on "turnover" or "**output**" or whatever other index of **business** activity affords the most equitable result, and except in the definition of turnover, the word "**turnover**" wherever used in section two shall be read as "**turnover** or alternative index".



Accumulated Stocks	In adjusting any <b>claim</b> , account shall be taken and an equitable allowance made if during the <b>indemnity period turnover</b> is temporarily maintained from accumulated stocks of finished goods held by <b>you</b> , thus causing a shortage of finished goods after the <b>indemnity period</b> has expired.
Departments	If the <b>business</b> is conducted in departments or other units, the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of the <b>gross profit</b> item (and any separate items on <b>gross rentals</b> , wages or <b>payroll</b> ) will apply separately to each department or other unit affected by <b>insured damage</b> .
New Business (Gross Profit)	<p>For the purpose of any <b>claim</b> arising from <b>insured damage</b> occurring before the completion of the first year's trading of the <b>business</b> at the <b>premises</b> the terms "<b>rate of gross profit</b>", "<b>annual turnover</b>" and "<b>standard turnover</b>" shall bear the following alternative meanings:</p> <ul style="list-style-type: none"><li>a) <b>Rate of gross profit</b> the <b>rate of gross profit</b> earned on the <b>turnover</b> during the date of the commencement of the <b>business</b> and the date of <b>insured damage</b>.</li><li>b) <b>Annual turnover</b> the proportional equivalent for a period of twelve months of the <b>turnover</b> realised during the period between the commencement of the <b>business</b> and the date of <b>insured damage</b>.</li><li>c) <b>Standard turnover</b> the proportional equivalent for a period equal to the <b>indemnity period</b> of the <b>turnover</b> realised during the period between the commencement of the <b>business</b> and the date of <b>insured damage</b></li></ul> <p>To which such adjustments shall be made as may be necessary to provide for the trend of the <b>business</b> and for variations in or other circumstances affecting the <b>business</b> either before or after <b>insured damage</b> or which would have affected the <b>business</b> had <b>insured damage</b> not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for <b>insured damage</b> would have been obtained during the relative period after <b>insured damage</b>.</p>
New Business (Gross Revenue)	<p>For the purpose of any <b>claim</b> arising from <b>insured damage</b>, occurring before the completion of the first year's trading of the <b>business</b> at the <b>premises</b>, the terms "<b>standard gross revenue</b>" and "<b>annual gross revenue</b>" shall bear the following alternative meaning:</p> <ul style="list-style-type: none"><li>(a) <b>standard gross revenue</b> the proportional equivalent for a period equal to the <b>indemnity period</b>, of the <b>gross revenue</b> realised during the period between the commencement of the <b>business</b> and the date of <b>insured damage</b>;</li><li>(b) <b>annual gross revenue</b> the proportional equivalent for a period of twelve months, of the <b>gross revenue</b> realised during the period between the commencement of the <b>business</b> and the date of <b>insured damage</b>; to which such adjustments shall be made as may be necessary to provide for the trend of the <b>business</b> and for variations in or other circumstances affecting the <b>business</b> either before or after <b>insured damage</b> or which would have affected the <b>business</b> had <b>insured damage</b> not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for <b>insured damage</b> would have been obtained during the relative period after <b>insured damage</b>.</li></ul>
New Business (Gross Rentals)	<p>For the purpose of any <b>claim</b> arising from <b>insured damage</b>, occurring before the completion of the first year's trading of the <b>business</b> at the <b>premises</b>, the terms "<b>standard gross rentals</b>" and "<b>annual gross rentals</b>" shall bear the following alternative meaning:</p>



- (a) standard gross rentals the proportional equivalent for a period equal to the indemnity period, of the **gross rentals** realised during the period between the commencement of the **business** and the date of **insured damage**;
- (b) annual **gross rentals** the proportional equivalent for a period of twelve months, of the **gross rentals** realised during the period between the commencement of the **business** and the date of **insured damage**; to which such adjustments shall be made as may be necessary to provide for the trend of the **business** and for variations in or other circumstances affecting the **business** either before or after **insured damage** or which would have affected the **business** had the **insured damage** not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the **insured damage** would have been obtained during the relative period after the **insured damage**.

Payment on Account      In the event of the **occurrence** of a **loss** under this insurance, payments on account will be made to **you** during the **indemnity period** if desired on production of a statement of **claim** certified by the accountant appointed in accordance with the general condition "duties in the event of a **claim**" of the **policy**.

Salvage Sale      If following **insured damage** giving rise to a **claim** under section two, **you** shall hold a salvage sale during the **indemnity period**:

- (a) clause (a) of item 1 (**gross 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 gross profit** to the amount by which the **turnover** during the **indemnity period** (less the **turnover** for the period of the salvage sale) shall, in consequence of the **insured damage**, fall short of the **standard turnover**, from which shall be deducted the **gross profit** actually earned during the period of the salvage sale;
- (b) the definition of **shortage in turnover** shall, for the purpose of such **claim**, read as follows: "**shortage in turnover**" - the amount by which the **turnover** during a period (less the **turnover** for the period of the salvage sale), shall in consequence of the **insured damage**, fall short of the part of the "**standard turnover**" which relates to that period, from which shall be deducted the **payroll** or wages paid during the period of the salvage sale.

Reinstatement Of Amount Of Insurance      In the event of a **loss** for which a **claim** is payable under section two and, in the absence of written notice by the **insurer** or **you** to the contrary, the amount of the insurance cancelled by such **loss** will be automatically reinstated from the date of **loss**. **You** undertake to pay such pro-rata **premium** at the rate applicable to the item(s) concerned as may be required for the **reinstatement**.

This condition does not apply to **loss** from earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these.

#### Exclusions:

Section Two does not cover:

- a) **Loss**, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with, including any action taken in controlling, preventing, suppressing or in any way relating to any of the following regardless of any other cause or **event** contributing concurrently or in any other sequence to the **loss**; (i) **war**, invasion, acts of foreign enemies, hostilities or warlike operations (whether **war** be declared or not), civil **war**, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or (ii) any act of **terrorism**;
- b) Property in the course of installation, construction, demolition, erection, or testing





following any of them, unless the property is owned or to be owned or occupied by the **insured** and then only if the expected completed value or contract price will not exceed the amount specified in the **schedule**;

- c) Jewellery, precious stones, furs, precious metals or bullion, other than as stock of the **business** or as part of any plant;
- d) Motor **vehicles**, other mechanically or electrically propelled **vehicles** (including but not limited to railway locomotives and rolling stock), **watercraft** and **aircraft** of every kind, and accessories contained in them or on them, other than as stock of the **business**;
- e) **Property damaged** as a result of its undergoing any normal **production process** where the damage is directly caused by that process;
- f) Standing timber, growing crops, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill;
- g) Any consequential **losses** whatsoever including penalties, loss of use of any property, delays, or loss of market;
- h) The cost of:
  - (i) Repairing or replacing faulty materials,
  - (ii) Putting right faulty workmanship,
  - (iii) Putting right work performed to a faulty or defective design plan or design specification, or
  - (iv) Putting right faulty or defective work where the fault or defect results from an error or omission in design plan or design specification;

But this exclusion does not apply to any consequential **loss** or damage occurring as a result of the faulty or defective materials, workmanship, design plan, design specification or work;
- j) **loss**, damage, destruction, distortion, erasure, corruption or alteration of **electronic data** from any cause whatsoever (including but not limited to **computer virus**) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting there from, regardless of any other cause or **event** contributing concurrently or in any other sequence to the **loss**, except as provided for under the equipment breakdown automatic extension. However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this **policy**, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the **policy period** to the **insured property** by this **policy** directly caused by such listed peril. Listed perils: fire, explosion;
- k) notwithstanding any provision to the contrary within the **policy** or any endorsement thereto, it is understood and agreed as follows:-

Should **electronic data** processing media insured by this **policy** suffer physical **loss** or damage insured by this **policy**, then the basis of valuation shall be the cost of the blank media plus the costs of copying the **electronic data** from back-up or from originals of a previous generation. These costs will not include research and engineering or any costs of recreating, gathering or assembling such **electronic data**. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this **policy** does not insure any amount pertaining to the value of such **electronic data** to the assured or any other party, even if such **electronic data** cannot be recreated, gathered or assembled, except as provided for under the equipment breakdown automatic extension.



Section Two does not insure Loss or damage directly or indirectly caused by or arising from:

- a) 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 other peril for which insurance is provided by this **policy**;
- b) Nuclear weapons material;
- c) 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;
- d) Earthquake, hydrothermal activity, geothermal activity, subterranean fire, volcanic eruption, tsunami or fire following caused by any of these;
- e) Infectious human or animal disease / contamination;
- f) Landslip, subsidence or erosion of the land;  
Normal settlement, shrinkage or expansion of **buildings**, foundations, walls, pavements, roads and other structural improvements;
- h) 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;
- i) Interruption of the supply to the **site** of water, gas, electricity or any fuel, except as provided for under the public and private utilities automatic extension;
- j) Total or partial cessation of work, retarding or interruption or cessation of any process;
- k) Unexplained disappearances, shortages revealed only by the taking of an inventory, shortages due to clerical or accounting errors;
- l) Burglary, unless accompanied by; (a) violent and forcible entry to or exit from any enclosed building; or (b) violence or threat of violence to persons.
- m) Theft by the **insured** or by any of the **insured's employees**;
- n) Any fraudulent scheme or device or false pretence practised on the **insured** or on any other person having care of the **insured property**;
- o) Fumes, gas, dust, smuts;
- p) Normal working, maintenance, wear and tear, gradual deterioration, erosion, corrosion, slowly developing deformation or distortion, marring or scratching;
- q) Vermin or insects;
- r) The inherent nature of the property, or action of light;
- s) Pollution or contamination, except as provided for under the equipment breakdown and hazardous substance emergencies automatic extensions;
- t) Changes in artificially controlled temperature or atmosphere;
- u) The action of micro-organisms, mould, mildew, rot or fungi.

The Insurer will not indemnify the Insured or fulfil any obligation otherwise owed to any Insured:

In respect of any building or structure where that indemnity or obligation arises from, is consequent upon or is in connection with the failure of that building or structure to contain: (i) materials; or (ii) a design; or (iii) a system; or (iv) a standard of workmanship; which effectively prevents or manages the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.

**End Section Two**



## Conditions: Claims

Bankruptcy or Insolvency	The bankruptcy of any <b>insured person</b> or insolvency of the <b>company</b> shall not relieve the <b>insurer</b> of any obligations under this <b>policy</b> .
Circumstances	Any <b>insured</b> may, during the <b>policy period</b> , notify the <b>insurer</b> at the address provided in the <b>schedule</b> of any circumstance reasonably expected to give rise to a <b>claim</b> . The notice must include the reasons for anticipating that <b>claim</b> , and full particulars as to dates, acts and persons involved.
Consent: Insured	The <b>insurer</b> may settle any <b>claim</b> with respect to any <b>insured</b> , subject to such <b>insured's</b> or the <b>policyholder's</b> written consent.
Consent: Insurer	No <b>insured</b> shall admit or assume any liability, enter into any settlement agreement, or consent to any judgment without the prior written consent of the <b>insurer</b> . Only judgments resulting from <b>claims</b> defended in accordance with this <b>policy</b> shall be recoverable as a <b>direct financial loss</b> or <b>loss</b> under this <b>policy</b> .
Continuity	Notwithstanding the known or prior exclusion, cover is provided under this <b>policy</b> for any <b>claim</b> , or circumstance, which could or should have been notified under any earlier <b>policy</b> , provided always: (i) the <b>claim</b> , or circumstance, could and should have been notified after the <b>continuity date</b> ; and (ii) the cover provided under this condition shall be in accordance with the provisions of the <b>policy</b> under which the <b>claim</b> , or circumstance, could and should have been notified. This condition applies to all insuring clauses other than the general liability, the fidelity and personal accident insuring clauses.
Loss Allocation	Where any <b>loss</b> is incurred in respect of any <b>claim</b> which arises from both covered matters and matters not covered by this <b>policy</b> , the <b>insurer's</b> liability under this <b>policy</b> is limited to the proportion of the <b>loss</b> which represents a fair and equitable allocation between the <b>insured</b> and the <b>insurer</b> , taking into account the relative legal and financial exposures attributable to covered matters and matters not covered under this <b>policy</b> .
Loss Mitigation	As soon as the <b>insured discovers</b> a <b>direct financial loss</b> involving an identified <b>employee</b> , the <b>insured</b> must immediately take all necessary steps to prevent any additional <b>direct financial loss</b> being caused by the same identified <b>employee</b> . Any further <b>direct financial loss</b> caused by the same <b>employee</b> after the date of <b>discovery</b> will not be covered by this <b>policy</b> .
Preservation of Right to Indemnity	In the event and to the extent that the <b>company</b> is permitted or required to indemnify any <b>insured person</b> in respect of a <b>claim</b> , but for whatever reason fails or refuses to do so, then the <b>insurer</b> shall pay on behalf of the <b>insured person</b> any <b>loss</b> arising from



such **claim**. In such event the **retention** applicable to directors and **officers** cover shall be paid by the **company** to the **insurer**. In the event of the **company** being placed in liquidation (other than voluntary liquidation) no **retention** shall apply.

**Recovery** This **policy** and any rights under it may not be assigned without the prior written consent of the **insurer**. Upon payment, the **insurer** shall be subrogated to all rights of recovery of the **insured** even if the **insured** has not been fully compensated for its **loss** and be entitled to pursue and enforce such rights in the name of the **insured**.

**Related Claims** If notice of a **claim** or circumstance is given as required by this **policy**, then any subsequent **claim** alleging, arising out of, based upon or attributable to the facts alleged in that **claim** or described in that circumstance notice shall be deemed first made against an **insured** and reported to the **insurer** at the time the required notices were first provided. Any **claim** arising out of, based upon or attributable to continuous, repeated or related management liability, **statutory liability**, personal **injury**, or **property damage** shall be considered a single **claim**.

**Related Dishonest Acts** Any **direct financial loss** resulting from a series of continuous, repeated or related **dishonest acts** shall be considered a single **direct financial loss**.

**Basis of Valuation** With respect to any **loss** which is covered under this **policy**, the **insurer** is not liable for more than:

- (i) the actual market value of **securities, money** or precious metals at the close of **business** on the day the **loss** was **discovered** (determined by the value published in the Australian financial review), or the actual cost of replacing the **securities, money** or precious metals, whichever is less;
- (ii) the actual cash value of **other property** (not referred to in (a) above) at the close of **business** on the day the **loss** was **discovered**, or the actual cost of replacing the property with property of like quality or value, whichever is less;
- (iii) the cost of blank books, blank pages or other materials plus the cost of labour and computer time for the actual transcription or copying of data furnished by the **insured** in order to reproduce books of account and other records; or
- (iv) the cost of labour for the actual transcription or copying of **electronic data** furnished by the **insured** in order to reproduce such **electronic data**.

#### General Conditions: All sections of the Policy

**Alteration of Risk** Upon the **insured** becoming aware of any change in the nature of occupation or other circumstances material to the risk of **loss** or damage, this insurance will cease in respect of the affected property unless and until the change is accepted by the **insurer** in writing.

The **named insured** shall notify **us** in writing within thirty (30) days of any material changes to the **business** description as stated in the **policy schedule**. **We** reserve the right to accept or deny coverage at the time of such notification and to establish a separate rate and **premium** for any such change in description of **business** as set forth in the **policy schedule**.



However, this insurance will not be prejudiced by:

- a) Such changes in the use or occupancy of the **premises** as are usual or incidental to the **insured's business**;
- b) The performance of any structural alterations or repairs to **insured property** , providing the circumstances are reported to the **insurer** in writing within a reasonable time after the **insured** becomes aware of them; and provided that the **insured** agrees to pay a reasonable additional **premium** for the increased risk if so required by the **insurer** ;
- c) The cessation of operations or vacancy of any building for a period in excess of 30 consecutive days, providing the circumstances are reported to the **insurer** within a reasonable time after the **insured** becomes aware of them; and provided that the **insured** agrees to pay a reasonable additional **premium** for the increased risk if so required by the **insurer** .

#### Assignment

This **policy** and any rights hereunder cannot be assigned without **our** prior written consent.

#### Authority

It is agreed that the **named insured** acts on behalf of all **insured's** with respect to the exercise of all their rights and the discharge of all their duties in respect of this **policy**, including but not limited to:

- a) Negotiating the terms and conditions of cover;
- b) Binding cover;
- c) The notification of a **claim**, circumstance, **direct financial loss**, legal proceeding or **loss**;
- d) The giving and receiving of any notice of cancellation;
- e) The payment of **premium** and the receipt of any refund of **premium** that may become due;
- f) The payment of the **retention**;
- g) The negotiation and receipt of any endorsement;
- h) The appointment of lawyers to defend a **claim** or legal proceeding or **loss**;
- i) The receipt of amounts payable by **us** under this **policy**.

#### Cancellation

This **policy** may be cancelled;

- a) By the **insured** at any time, and with immediate effect, by giving notice in writing to the **insurer**. In the event of such cancellation, the **insurer** will be entitled to a pro-rata proportion of the **premium** for the time during which this **policy** has been in force.
- b) 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**, less 20% of that pro-rata proportion.

However, if any **claims**, **direct financial loss**, **legal proceedings** or **losses** have been notified to **us** during the relevant **policy period** and prior to the date of cancellation, no refund of **premium** shall be made to the **named insured**.



Changes in The Policy	No change in this <b>policy</b> will be valid unless agreed in writing by the <b>insurer</b> nor shall the requirements of this <b>policy</b> be deemed to be waived unless the <b>insurer</b> agrees in writing.
Compliance	The <b>insured</b> shall comply with all statutory requirements concerning the inspection of passenger lifts and steam pressure apparatus.
Cross Liability	If the <b>insured</b> comprises more than one party, <b>we</b> will provide indemnity to each in the same manner and to the same extent as if a separate policy had been issued to each, provided that <b>our</b> total liability for liability sustained by any or all of the <b>insured's</b> shall not exceed the <b>limit of liability</b> stated in the <b>policy schedule</b> .
Currency	All amounts under this <b>policy</b> are expressed and payable in New Zealand dollars. If judgment is given, settlement is made or other element of <b>loss</b> or under this <b>policy</b> is stated in a currency other than New Zealand dollars, payment under this <b>policy</b> will be made in New Zealand dollars at the cash rate of exchange for the purchase of New Zealand dollars by the reserve bank of New Zealand on the date the final judgment is reached or in the event of a settlement, the date upon which the amount of the settlement is agreed upon.
Duties in the Event of Claim	<p>If anything occurs which could give rise to a <b>claim</b> under this <b>policy</b> the <b>insured</b> must:</p> <ol style="list-style-type: none"><li>a) Notify the <b>insurer</b> as soon as practicable;</li><li>b) in respect of a material damage <b>claim</b>:<ul style="list-style-type: none"><li>• Promptly take all reasonable steps to prevent further <b>loss</b> or damage;</li><li>• Inform the police as soon as possible if a criminal act is suspected;</li><li>• Submit full particulars of the <b>claim</b> in writing to the <b>insurer</b> as soon as practicable after any <b>event</b> from which a <b>claim</b> arises;</li><li>• At the <b>insured's</b> own expense, provide the <b>insurer</b> with any reasonably required proof and information in respect of the <b>claim</b>.</li></ul></li><li>c) In respect of a <b>business</b> interruption <b>claim</b>:<ul style="list-style-type: none"><li>• Promptly take all reasonable steps to minimise any interruption or interference with the <b>business</b> or to avoid or diminish the <b>loss</b>;</li><li>• If required, forward to the <b>insurer</b> a statement in writing of the <b>claim</b> certified by an accountant with all particulars and details reasonably practicable, and produce and furnish all books of account and other <b>business</b> books, invoices, vouchers and other documents, proofs, information, explanations and other evidence and facilities as may be reasonably required for investigation and verification of the <b>claim</b>.</li></ul></li></ol>
Enforceability, Construction and Conformance to Statute.	<ol style="list-style-type: none"><li>a) If any provision contained in this <b>policy</b> is, for any reason, held to be invalid, illegal or unenforceable in any respect, it is hereby deemed to be severed and to have no effect on any other valid, legal and enforceable provision of this <b>policy</b>.</li><li>b) If any provision contained in this <b>policy</b> is for any reason held to be invalid, illegal or unenforceable, it will be construed by limiting it so as to be valid, legal and enforceable to the extent compatible with applicable law.</li><li>c) Any provisions of this <b>policy</b> which are in conflict with the <b>statutes</b> or <b>regulations</b> of the state or country wherein this <b>policy</b> is issued are hereby amended to</li></ol>



conform to such **statutes** or **regulations**.

Fraud	If any <b>claim</b> under this <b>policy</b> is in any respect fraudulent or if any fraudulent means or devices are used to obtain any benefit under this <b>policy</b> , or if any <b>loss</b> , destruction or damage be occasioned by wilful act or with the <b>insured's</b> connivance, all benefit under this <b>policy</b> shall be forfeited.
Governing Law	Any interpretation of this <b>policy</b> relating to its construction, validity or operation shall be made in accordance with the laws of New Zealand. The parties agree to submit to the exclusive jurisdiction of the New Zealand courts.
GST	All amounts indicated in this <b>policy</b> and the attached <b>schedule</b> are exclusive of Goods and Services Tax where payable by law.
Headings and Titles	The descriptions in the headings and titles of this <b>policy</b> are solely for reference and convenience and do not lend any meaning to this <b>policy</b> . Words in bold typeface have special meaning and are defined or listed in the <b>schedule</b> . Words and expressions in the singular shall include the plural and vice versa. Words that are not specifically defined in this <b>policy</b> have the meaning normally attributed to them.
Inspection	<p>The <b>insurer</b> shall be permitted but not obligated to inspect the <b>named insured's</b> property and operations at any time. Neither the <b>insurer's</b> right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the <b>insured</b> or others, to determine or warrant that such property or operations are safe. The <b>insurer</b> may examine and audit the <b>named insured's</b> books and records at any time during the <b>policy period</b> and extensions thereof and within three years after the final termination of this insuring agreement, as far as they relate to the subject matter of this insurance.</p> <p><b>We</b> may give the <b>insured</b> reports on the conditions that <b>we</b> find. <b>We</b> may also recommend changes. <b>We</b> do not, however, undertake to perform the duty of any person or organisation to provide for the health or safety of the <b>insured's employees</b> or the public. <b>We</b> do not warrant the health and safety conditions of the <b>insured</b> or <b>insured's premises</b> or operations or represent that the <b>insured</b> or <b>insured's premises</b> or operations comply with laws, <b>regulations</b>, codes or standards.</p>
Material Facts	<p>The truth of any statements and answers in any:</p> <ol style="list-style-type: none"><li><b>claim</b> form;</li><li>proposal or underwriting information provided for the purpose of obtaining this insurance or any renewal or extension thereof;</li></ol> <p>Given to the <b>insurer</b> by or on behalf of the <b>insured</b> shall be conditions precedent to any liability of the <b>insurer</b> to make payment under this <b>policy</b>.</p>
New Zealand Jurisdiction	All disputes arising out of or under this <b>policy</b> shall be subject to determination by any court of competent jurisdiction within New Zealand.
Non Accumulation	Regardless of the number of years this <b>policy</b> shall continue in force, the number of <b>premiums</b> paid and irrespective of whether it is or may be renewed, the limits of liability



as specified in the **policy schedules** shall not accumulate from year to year or from **policy period to policy period**.

Other Insurance	If at the time of any <b>claim</b> or <b>occurrence</b> arising under this <b>policy</b> , there is other valid and collectable insurance covering all or part of the same <b>loss</b> , the insurance under this <b>policy</b> shall be excess insurance over and above the amount of liability covered under such other <b>policy</b> of indemnity or insurance and the limits of liability under this <b>policy</b> shall be reduced by an amount equal to the limits of liability afforded under such other <b>policy</b>
Policy Purchase	In granting cover to the <b>insured</b> , the <b>insurer</b> has relied upon all the information and documentation submitted to the <b>insurer</b> in connection with the underwriting of this <b>policy</b> or any prior <b>policy</b> of which this <b>policy</b> is a renewal or a replacement or which it succeeds in time. Those documents and information form the basis of cover and shall be considered incorporated into and a part of this <b>policy</b> .
Reasonable Precautions	The <b>insured</b> shall take all reasonable precautions to: <ol style="list-style-type: none"><li>a) Avoid or minimise <b>loss</b> or damage;</li><li>b) Maintain all <b>premises</b>, fittings, appliances, <b>machinery</b> and electronic equipment in safe and sound condition;</li><li>c) Maintain and keep operational all security, protective and warning equipment;</li><li>d) Comply with all statutory regulatory or local authority requirements pertaining to the ownership, occupation and use of the property.</li></ol>
Reference to Statute	In this <b>policy</b> references to any statutory provision are to be construed as references to that statutory provision as amended, supplemented, re-enacted, or replaced from time to time and are to include any orders, <b>regulations</b> , instruments or other subordinated legislation made under or deriving validity from that statutory provision
Sanctions	If, by virtue of any law or regulation which is applicable to an <b>Insurer</b> , its parent <b>company</b> or its ultimate controlling entity, at the inception of this <b>Policy</b> or at any time thereafter, providing coverage to the <b>Insured</b> is or would be unlawful because it breaches an applicable embargo or sanction, that <b>Insurer</b> shall provide no coverage and have no liability whatsoever nor provide any defence to the <b>Insured</b> or make any payment of defence costs or provide any form of security on behalf of the <b>Insured</b> , to the extent that it would be in breach of such embargo or sanction.
Severability – Proposal	<p>In granting cover under this <b>policy</b> the <b>insurer</b> has relied upon the declarations and statements which are contained in or constitute the written proposal form or statement of facts together with its attachments and the other information supplied forming part of this <b>policy</b>.</p> <p>Such written proposal form or statement of facts together with its attachments and the other information supplied for coverage shall be construed as a separate proposal form for coverage individually submitted by each <b>insured person</b>.</p>
Severability – Conduct	For the purpose of determining the applicability of the conduct exclusion, the <b>wrongful acts</b> , criminal, fraudulent, wilful or malicious act, error or omission, or any intentional or knowing violation of <b>statute</b> or law, or knowledge possessed by any <b>insured person</b>





shall not be imputed to any other **insured person**.

Subrogation

In the event of a payment under this **policy** to the **insured** or on behalf of the **insured** the **insurer** shall be subrogated to and/or receive assignment of all the **insured's** rights of recovery against all persons and organisations and the **insured** shall execute and deliver any and all appropriate instruments and papers and do all that is necessary to assist the **insurer** in the exercise of such rights including prosecuting proceedings in the **insured's** name at the **insurer's** expense. Any such amount so recovered shall first be apportioned to pay the **insured's retention** and secondly to reimburse the **insurer** to the extent of its actual payment hereunder.

Validity

This **policy** shall not be binding upon the **insurer** unless it is countersigned on the **schedule** by an authorised representative of the **insurer**.



## General Definitions: All Sections of the Policy

Aircraft	Means a vehicle designed to be used primarily in the air and to be supported by the dynamic reaction of the air upon the vehicle's wings or rotor-blades, and/or by the vehicle's buoyancy in the air. The term aircraft, however, excludes missiles, spacecraft and the ground support or control equipment used therewith.
Aircraft Products	Means: <ul style="list-style-type: none"><li>a) <b>Aircraft</b> and any ground support or control equipment used therewith;</li><li>b) Any insured product furnished by the <b>insured</b> and installed in <b>aircraft</b> or used in connection with <b>aircraft</b>;</li><li>c) Any tooling used for the manufacture of (a) or (b) above;</li><li>d) Any ground handling tools and equipment used in connection with (a) or (b) above including training aids, navigational aids, instruction or manuals;</li><li>e) Blueprints, engineering or other data furnished by the <b>insured</b> in connection with (a), (b), (c) or (d) above;</li><li>f) Any advice, service and/or labour furnished by the <b>insured</b> in connection with (a), (b), (c), (d) or (e) above.</li></ul>
Buildings	Means buildings, other structures and their appurtenances including but not restricted to the plant, fixtures, pipes and cables pertaining to any of them and located in or about the situation. Including fixed signs and lettering, tanks, poles, power lines and their supports, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like.
Burglary	<p><b>Theft</b> accompanied by violence or threat of violence to any person or violent and forcible entry to or exit from any enclosed building or enclosed yard.</p> <p>For the purpose of this definition 'enclosed yard' means a yard fully enclosed by a security fence of less than two metres in height with security gates having a suitable locking device.</p> <p>Burglary also includes theft following forcible removal of any fixture, fitting, structure and/or item permanently affixed to or forming part of any <b>building</b>.</p>
Business	Means all usual activities and operations of the <b>named insured</b> as described in the <b>policy schedule</b> and includes: <ul style="list-style-type: none"><li>a) The ownership, tenancy or occupation of <b>premises</b> of the <b>named insured</b>;</li><li>b) Private work carried out with the consent of the <b>named insured</b> for any <b>executive</b>, partner or senior official of the <b>named insured</b> by an <b>employee</b>;</li><li>c) The provision or management of canteen, social or sports organisations for the <b>named insured's employees</b>; and</li><li>d) The provision of the <b>named insured's</b> own internal fire, first aid, medical, security and ambulance services.</li></ul>
Business Hours	Means any hours during which the <b>insured</b> or any <b>principal</b> or any <b>employee</b> entrusted with the care, custody or control of <b>money</b> is on the <b>premises</b> for the purpose of the <b>insured's</b>



**business.**

Claim	Means any: (i) written complaint, proceeding or arbitration seeking damages or non-monetary relief; (ii) criminal charge; and (iii) official, written notice or other demand in connection with an investigation. For the general liability insuring clause, claim means a written demand, notice or other written communication received by the <b>insured</b> seeking a remedy and/or alleging liability or responsibility on the <b>insured's</b> part for an <b>occurrence</b> covered by this <b>policy</b> .
Company	Means the <b>named insured</b> .
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. Computer virus includes but is not limited to 'Trojan horses', 'worms' and 'time or logic bombs'.
Contents of Buildings	Means contents of <b>buildings</b> , chattels in the open or under shelter, tenant's improvements and all other tangible property not being <b>buildings</b> , <b>stock in trade</b> or <b>other property</b> . Including, where the <b>insured</b> is the tenant of the building, glass and other landlord's fixtures and fittings if <b>you</b> are responsible for insuring them and if their value is not included in the <b>sum insured</b> on <b>buildings</b> .
Continuity Date	Means the date specified in the <b>schedule</b> .
Credit Arrangement	Means any credit agreement, extension of credit or hire-purchase agreement, loan or transaction in the nature of a loan, lease or rental agreement, invoice, account, agreement or other evidence of debt.
Destroyed	Means so damaged by an <b>insured event</b> that the property by reason only of that damage cannot be repaired.
Direct Financial Loss	Means direct financial <b>loss</b> caused by the <b>loss</b> of <b>money</b> , <b>securities</b> or other Property: (i) owned by the <b>company</b> ; or (ii) in the care, custody or control of the <b>company</b> and for which the <b>company</b> is legally liable.  Direct financial <b>loss</b> does not include: (i) wages, salaries or other remuneration or benefits paid by the <b>company</b> to its <b>employees</b> and <b>executives</b> ; (ii) complete or partial non-payment or default under any <b>credit arrangement</b> ; or (iii) any costs, fees or other expenses incurred by the <b>insured</b> in prosecuting or defending any demand, <b>claim</b> or legal proceeding resulting from a direct financial <b>loss</b> which is covered under this <b>policy</b> .
Discovered / Discovery	Means when any <b>executive</b> (who is not in collusion with an <b>employee</b> who has or is attempting to commit a dishonest act) first becomes aware of any facts which would cause a reasonable person to assume that a <b>direct financial loss</b> which may be covered under this <b>policy</b> has been or is likely to be incurred, even though the exact amount or details of the <b>direct financial</b>



**loss** are not known at the time the **executive** first became aware of such facts.

Dishonest Acts	Means any fraudulent or dishonest acts committed by an <b>employee</b> (acting alone or in collusion with others) with the principle intent to cause the <b>company</b> to sustain a <b>direct financial loss</b> and results in the <b>employee</b> making an improper financial gain for themselves or for any other individual or organisation intended by the <b>employee</b> to receive such gain.
Electronic Data	Means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
Employee	Means any <ul style="list-style-type: none"><li>(i) past, present or future full-time, part-time, seasonal and temporary employees who are not <b>executives</b>, auditors, consultants, secondees or agents;</li><li>(ii) in the case of “fidelity” cover only, a natural person who is a full-time, part-time, seasonal or temporary employee at the time of <b>discovery</b>.</li></ul> For the general liability insuring clause, employee includes: <ul style="list-style-type: none"><li>a) Any person hired or borrowed by the <b>named insured</b> from another employer under an agreement by which the person is deemed to be employed by the <b>named insured</b>;</li><li>b) Any person under a work experience or similar scheme while engaged and working under the direction and control of the <b>named insured</b> in connection with and in the course of the <b>business</b>.</li></ul>
Equivalent Building	Means: <ul style="list-style-type: none"><li>a) A building or structure which is as nearly as practicable the same as the building or structure lost or <b>destroyed</b>, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any building or other <b>regulations</b> made under or framed in pursuance of any act of parliament or regulation or by-law of any local authority;</li><li>b) Where, as a result of any special circumstances, no building or structure which falls within the scope of (a) can be constructed; a building or structure which is designed to perform a purpose of function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or <b>destroyed</b>;</li><li>c) Where as a result of any special circumstances, no building or structure which falls within the scope of (a) is suitable to the <b>insured’s</b> reasonable requirement, then, with the consent of the <b>insurer</b> (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 <b>destroyed</b>.</li></ul>
Equivalent Plant	Means any plant or equipment as nearly as practicable the same as or equivalent to the plant or equipment lost or <b>destroyed</b> , having regard to the current state of technology, and having an equivalent capacity to that of the lost or <b>destroyed</b> plant or equipment but not greater capacity unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest equivalent capacity.
Event	Means any act or omission within the <b>territorial limits</b> which may result in the violation of a <b>statute</b> .



Executive	Means any natural person who is a past, present or future: <ul style="list-style-type: none"><li>(i) duly elected or appointed director or trustee (other than a trustee of an Insolvent entity);</li><li>(ii) executive <b>officer</b> or senior manager; or</li><li>(iii) any other person with duties equivalent to those of the positions listed in (i) or (ii) above.</li></ul>
Financial Loss	Means <ul style="list-style-type: none"><li>a) A pecuniary or economic <b>loss</b> or expense;</li><li>b) A decrease greater than 30% of the total consolidated annual revenues of the <b>company</b> as at the end of the <b>company's</b> last financial year.</li></ul>
Gross Profit	Means the amount by which: <ul style="list-style-type: none"><li>a) The sum of the <b>turnover</b> and the amount of the closing stock shall exceed;</li><li>b) The sum of the amount of the opening stock and the amount of the <b>uninsured working expenses</b>.</li></ul> Note: <ul style="list-style-type: none"><li>1. The amount of the opening and closing stocks shall be arrived at in accordance with <b>your</b> normal accounting methods, due provision being made for depreciation.</li><li>2. The words and expressions used in the definition shall have the meaning usually attached to them in <b>your</b> books and accounts.</li></ul>
Gross Rentals	Means the <b>money</b> paid or payable to <b>you</b> in respect of rental of the <b>premises</b> , any management fees or expenses receivable by <b>you</b> for services rendered in relation to the rental of the <b>premises</b> .
Gross Revenue	Means the <b>money</b> paid or payable to <b>you</b> as fees for services rendered in the course of the <b>business</b> .
Grounding	Means the withdrawal of one or more <b>aircraft</b> from flight operations or the imposition of speed, passenger or load restrictions on such <b>aircraft</b> , by reason of the existence of or alleged or suspected existence of any defect, fault or condition in such <b>aircraft</b> or any part thereof sold, handled or distributed by the <b>insured</b> or manufactured, assembled or processed by any other person or organisation according to the <b>insured's</b> specifications, plans, suggestions, orders or drawings or with tools, <b>machinery</b> or other equipment furnished to such persons or organisations by the <b>insured</b> , whether such <b>aircraft</b> so withdrawn are owned or operated by the same or different persons, organisations or corporations.  A <b>grounding</b> will be deemed to commence on the date of an <b>occurrence</b> which discloses such condition or on the date an <b>aircraft</b> is first withdrawn from service on account of such condition, whichever occurs first.
Hovercraft	Means any vessel, craft or device made to float on or in or travel on or through the atmosphere or water on a cushion of air provided by a downward blast.



Incidental Contracts	<p>Means:</p> <ul style="list-style-type: none"><li>a) Any written agreement for lease of real or personal property which does not impose upon the <b>named insured</b>:<ul style="list-style-type: none"><li>i) An obligation to insure such property; or</li><li>ii) Any liability regardless of fault;</li></ul></li><li>b) Any written contract with any entity for the supply of water, gas or electricity but only to the extent of indemnifying any such entity in respect of liability arising out of the <b>business</b> other than contracts for the performance of work or provision of services by the <b>named insured</b>.</li></ul>
Indemnity Period	<p>Means the period beginning with the <b>occurrence</b> of the <b>insured damage</b> and ending not later than the number of months specified in the <b>schedule</b> during which the results of the <b>business</b> shall be affected in consequence of the <b>insured damage</b>.</p>
Insured / you / your	<p>Depending on the context in which it is used in this <b>policy</b>, means:</p> <ul style="list-style-type: none"><li>a) The <b>named insured</b> as listed in the <b>policy schedule</b>;</li><li>b) An <b>insured person</b>;</li></ul> <p>For general liability, in addition to a) and b) above, also means:</p> <ul style="list-style-type: none"><li>c) If the <b>named insured</b> is an individual, the <b>named insured's</b> spouse, but only with respect to the conduct of a <b>business</b> of which the <b>named insured</b> is the sole owner;</li><li>d) If the <b>named insured</b> is an individual and dies, the <b>named insured's</b> legal representative but only with respect to the legal representatives duties in administering or undertaking the <b>named insured's business</b>;</li><li>e) The <b>named insured's</b> partners, <b>executives</b>, <b>employees</b>, shareholders or volunteers while acting within the scope of their duties on behalf of the <b>named insured's business</b>;</li><li>f) Any person or organisation to whom the <b>named insured</b> is obligated by a written <b>insured contract</b> to provide insurance such as is afforded by this <b>policy</b>, but only with respect to their liability arising out of operations conducted by the <b>named insured</b> or on their behalf and not to any greater extent than required by the contract or agreement; and</li><li>g) Any office bearer or member of social and/or sporting clubs formed with the written consent of the <b>named insured</b> in respect of <b>claims</b> arising from duties connected with activities of any such club. Cover shall not apply to personal <b>injury</b> to or <b>property damage</b> of any participants of any game, match, race, practice or trial.</li></ul>
Insured Contract	<p>Means that part of any contract or agreement pertaining to the <b>named insured's business</b> under which the <b>named insured</b> assumes the tort liability of another party to pay for personal <b>injury</b> or <b>property damage</b> to a third person or organisation. However, the personal <b>injury</b> or <b>property damage</b> must arise out of an <b>occurrence</b> that takes place subsequent to the execution of the <b>insured</b> contract. Tort liability means a liability that would be imposed by law upon the other party in the absence of any contract or agreement.</p>
Insured Damage	<p>Means that damage insured under sections one and two of this <b>policy</b></p>



Insured Event	Means cover under sections one and two of this <b>policy</b>
Insured Person	Means any <b>executive</b> or any <b>employee</b> of any <b>company</b> and any <b>outside executive</b> .
Insured Property	Means <b>buildings, contents of buildings, stock in trade, or other property</b> not expressly excluded all being the <b>insured's</b> own or held by the <b>insured</b> jointly or in trust or on commission, for which the <b>insured</b> is assumed legally responsible, is located at the situation, and is specified in the <b>schedule</b> of sums insured.
Insurer / we / us / our	Means AIG Insurance New Zealand Limited.
Legal Proceedings	Means <b>litigation</b> , arbitration, mediation, adjudication or any other process of dispute resolution.
Limit of Liability	Means the amount specified in the <b>schedule</b> .
Litigation	Includes, but is not limited to, any civil, criminal, administrative or regulatory proceeding as well as any official investigation, examination, inquiry, arbitration or adjudication.
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.
Money	Means current local or foreign currency, coins, bank notes, cheques, travellers cheques, registered cheques, unused postage stamps, redeemable vouchers and tokens, bank drafts, money orders, franking <b>machine</b> credits, and other negotiable instruments.
Named Insured	Means the entity specified in the <b>schedule</b> as the <b>policyholder</b> ;
Occurrence	Means an <b>event</b> , including continuous or repeated exposure to substantially the same general conditions, which results in personal <b>injury</b> or <b>property damage</b> neither expected nor intended from the <b>insured's</b> standpoint.  All <b>events</b> of a series consequent on or attributable to one source or original cause shall be deemed one <b>occurrence</b> .
Officer	Means any <b>employee</b> who is concerned in, or takes part in, the management of the <b>company</b> regardless of the name that is given to their position.



Other Property	Means other property more particularly described in the <b>schedule</b> .
Output	Means the sale value and/or internal transfer value as between departments insured hereby, of finalised goods and/or partially processed materials or goods of any and every description.
Outside Entity	Means any (i) not-for-profit entity; or (ii) any entity listed as an <b>outside entity</b> in an endorsement attached to this <b>policy</b> .
Outside Executive	Means any: (i) <b>employee</b> or <b>executive</b> of any association who is or was acting at the specific written request or direction of an association as an <b>executive</b> of an <b>outside entity</b> ; or (ii) other person listed as an outside <b>executive</b> in an endorsement attached to this <b>policy</b> .
Outside Executive Liability	Liability: (i) for any <b>wrongful act</b> of any <b>outside executive</b> ; or (ii) arising solely from an <b>insured person's</b> status as an <b>outside executive</b> .
Payroll	The gross remuneration (including but not limited to salaries, wages, Accident Compensation, 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 <b>employees</b> engaged in activities of the <b>Business</b> .
Permanent	Means lasting 12 consecutive months and at the end of that period being beyond hope of improvement.
Personal Injury (General Liability)	Means, for the general liability insuring clause: a) <b>Bodily injury</b> ; b) False arrest, false imprisonment, wrongful eviction, wrongful detention, malicious prosecution and humiliation; c) Libel, slander, defamation of character or invasion of privacy; and d) Assault and battery not committed by or at the direction of the <b>insured</b> unless committed for the purpose of preventing or eliminating danger to persons or property.
Policy	Means this policy together with any <b>schedule</b> and endorsement issued by the <b>insurer</b> attached or intended to be attached to it.
Policyholder	Means the <b>named insured</b> ;
Policy Period	Means the policy period specified in the first issued <b>schedule</b> or if renewed the policy period specified in the renewal <b>schedule</b> , or any shorter period arising as a result of cancellation of this policy.
Pollutant	Means but is not limited to any solid, liquid, biological, radiological, gaseous or thermal irritant or contaminant whether occurring naturally or otherwise, including but not limited to, smoke,





vapour, soot, fibres, mould, spores, fungus, germs, fumes, acids or alkalis of any sort, chemicals and waste. Waste includes but is not limited to, material to be recycled, reconditioned or reclaimed.

Premises	Means a) The premises specified in the <b>schedule</b> ; and b) The interior portion of any building or property owned or occupied by the <b>company</b> as a place to conduct its <b>business</b> .
Premium	Means the annual premium in effect immediately prior to the end of the <b>policy period</b> .
Pressure Vessel	Means a vessel which, in normal use, is subject to generated or applied fluid pressure.
Principal	Means any of the <b>insured's executives</b> , but only in their capacity as such.
Production Process	Means any process of producing, making, treating or servicing goods.
Property Damage	Means: a) Physical <b>injury</b> to or destruction of or <b>loss</b> of tangible property including the loss of use thereof at any time resulting therefrom; or b) Loss of use of tangible property which has not been physically injured or <b>destroyed</b> provided such loss of use is caused by physical <b>injury</b> to or destruction of other tangible property.
Rate of Gross Profit	Means the rate of <b>gross profit</b> earned on the <b>turnover</b> during the financial year immediately before the date of the <b>insured damage</b> .
Rate of Wages	Means the rate of wages to <b>turnover</b> during the financial year immediately before the date of <b>insured damage</b> .
Regulations	Means building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority.
Reinstatement	Means: a) where property is damaged but not <b>destroyed</b> , 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 including all costs incurred to comply with any Act of Parliament or regulation. b) where property is lost or <b>destroyed</b> , replacement by an <b>equivalent building</b> or by equivalent property as the case may require including all costs incurred to comply with any



Act of Parliament or Regulation.

Residential Property	Means that property that is covered by sections 18 and 20 of the Earthquake Commission Act 1993.
Retention	Means the amounts specified in the <b>schedule</b> applicable to particular covers under this <b>policy</b> ;
Retroactive Date	Means the date specified in the <b>schedule</b> .
Schedule	Means the current schedule of insurance which has been numbered and issued by or on behalf of the <b>insurer</b> .
Securities	Means any negotiable or non-negotiable instruments or contracts representing <b>Money</b> or <b>other property</b> including but not limited to shares, preference shares, stocks, debentures, warrants, options, bonds, promissory notes or other equity or debt security.
Shortage in Turnover	Means the amount by which the <b>turnover</b> during a period shall in consequence of <b>insured damage</b> fall short of the part of the <b>standard turnover</b> which related to that period.
Site	Means any parcel of land owned or occupied by the <b>insured</b> .
Situation	Means the location or locations referred to in the <b>schedule</b> .
Standard Gross Rentals	Means the <b>gross rentals</b> during that period in the twelve months immediately before the date of <b>insured damage</b> which corresponds with the <b>indemnity period</b> ; to which such adjustments shall be made as may be necessary to provide for the trend of the <b>business</b> and for variations in or other circumstances affecting the <b>business</b> either before or after <b>insured damage</b> or which would have affected the <b>business</b> had <b>insured damage</b> not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for <b>insured damage</b> would have been obtained during the relative period after <b>insured damage</b> .
Standard Gross Revenue	Means the <b>gross revenue</b> during that period in the twelve months immediately before the date of the <b>insured damage</b> which corresponds with the <b>indemnity period</b> to which such adjustments shall be made as may be necessary to provide for the trend of the <b>business</b> and for variations in or other circumstances affecting the <b>business</b> either before or after the <b>insured damage</b> or which would have affected the <b>business</b> had the <b>insured damage</b> not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the <b>insured damage</b> would have been obtained during the relative period after the <b>insured damage</b> .
Standard Turnover	Means the <b>turnover</b> during that period in the twelve months immediately before the date of the <b>insured damage</b> which corresponds with the <b>indemnity period</b> ; to which such adjustments shall be made as may be necessary to provide for the trend of the <b>business</b> and for variations in or other circumstances affecting the <b>business</b> either before or after the <b>insured damage</b> or which would have affected the <b>business</b> had the <b>insured damage</b> not occurred, so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the <b>insured damage</b> would have been obtained during the relative period after



the **insured damage**.

Statute	Means any Act of the New Zealand parliament other than an excluded Act. Statute also includes any amendment to or re-enactment of those Acts, and any <b>regulations</b> or other subordinate legislation made under those Acts.
Stock in Trade	Means stock in trade.
Sub-Limit	Means the amount specified in the <b>schedule</b> . Any specified sub-limit forms part of, and is not payable in addition to, the <b>limit of liability</b> .
Sum Insured	Means the amount specified in the <b>schedule</b> .
Territorial Limits	Means anywhere in New Zealand.
Terrorism	<p>Means the use or threatened use of force or violence against person or property, or commission of an act dangerous to human life or property, or commission of an act that interferes with or disrupts an electronic or communication system, undertaken by any person or group, whether or not acting on behalf of or in connection with any organisation, government, power, authority or military force, when the effect is to intimidate or coerce a government, the civilian population or any segment thereof, or to disrupt any segment of the economy.</p> <p>Terrorism shall also include any act which is verified or recognised by the government of any country in which the <b>insured</b> operates or exports products into, as an act of terrorism.</p>
Tool of Trade	Means any <b>vehicle</b> which has attached as an integral part of such <b>vehicle</b> any equipment for mechanical digging, scraping, grading, slashing, mowing, drilling, lifting or levelling, whilst such equipment is being used for the purpose for which it was designed.
Total Loss	Means the <b>permanent</b> and total physical <b>loss</b> of the body part(s) referenced in the <b>policy schedule</b> . Where that body part is a limb, hand, foot, finger or toe, total <b>loss</b> means the <b>permanent</b> and total physical <b>loss</b> or loss of use of that body part referenced in the <b>policy schedule</b> , or for an eye entire and irrecoverable <b>loss</b> of sight in that eye or for an ear entire and irrecoverable <b>loss</b> of hearing in that ear or speech entire and irrecoverable <b>loss</b> of speech.
Transaction	<p>Means the event of:</p> <ul style="list-style-type: none"><li>(i) the <b>policyholder</b> consolidating with, merging with or into or selling all or substantially all of its assets to any other person or entity or group of persons and/or entities acting in concert;</li><li>(ii) any person or entity or group of persons or entities acting in concert acquiring control over the senior most governing body of the <b>policyholder</b>; or</li><li>(iii) the receivership, bankruptcy, liquidation, administration or legally recognised insolvency of the <b>policyholder</b>.</li></ul>
Turnover	Means the <b>money</b> paid or payable to <b>you</b> for goods sold and delivered and for services rendered in course of the <b>business</b> at the premises.



Undamaged	Means not damaged physically and directly by an <b>event</b> insured under section one of this <b>policy</b> .
Uninsured Working Expenses	Means all expenses subtracted in the annual calculation of insured <b>gross profit</b> for the purpose of <b>premium</b> adjustments (which are not insured under item 1).
Vehicle	Means any type of <b>machine</b> on wheels or on caterpillar tracks made or intended to be propelled other than by manual or animal power.



Wages - Dual Basis

Means

- a) Initial period: the portion of the **indemnity period** beginning with the commencement of the **indemnity period** and ending not later than the number of weeks thereafter specified in the **schedule**.
- b) Alternative period: the portion of the **indemnity period** beginning with the commencement of the **indemnity period** and ending not later than the number of weeks thereafter specified in the **schedule**.

Wages (Item 6)

Means the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all **employees** other than those whose:

- a) Remuneration are treated as salaries in **your** books of account;
- b) Wages are insured as standing charges under item 1;
- c) Wages are insured under item 7.

Wages (Item 7)

Means the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all **employees** other than those whose :

- a) Remuneration are treated as salaries in **your** books of account;
- b) Wages are insured as standing charges under item 1;
- c) Wages are insured under item 6.

War

Means war, whether declared or not, or any war-like activities including use of military force by any sovereign nation to achieve economic, geographic, nationalistic, political, racial, religious or other ends. War includes any act of war, civil war, invasion, insurrection, and revolution, use of military power or usurpation of government or military power.

Watercraft

Means any vessel or watercraft made to or intended to float on or in or travel on or through or under water.

Wrongful Act

Means any actual or alleged wrongful act, error or omission by any:

- (i) **executive** of a **company**;
- (ii) **employee** of a **company**; or
- (iii) **company**.



Bring on tomorrow

AIG Insurance New Zealand Limited

The AIG Building, Level 19

PO Box 1745

Shortland Street

Auckland 1140

T +64 9 355 3100

F +64 9 355 3135

[www.aig.co.nz](http://www.aig.co.nz)

Insurance products and services are provided by AIG Insurance New Zealand Limited. The AIG logo is a registered trademark. You should read and consider the Policy Wording in light of your circumstances prior to making any decision to acquire the product.