
Ando Insurance Group Limited

Business Interruption Policy Wording



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Business Interruption Policy

In consideration of the Insured named in the Schedule having paid or promised to pay the required premium, the Insurer named in the Schedule agrees to indemnify the Insured as set out in this Policy, in consequence of damage at the premises during the period of insurance, resulting in interruption or interference with the business.

PROVIDED THAT

The Insurer will not be liable for any loss under this Policy unless the insured property Damaged at the premises is insured against such Damage (loss arising out of Damage by boiler or economiser explosion excepted) and liability has been admitted for such Damage, or would have been but for the amount of any deductible.

The maximum liability of the Insurer in respect of each and every claim under this Policy shall not exceed the sum insured, subject to the provisions of the Adjustment of Premium Memoranda.

For the purposes of this Policy, the word 'Damage' shall mean: physical loss or damage unintended and unforeseen by the Insured.

1. The Indemnity

1.1 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 hereunder shall be:

- (i) **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 the Damage, falls short of the Standard Turnover;
- (ii) **in respect of Increased Cost of Working**, the additional expenditure (subject to provisions of Memo 2) necessarily and reasonably incurred for the purpose of avoiding or diminishing the reduction in Turnover which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of 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 reduce in consequence of the Damage.

Memo 1: If during the Indemnity Period goods shall be sold or services rendered elsewhere than at the premises for the benefit of the business either by the Insured or by others on behalf of the Insured, the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2: If any 'fixed or standing charges' of the business are not insured by this Policy, (having been deducted in arriving at the Gross Profit as defined herein) then in determining the amount recoverable hereunder as Increase Cost of Working, that proportion only of the additional expenditure shall be brought into account which Gross Profit bears to the sum of the Gross Profit and all such uninsured charges and expenses.

Memo 3: An adjustment will be made for any reduction in Gross Profit that fairly result from the increase in ratio of the purchase price of materials used and goods sold, to turnover maintained during the Indemnity Period.

1.2 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 shall be:

- (i) in respect of **Loss of Gross Revenue**, the amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Revenue;
- (ii) in respect of **Increase in Cost of Working**, the additional expenditure necessarily and reasonably incurred for the purpose of avoiding or diminishing the loss of Gross Revenue which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage, however not exceeding the amount of 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 reduce in consequence of the Damage.

1.3 Gross Rentals and Management Fees

The insurance under this item is limited to:

- a) **Loss of Gross Rentals and Management Fees receivable**; and
- b) **Increase in Cost of Working**,

and the amount payable as indemnity hereunder shall be;

- (i) in respect of **Loss of Gross Rentals and Management Fees receivable** – the amount by which the Gross Rentals and Management Fees receivable during the Indemnity Period shall, in consequence of the Damage, fall short of the Standard Gross Rentals and Management Fees Receivable;
- (ii) in respect **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 and Management Fees Receivable, but for the expenditure, would have taken place during the Indemnity Period in consequence of the Damage however not exceeding the amount of the reduction in Gross Rentals and Management Fees receivable thereby avoided;
less any sum saved during the Indemnity Period in respect of such charges of the business payable out of Gross Rentals and Management Fees receivable as may cease or reduce in consequence of the Damage.

1.4 Additional Increased Cost of Working

The insurance under this item covers the additional increased cost of working and the amount payable shall be the additional expenditure reasonably incurred by the Insured, as a consequence of the Damage in order to:

- a) minimise any interruption or interference with the business;
- b) resume or maintain any normal operation or service of the business during the Indemnity Period including the rewriting of office records and systems.

1.5 Payroll and/or Wages in Lieu of Notice

The insurance under this item is limited to the loss incurred by the Insured by the payment of payroll and or wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter stated in the Schedule.

1.6 Payroll/Wages – Dual Basis

The insurance under this item is limited to loss in respect of Payroll and or Wages and the amount payable as indemnity thereunder shall be;

- a) **In respect of reduction in Turnover:**
 - (i) during the Initial Period, the sum produced by applying the Rate of Payroll and or Wages to the Shortage in Turnover during such period less any savings during such period through reduction in consequence of the Damage, in the amount of Payroll and or Wages paid or Payable;
 - (ii) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Payroll and or Wages to the Shortage in Turnover less any saving during such period through a reduction in consequence of the Damage in the amount of Payroll and or Wages paid, but not exceeding the sum produced by applying the remainder percentage of the Rate of Payroll and or Wages to the Shortage in Turnover during the said remaining portion of the Indemnity Period increased by such amount as is deducted for savings under the terms of clause (a) (i);

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

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

1.7 Payroll

The insurance under this item is limited to loss in respect of Payroll and the amount payable as indemnity there under shall be;

- a) **In respect of reduction in turnover:**
 - (i) the sum produced by applying the Rate of Payroll to the Shortage in Turnover during the Indemnity Period;

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- (ii) **In respect of increase in cost of working:**
so much of the additional expenditure described in item 1.1 Gross Profit Item clause (b) as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of Reduction in Turnover under the provisions of clause (a) of this item had such expenditure not been incurred.

1.8 Redundancy Payments

The insurance under this item covers all payments which the Insured may elect to make to employees whose services are terminated in consequence of and as a result of loss or damage insured by this Policy. Provided that the indemnity provided by this memorandum does not extend to include payments arising from redundancies planned and decided upon prior to the date of loss or damage.

1.9 Redeployment Expenses

The insurance under this item covers expenditure reasonably incurred by the Insured in the necessary relocation of employees where as a result of the loss or damage, the Insured elects to permanently redeploy employees at any alternative sites. The expenses will include all such expenses as the Insured would normally incur or reimburse to employees when transferring employees to different places of permanent residence for the purpose of the business. Provided that the indemnity provided by this memorandum does not extend to include expenditure incurred arising from redeployments planned and decided upon prior to the date of Damage.

1.10 Debtors Balances

The insurance under this item covers loss sustained by the Insured in respect of outstanding debtor balances directly due to the Damage. The amount payable in respect of the loss after due allowance for bad debts shall not exceed:

- a) The difference between:
 - (i) the outstanding debt balances, and;
 - (ii) the total of the amount received or traced in respect of the outstanding debt balances with due allowance made for bad debts.
- b) The additional expenditure incurred in tracing and establishing customers debit balances after the Loss or Damage.

1.11 Key Money/Goodwill

The insurance under this item extends to cover expenditure reasonably incurred by the Insured during the Indemnity Period and in consequence of the loss or Damage for the purpose of purchasing leased premises or business goodwill and or key money in order to establish the business at alternative premises.

1.12 Claim Preparation Expenses

The insurance under this item is to indemnify the Insured for reasonable fees incurred by the Insured in preparation, presentation or certification of any claim under this Policy and the Material Damage Policy relevant to the Damage.

1.13 Contractual Commitments

The Policy extends to cover the Insured in respect of contractual commitments as a result of the loss or Damage. The amount payable shall be the amount the Insured is legally liable to pay under contracts for purchases not used during the Indemnity period. Any sums received or receivable by the Insured in respect of such purchases through any salvage handling operations or resale shall be deducted from the amount payable.

1.14 Penalties and Damages

The insurance is extended to include penalties and/or damages which the Insured may become legally obligated to pay arising from breach of contract in consequence of Loss or Damage resulting in non-completion or late completion of orders.

2. Definitions

Gross Profit: the amount by which:

- a) the sum of the Turnover and the amount of closing stock shall exceed;
- b) the sum of the amount of opening stock and the amount of uninsured working expenses.

Note:

- (i) The amount of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accounting methods, due provision being made for depreciation.
- (ii) The words and expressions used shall have the same meaning usually attached to them in the Insured's books and accounts including Uninsured Working Expenses listed in the Schedule.

Gross Revenue: Money paid or payable to the Insured as fees for services and or goods supplied in the course of the business.

Standard Revenue: Gross Revenue during the period in the twelve months immediately before the date of Damage which corresponds with the Indemnity Period.

Gross Rents and Management Fees: Money paid or payable to the Insured in respect of rental or management fees from the premises including rates, insurance premiums on the tenanted buildings, car park fees and any other services provided.

Turnover: Money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the business at the premises.

Indemnity Period: The period beginning with the occurrence of the Damage and ending not later than the number of months thereafter stated in the Schedule during which the results of the business shall be affected in consequence of the Damage.

Rate of Gross Profit:	The rate of Gross Profit earned on Turnover during the financial year immediately before the date of Damage	to which 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 the damage, or which would have affected the business had the Damage not occurred, so that the figures thus adjusted shall represent, as nearly as may be reasonably practical, the results which would but for the Damage would have been obtained during the relative period after the Damage.
Standard Turnover:	Turnover during the period in the twelve months immediately before the date of the Damage which corresponds with the Indemnity Period	

Standard Gross Rentals and Management Fees: Gross rentals and management fees received during that period in the 12 months immediately before the date of Damage.

Payroll: The gross remuneration including but not limited to salaries and Wages, accident compensation, redundancy payments, levies, bonuses, sick pay, holiday pay, superannuation contributions and other payments pertaining to payroll calculated on a 'per capita' or percentage of Payroll basis for all employees engaged in the activities of the business.

Wages: 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 remuneration are treated as salaries in the Insured's books of account.

Rate of Payroll and or Wages: The rate of Payroll and or Wages to Turnover during the financial year immediately before the date of Damage to which 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 the Damage or which would have affected the business had the Damage not occurred, so that the figures thus adjusted shall represent as nearly as may be practicable the results which but for the Damage would have been obtained during the relative period after the Damage.

Initial Period: The portion of the Indemnity Period beginning with the occurrence of Damage and ending not later than the number of weeks thereafter stated in the Schedule.

Alternative Period: The portion of the Indemnity Period beginning with the occurrence of Damage and ending not later than the number of weeks thereafter stated in the Schedule.

Uninsured Working Expenses: Those expenses that are no longer incurred by the Insured when the business is unable to operate.

3. Exclusions

This Policy does not insure loss resulting from interruption or inference with the business in consequence of:

- a) war, invasion, act of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, civil commotion assuming the proportions of or amounting to a popular rising, military rising, mutiny, rebellion, revolution, insurrection, military or usurped power, martial law, confiscation or requisition, expropriation or destruction of or damage of property by or under order of any Government or public or local authority;
- b) Confiscation or nationalisation or destruction or requisition of property Insured by the order of Government or Local Authority unless the order is given for the purpose of controlling loss or damage for which insurance is provided by this Policy;
- c) Erosion, settling, cracking or moving of land;
- d) Nuclear weapons material, Ionising radiations or contamination from any nuclear fuel or from any nuclear waste which results from the combustion (including self-sustaining process of nuclear fission) of nuclear fuel,
- e) Terrorism – notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes loss, damage, cost, liability, death, disablement or expense of whatsoever nature directly or indirectly caused by, or arising in connection with:

Any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to such loss, damage, liability, death, disablement, injury, illness, cost or expense or action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

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

- f) The Insurer will not pay for any loss resulting from interruption or interference with your business in consequence of damage in connection with the failure of any building or structure to contain or incorporate:
 - (i) materials; or
 - (ii) a design; or
 - (iii) a system; or
 - (iv) a standard of workmanship;that effectively prevents or manages the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.
- g) Infectious Disease Exclusion
This policy does not insure loss, liability, cost or expense of whatever nature directly or indirectly arising from:
 - (i) highly pathogenic avian influenza in humans; or
 - (ii) any disease(s) determined to be a quarantinable disease as defined and stated in the Health Act 1956 (New Zealand) s2(1), or any subsequent amendment, replacement or successor legislation of the Commonwealth of New Zealand, including delegated legislation; or
 - (iii) any mutation of the diseases described in (i) to (ii) inclusive, including any fear or threat thereof (whether actual or perceived) or action taken by a competent public authority in controlling, preventing or suppressing such disease.For the avoidance of doubt, loss, liability, cost or expense includes any cost to clean-up, decontaminate, disinfect, remove, replace, monitor or test:
 - (i) for any such diseases; or,
 - (ii) any property insured hereunder that is affected by or suspected to be affected by such disease.

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- h) The Insurer will not pay for any loss resulting from interruption or interference with your business in consequence of damage caused by the work of putting right:
- (i) repairing or replacing faulty materials;
 - (ii) faulty workmanship
 - (iii) work performed to a faulty or defective design, plan or design specification; or
 - (iv) 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 other loss resulting from interruption of or interference with your business in consequence of damage occurring as a result of (a) to (d) as shown in this exclusion that is not otherwise excluded by this Policy.
- i) Cyber Attack
- This policy does not insure loss, damage, liability, or expense directly or indirectly caused by or contributed to by, or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, computer virus or process or any other electronic system.
- j) Electronic data and software
- This policy does not insure loss, destruction, distortion, erasure, corruption, or alteration of electronic data and software, from any cause whatsoever (including, but not limited to, a computer virus).
- This includes loss of use, reduction in functionality or any other associated loss or expense in connection with electronic data or software.
- This exclusion does not apply to any loss to other parts of the insured property, that occurs as a result of the loss to electronic data and software.

4. Conditions

4.1 Alteration of Risk

This insurance shall cease if with the knowledge of the Insured the risk of loss is increased by any change in the nature or occupation or otherwise, or the business is wound up or carried on by a liquidator or receiver, unless such change has been notified to the Insurer prior to the happening of any circumstances giving rise to a claim.

However, no notification is required:

- a) to do such work and to make such changes in the use or occupancy of the situation as is usual and or incidental to the business of the Insured;
- b) to carry out alterations and or repairs to any property provided structural alterations and or repairs are reported to the Insurer within a reasonable time and any reasonable additional premium for the increased risk is paid;
- c) to shut down or cease operations and for individual buildings to remain vacant or unoccupied for not more than 60 days.

4.2 Breach of Warranty or Condition

The indemnity provided by this Policy will not be invalidated or prejudiced by reason of any breach of Warranty or Condition where the breach occurs without the knowledge and consent of the Insured.

Notice must be given to the Insurer as soon as practical once the Insured's officer responsible for insurance becomes aware of any such breach and the Insured agrees to pay an appropriate premium if required.

4.3 Cancellation

- a) By the Insured:

This Policy may be cancelled by the Insured at any time and with immediate effect by written notice delivered to the Insurer. In the event of such cancellation, the Insurer will be entitled to a pro rata proportion of the premium subject to any adjustment required by the terms of the Policy for the time during which the Policy has been in force.

- b) By the Insurer:

This Policy may be cancelled by the Insurer at any time by giving written notice to the Insured. The notice may be delivered personally or posted by registered post to the Insured's (or the Insured's broker or agent's) last known postal address. The cancellation will take effect at 4 p.m. on the 30th day after the notice has been delivered or posted. In the event of such cancellation, the Insurer will refund to the Insured, a pro rata proportion of the premium, subject to any adjustment required by the terms of the Policy.

4.4 Claims Procedure

On the happening of any Damage in consequence of which a claim is, or may be, made under this Policy the Insured shall:

- a) take prompt steps to minimise any interruption or interference with the business or to avoid or diminish the loss;
- b) as soon as practicable notify the Insurer;
- c) provide the Insurer with any information as may reasonably be required in connection with the claim.

4.5 Deductible

Each loss or series of losses arising out of one event will be adjusted separately. The adjusted loss will be net of salvage and other recoveries. For each adjusted loss, the deductible specified in the Schedule shall be deducted.

A series of events arising from any one cause during any period of 72 consecutive hours will be treated as one event for the purpose of applying the deductible.

4.6 Fraud

All statements made by the Insured or on the Insured's behalf either in the application or otherwise in support of this Policy or any claim must be correct in all respects. If any claim under this Policy is supported by any incorrect information or statement or is in any respect fraudulent, then the Insured's claim is not payable and this entire Policy automatically terminates from the date that the incorrect statement or fraudulent claim was made to the Insurer.

4.7 Goods and Service Tax

Provided that Goods and Service Tax (GST) is recoverable by the Insurer, the sum(s) insured by this Policy and limits specified under any Memorandum are exclusive of GST to the extent that, in the event of a claim, the Insurer will pay a maximum of the sum(s) insured plus GST to a maximum of the current rate of GST applied to that sum(s) insured. Deductibles specified under the Policy and Memoranda are inclusive of GST.

4.8 Inspection

The Insurer shall be permitted to inspect the Insured's property and operations at any time provided prior notice is given to the Insured. The Insured shall provide all details and information as may be reasonably required by the Insurer related to the subject of insurance. Neither the right of the Insurer to make inspections nor the making thereof, nor any report thereon shall constitute an undertaking on the behalf of or for the benefit of the insured or others to determine or warrant that such operations are safe.

4.9 Jurisdiction

All disputes arising out of or under this Policy shall be subject to determination by any court of competent jurisdiction within New Zealand and subject to New Zealand law.

4.10 Misdescription

This Policy is voidable in the event of misrepresentation, misdescription or non-disclosure of any material fact. However, the Insured will not be prejudiced by:

- a) any innocent or inadvertent alteration or misdescription of property or occupancy or any other innocent inaccuracy which does not affect the sum insured,
- b) any act of the occupier whereby the risk of loss or damage to property not in the occupation of the Insured is increased without the authority or knowledge of the Insured;
- c) any innocent or inadvertent misrepresentation or non-disclosure of any material fact;

Notice should be given to the Insurer as soon as practicable once the Insured's officer responsible for insurance becomes aware of any of the above happenings. The Insured agrees to pay an appropriate additional premium if required.

4.11 Mutually Acceptable Loss Adjusters

Where the Insurer wishes to appoint any loss adjuster, assessor, surveyor, valuer or investigator in respect of any claim under this Policy, the appointee must be acceptable to both the Insured and the Insurer.

The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy, insofar as they relate to anything to be done or complied with by the Insured and the correctness of statements and answers in the proposal or claim form, or any other statement in support of a claim whether made by the Insured or others on his behalf, will be conditions precedent to the Insurer's liability to make any payment under this Policy.

4.12 Observance of Terms and Conditions

The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy, insofar as they relate to anything to be done or complied with by the Insured and the correctness of statements and answers in the proposal or claim form, or any other statement in support of a claim whether made by the Insured or others on his behalf, will be conditions precedent to the Insurer's liability to make any payment under this Policy.

4.13 Other Insurance

If, at the time of any claim arising under this Policy, there is other valid and collectable insurance covering all or part of the same loss, this Policy shall not apply until the full amount of any such other insurance has been exhausted in respect of the Insured's loss or Damage.

4.14 Subrogation

Where, upon accepting liability for a claim under this Policy, the Insurer is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation. The Insured must, at the Insurer's expense, do and concur in doing and permit to be done anything reasonably required by the Insurer for the purpose of enforcing that right. The Insured must comply with this condition when required, whether before or after having been indemnified by the Insurer.

4.15 Waiver of Subrogation (Group Companies)

Insurers agree to waive any right of recovery to which they may become entitled by way of subrogation against any subsidiary, associated or managed company insured in terms of this Policy.

4.16 Words Defined in the Policy

Where any words are given special meaning in this Policy, those words will, unless the context otherwise requires, have that same meaning wherever they may appear in the Policy.

5. Memoranda

The terms of each Memorandum attaching to this Policy are deemed to be incorporated in this Policy. If there is any conflict or inconsistency between Memorandum and any other terms of the Policy, then the terms of the Memorandum will prevail. If there is any conflict or inconsistency between Memoranda, the Memorandum most favourable to the Insured shall prevail.

5.1 Accumulated Stocks

In adjusting any claim, account shall be taken and an equitable allowance made if during the Indemnity Period, Turnover is temporarily maintained from accumulated stocks held by the Insured, thus causing a shortage of stock with a resultant reduction in turnover after the Indemnity Period has expired.

5.2 Adjustment of Premium

The premium in respect of Gross Profit, Payroll and Wages is provisional and is subject to adjustment on expiry of each period of insurance as follows:

- a) The Insured shall furnish a return of annual Gross Profit, Payroll or Wages as the case may be, earned in the financial year most nearly concurrent with the Period of Insurance on which the premium shall be adjusted.
- b) The Insurer shall refund to the Insured the amount by which the provisional premium paid shall exceed the actual premium payable or alternatively, the Insured shall pay to the Insurer the amount by which the provisional premium paid shall fall short of the actual premium due to the Insurer.
- c) The minimum premium for any one annual period of insurance shall not be less than 50% of the deposit premium charged.
- d) Where the Indemnity Period is in excess of twelve months the adjustment shall be calculated on a proportionate increase on Gross Profit, Payroll or Wages earned in direct proportion to which the Indemnity period bears to the annual figures stated under (a) above.

5.3 Alternative Index

In the event of a claim under this Policy adjustment may, at the option of the Insured, be based on 'Turnover' or 'Output' or whatever other index of business activity affords the most equitable result and except in the definition of Turnover, the word 'Turnover' wherever used in this Policy shall be read as 'Turnover or Alternative Index'.

5.4 Claims Preparation Expenses

Insurance under item 1.12 of the Schedule is limited to the cost to the Insured of preparation, presentation and certification of claims under the Insured's Material Damage Policies and this Policy and the amount payable as indemnity under this Item will be limited to such reasonable expenditure incurred.

The Item shall include inter-alia an allowance for:

- a) time given by the Insured's consultants at their normal charge out rates and/or;
- b) salaries and Wages and other overheads incurred by the Insured;

for the foregoing purposes.

5.5 Closure of Transport Routes

This insurance is extended to include loss resulting from interruption or interference with the business in consequence of:

- a) Damage to property; or
- b) order of lawful authority, as a result of damage to property

that results in closure to any transport route, port or airport anywhere in New Zealand.

For the purpose of this Memorandum, Damage need not have been insured or liability admitted, however this Memorandum does not cover interruption or interference arising from a cause excluded by the Insured's Material Damage policy.

5.6 Customers/Suppliers Premises

This insurance is extended to include loss resulting from interruption of or interference with the business in consequence of Damage within New Zealand:

- a) at any premises where the Insured has property deposited or stored or property being processed or repaired, altered or renovated, or upon which they are directly dependent wholly or in part for supplies of goods or services of any description;
- b) at the premises of any direct customers or direct suppliers of goods or services to the Insured;

provided:

- a) for the purpose of this Memorandum, Damage need not have been insured or liability admitted however this Memorandum does not cover interruption or interference arising from a cause excluded by the Insured's Material Damage Policy;
- b) this Memorandum excludes liability arising from the supply of electricity, gas, water, waste disposal or telecommunications.

5.7 Departments

If the business is conducted in departments, the independent trading results of which are ascertainable, the provisions of the Policy shall apply separately to each department affected by the Damage.

5.8 Electronic Data

- a) Notwithstanding anything contained in exclusion 3.1 (g) cover is extended to include loss resulting from interruption or interference with the business consequent upon:
 - (i) fire, explosion, lightning;
 - (ii) windstorm, hail, tornado, cyclone, hurricane;
 - (iii) earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity or fire occasioned through any of them;
 - (iv) flood, freezing, weight of snow;
 - (v) impact by aircraft or other aerial objects dropped there from;
 - (vi) impact by any road vehicle or animal;
 - (vii) bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes; or
 - (viii) theft of electronic data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such electronic data; or
- b) where the interruption or interference with the business is caused by any other loss or damage not specifically excluded.

5.9 New Business

In the event of Damage occurring at the premises before completion of the first year's trading of the business the term 'Standard Turnover' shall bear the following meaning and not as otherwise stated:

Standard Turnover:	The proportional equivalent, for a period equal to the Indemnity Period, of the Turnover during the period between commencement of the business and the date of Damage	to which adjustments shall be made as may be necessary, to provide for the trend of business and for variations in or other circumstances affecting the business either before or after the Damage, or which would have affected the business had the Damage not occurred, so that the figures thus adjusted shall represent, as nearly as may be reasonably practicable, the results which but for the Damage, would have been obtained during the relative period after the Damage.
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5.10 Prevention of Access

This Policy extends to cover the Insured's interests against loss consequent upon:

- a) loss or Damage to any property;
- b) bodily injury to any person;

within the vicinity of the Premises where the Damage or injury has prevented or hindered the use of or access to those premises, irrespective of whether the premises or property of the Insured shall be damaged.

Provided:

- a) for the purpose of this Memorandum loss or Damage need not have been insured or liability admitted, but this Memorandum does not cover interruption or interference arising from a cause excluded by the Insured's Material Damage policy;
- b) vicinity means the surrounding area, no more than 10 kilometres from the premises.

5.11 Progress Payments

In the event of the occurrence of a loss under this insurance, progress payments to the Insured will be made if recommended by an assessor, loss adjuster or accountant.

5.12 Public Authorities

This Policy extends to cover the Insured's interests in respect of loss arising from any action of a competent public authority consequent upon:

- a) loss or Damage to any property;
- b) bodily injury to or death of any person on or in the vicinity of the premises;
- c) vermin, pest, fumes, escape of any hazardous materials, defective sanitation or effluent system, but not defects, contaminants or imperfections in or inferiority of water or sewerage; is deemed to be a loss resulting from Damage to property used by the Insured at the Premises for the purpose of the business, but not a closure as a result of any infectious animal or human disease.

Provided:

- (i) for the purpose of this Memorandum damage need not have been insured or liability admitted; but this Memorandum does not cover interruption or interference arising from a cause excluded by the Insured's Material Damage policy;
- (ii) vicinity means the surrounding area, no more than 10 kilometres from the Premises.

5.13 Public Utilities

If the services of electricity, gas, water, waste disposal or telecommunications from a public utility are connected to the premises and are interrupted due to loss or Damage during the period of insurance to the utilities plant, equipment or supply lines, that loss or Damage is deemed to be insured Damage. If this insured Damage results in interruption to or interference with the Insured's business carried on at the premises, the Insurers will indemnify the Insured.

Provided:

- a) for the purpose of this Memorandum insured Damage need not have been insured or liability admitted; but this Memorandum does not cover interruption or interference arising from a cause excluded by the Insured's Material Damage policy;
- b) this memorandum excludes cover for the Maui and any other off-shore installations and the Kapuni installation, including all pipelines.

5.14 Reinstatement of Amount of Insurance (Excluding Natural Disaster Damage)

In the event of insured loss under this Policy and in the absence of written notice from the Insurer or Insured to the contrary, the amount of insurance cancelled by the insured loss will be automatically reinstated from the date of loss subject to the following exception:

Natural Disaster Damage meaning loss caused by and arising from:

-
- a) earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity or fire caused by any of those, and
 - b) measures taken under proper authority to avoid any of these spreading or reducing their consequences.

Any cover in respect of **Natural Disaster Damage** provided under this Policy is subject to the provisions of the Reinstatement of Amount of Insurance (Natural Disaster perils) set out in these Memoranda.

5.15 Reinstatement of Sum Insured (Natural Disaster Damage)

Notwithstanding anything to the contrary in the Policy Schedule or wording, the Policy is amended as follows:

- a) Where the Policy provides cover for earthquake damage, volcanic activity, hydrothermal activity or Natural Disaster Damage, any sum insured (for each item specified in the Policy Schedule or provided schedule of values) for such cover also applies as a limit on the Insurer's liability under the Policy for any one period of insurance.
- b) Any Policy provision or extension that provides for reinstatement of sums insured or amount of insurance shall not apply to earthquake damage, volcanic activity, hydrothermal activity or Natural Disaster Damage.

5.16 Natural Disaster Damage

Earthquake damage, volcanic activity, hydrothermal activity or Natural Disaster damage has the same meaning as defined in this Policy. Where not defined and for the purpose of this amendment, means physical loss or damage directly or indirectly caused by earthquake, hydrothermal, volcanic or geothermal activity, tsunami or fire in consequence of any of these.

5.17 Retail Malls

In the event of insured loss or Damage occurring in a multi tenanted retail mall to an anchor tenant, consequent loss arising from Interruption or interference with the Insured's business is deemed to be loss insured under this Policy.

Provided:

- a) the indemnity period under this Memorandum is limited to 30 days.

5.18 Contingent Business Interruption

The Insurer's liability in respect of:

- a) any one loss under standard memoranda Closure of Transport Routes, Customers/Suppliers Premises, Prevention of Access, Public Authorities, Public Utilities and Retail Malls; and
- b) all losses under one or more of standard memoranda Closure of Transport Routes, Customers/Suppliers Premises, Prevention of Access, Public Authorities, Public Utilities and Retail Malls arising out of any one event, source or originating cause;

will not exceed 10% of the sum insured or limit applicable to any item and/or situation insured by this Business Interruption Policy or \$1,000,000 in total, whichever is the lesser amount. The cover provided by these memoranda applies within, and does not increase, the Insurer's maximum liability under this business interruption section in respect of any one loss or series of losses arising out of one event or a series of events arising from any one cause during any period of 72 consecutive hours, which shall remain limited to the total of the sums insured under this business interruption section, or any sum insured or limit applicable to any insured item and/or situation.

In respect of any Natural Disaster loss, cover under standard memoranda, Closure of Transport Routes, Customers/Suppliers Premises, Prevention of Access, Public Authorities, Public Utilities and Retail Malls will apply only if cover under optional memorandum Natural Disaster applies to your Policy. For any claim under these memoranda arising out of Natural Disaster, the Insurer will not pay for the first 21 days of your loss. This 21-day period commences from the first day a loss would otherwise become payable under the particular memorandum or memoranda.

For any claim under these memoranda other than one arising out of Natural Disaster, the Insurer will not pay for the first 7 days of your loss. This 7-day period commences from the first day a loss would otherwise become payable under the particular memorandum or memoranda.

The indemnity period applying to any claim under this Contingent Business Interruption memorandum begins at the expiry of the number of days specified in this memorandum as the period the Insurer will not pay for your loss, not at the occurrence of the Damage.

Optional Special Memoranda

Only operative if so stated in the Policy Schedule.

5.19 Natural Disaster Damage

The deductible shown below for each Region will apply to the aggregate of:

- a) all Natural Disaster claims under this Business Interruption Policy and
- b) all Natural Disaster claims under the separate Material Damage policy arising from any one Event at each Common Site.

Region	Site Deductible excluding Pre 1935 Building Risk	Site Deductible in respect of Pre 1935 building Risk
Northland and Auckland	2.5% of the Site Value Amount subject to a minimum of \$2,500	5% of the Site Value Amount subject to a minimum of \$10,000
Rest of New Zealand	5% of the Site Value Amount subject to a minimum of \$5,000	10% of the Site Value Amount subject to a minimum of \$10,000

Definitions (these definitions are additional to those already appearing in the Definitions section of the Policy)

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

Event: For the purposes of contingencies insured under the Natural Disaster Memorandum an event shall mean an event or series of events arising from any one cause during any period of 72 hours.

Natural Disaster Damage:

Loss or damage that results directly from:

- a) an earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these, or
- b) measures taken under property authority, following an event listed under (a) to:
 - (i) avoid its spreading, or
 - (ii) reduce its consequences.

Pre 1935 Building Risks:

Where;

- a) the building is, or
- b) the contents of buildings and or/stock is located in any buildings originally constructed prior to 1935.

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

Site Deductible: Where Insured Property is at a Common Site anywhere in New Zealand, the site deductible shall apply to the aggregate of all loss and damage caused by perils insured by the Natural Disaster Memorandum under this business Interruption Policy and separate Material Damage policy.

Site Value: Means the total sum insured for all Insured Property under the Material Damage policy at each Common Site.

Thank you

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