

Zurich Engineering Business Interruption Insurance

Policy Wording



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Zurich Engineering Business Interruption Insurance

About Zurich

The insurer of this product is Zurich Australian Insurance Limited, ABN 13 000 296 640 (ZAIL incorporated in Australia) trading as Zurich New Zealand. In this policy wording, Zurich New Zealand may also be expressed as 'Zurich', 'we', 'us' or 'our'.

Zurich provides wealth protection and wealth creation solutions, offering general insurance for commercial customers, and life risk, investments and superannuation solutions for corporates and personal customers. Zurich's solutions and services are primarily accessible through insurance brokers, financial advisers and other intermediaries.

Zurich is part of the worldwide Zurich Financial Services Group, an insurance-based financial services provider with a global network of subsidiaries and offices in North America and Europe as well as in Asia Pacific, Latin America and other markets. Founded in 1872, the Group is headquartered in Zurich, Switzerland. It employs approximately 60,000 people serving customers in more than 170 countries.

How to apply for this insurance

Throughout this document when we are referring to your insurance broker or adviser, we simply refer to them as your intermediary.

If you are interested in buying this product or have any inquiries about it, you should contact your intermediary who should be able to provide you with all the information and assistance you require.

If you are not satisfied with the information provided by your intermediary you can contact us at the address or telephone number shown on the back cover of this document. However, we are only able to provide factual information or general advice about the product. We do not give advice on whether the product is appropriate for your personal, objectives, needs or financial situation.

Our contract with you

Your policy is a contract of insurance between you and Zurich and contains all the details of the cover that we provide.

Your policy is made up of:

- the policy wording which tells you what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the proposal, which is the information you provide to us when applying for insurance cover;
- your most current policy schedule issued by us. The policy schedule is a separate document unique to you, which shows the insurance details relevant to you. It includes any changes, exclusions, terms and conditions made to suit your individual circumstances and may amend the policy; and
- any other written change otherwise advised by us in writing (such as an endorsement). These written changes vary or modify the above documents.

Please note, only those covers shown in your policy schedule are insured.

This document is used for any offer of renewal we may make, unless we tell you otherwise. Please keep your policy in a safe place.

We reserve the right to change the terms of this product where permitted to do so by law.

Duty of Disclosure

Before you enter into a contract of general insurance with us, you have a duty to disclose to us every matter you know, or could reasonably be expected to know, that a prudent insurer would want to take into account in deciding whether to insure you and, if so, on what terms. This applies to all persons to be covered under this contract of insurance.

You have the same duty to disclose those matters to us before you renew, extend, vary or reinstate a contract of general insurance. Your duty however, does not require disclosure of a matter:

- that diminishes the risk to be insured;
- that is of common knowledge;
- that we know or in the ordinary course of our business we ought to know; or
- that we indicate to you that we do not want to know.

Non-disclosure or Misrepresentation

If you make a material misrepresentation to us, or if you do not comply with your duty of disclosure we may treat your policy as if it never existed.

Underinsurance

This policy contains an underinsurance provision that may limit the amount that we pay when you have a claim. This will only happen if your understate the *sum insured*.

Headings

Headings have been included for ease of reference, but do not form part of the policy.

Definitions

Where the following words appear in this policy, this is what they mean.

Act of terrorism

act of terrorism means any act, or preparation in respect of action, or threat of action designed to influence the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation 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) de jure or de facto, and which:

- (a) involves violence against one or more persons;
- (b) involves damage to property;
- (c) endangers life other than that of the person committing the action;
- (d) creates a risk to health or safety of the public or a section of the public; or
- (e) is designed to interfere with or to disrupt an electronic system.

Annual turnover

annual turnover means the *turnover* during the 12 months immediately before the occurrence of the *insured damage*.

Electronic data

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

Excess (expressed as a monetary amount)

excess (expressed as a monetary amount) means the amount(s) specified in the *schedule* that you shall first contribute towards each claim, or series of claims arising out of the one occurrence. We will deduct the applicable excess from the claim otherwise payable and then pay you the amount of the loss or damage up to, but not exceeding, the relevant *sum insured*.

Excess (expressed in time)

excess (expressed in time) means the period beginning with the occurrence of the *insured damage* and ending not later than the period specified in the *schedule*. You are not insured for any loss arising out of an interruption during this period.

Gross profit

gross profit means the amount by which the sum of the *turnover* and the amount of the closing stock shall exceed the sum of the amount of the opening stock and the amount of the *uninsured working expenses* as specified in the policy *schedule*.

The amount of the opening and closing stock shall be arrived at in accordance with your accounting procedures after making due allowances for depreciation.

Indemnity period

indemnity period means the period beginning with the occurrence of *insured damage* and ending not later than the number of months specified in the *schedule*, during which the results of *the business* shall have been affected solely and directly as a result of the *insured damage*.

Insured

insured means you, your and the person(s) or entity named in the *schedule*.

Insured damage

insured damage means:

- (a) for Insured Plant, sudden and unforeseen physical loss or damage as defined in the Zurich Engineering Plant Insurance policy; and/or
- (b) for Insured Equipment, sudden and unforeseen physical loss or damage as defined in the Zurich Electronic Equipment Insurance policy,

when shown as the Type of Cover in the *schedule*.

Payroll

payroll means the remuneration (including but not limited to payroll tax, fringe benefits tax, sick pay, accident compensation levies, bonuses, holiday pay, workers compensation insurance premiums, superannuation and pension fund contributions and the like) paid to, or on behalf of, all employees employed in *the business*.

Period of insurance

period of insurance means the Period of Insurance specified in the *schedule*.

Rate of gross profit

rate of gross profit is the rate of gross profit earned on the *turnover* during the financial year immediately before the occurrence of the *insured damage*.

Rate of payroll

rate of payroll is the rate of payroll to *turnover* during the financial year immediately before the occurrence of the *insured damage*.

There shall be made adjustments to the *rate of gross profit*, *annual turnover*, *standard turnover* and *rate of payroll* as may be necessary to provide for the trend of *the business* and for variations in, or special circumstances affecting, *the business* either before or after the occurrence of the *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 practicable the results which, but for the *insured damage*, would have been obtained during the relevant period after that date.

Schedule

schedule means the Schedule attaching to and forming part of the policy, including any schedule substituted for the original schedule.

Situation

situation means the place or location described in the *schedule*.

Standard turnover

standard turnover is the turnover during that period in the 12 months immediately before the occurrence of the *insured damage*, which corresponds, with the *indemnity period*.

Sum insured

sum insured means the amount specified in the *schedule* being the maximum amount payable for any one claim and for all claims arising out of the one original source or cause.

The business

the business means the business as specified in the *schedule* carried on by you at the *situation* at the commencement of the *period of insurance*.

Turnover

turnover is the money which is paid or payable to you for goods sold and delivered and for services rendered in the course of carrying on *the business* at the *situation*.

Uninsured working expenses

uninsured working expenses means:

- (a) all purchases (less any discounts received);
- (b) discounts allowed;
- (c) bad debts;
- (d) other *uninsured working expenses* as specified in the *schedule*.

Our Agreement

In return for paying the premium to us, we will give you the cover described in this policy for events which occur during the *period of insurance* shown on your *schedule*.

Cover

If, during the *period of insurance*, any items described in the *schedule* and used by you at the *situation* for the purpose of *the business* suffer *insured damage* and *the business* carried on by you at the *situation* is interrupted or interfered with solely as a result of the *insured damage*, we will indemnify you in respect of the amount of loss resulting from that interruption or interference in accordance with the Method of Settlement, subject to the terms, conditions and exclusions of the policy.

Provided that no cover is granted under this policy unless at the time of the occurrence of the *insured damage* you shall have in force insurance with us covering the *insured damage* and payment shall have been made and liability admitted under that insurance.

Our liability shall not exceed the *sum insured* set against each item in the *schedule*.

Method of Settlement

We will indemnify you on the following basis when the Item(s) is noted on the *schedule*:

1. Gross profit (Item 1)

The cover provided by this item is limited to the loss of *gross profit* due to (a) reduction in *turnover* and (b) increase in cost of working and the amount payable 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* shall in consequence of the *insured damage* fall short of the *standard turnover*;
- (b) In respect of increase in cost of working – the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in *turnover* which but for that expenditure would have taken place during the *indemnity period* in consequence of the *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 the *insured damage*.

If the *sum insured* provided by this item is less than the sum produced by applying the *rate of gross profit* to the *annual turnover*, (or its proportionately increased multiple thereof, where the *indemnity period* exceeds twelve months) the amount payable shall be proportionately reduced.

2. Fees (Item 2)

The cover provided by this item is to indemnify such reasonable professional fees for accountants or auditors as may be payable by you and such other reasonable expenses necessarily incurred by you, for preparation of claims under this policy.

3. Payroll – Period basis (Item 3)

The cover under this item is limited to loss in respect of *payroll* for the period beginning with the occurrence of the *insured damage* and ending not later than the number of weeks thereafter specified in the *schedule*.

The indemnity under this item shall be the actual amount which you shall pay as *payroll* for such period to employees whose services cannot in consequence of the *insured damage* be utilised by you at all and an equitable part of the *payroll* paid for such period to employees whose services cannot in consequence of the *insured damage* be utilised by you to the full.

If the *sum insured* by this item is less than the aggregate amount of the *payroll* that would have been paid during the same number of weeks (specified in the *schedule*) immediately following the occurrence of the *insured damage*, had the *insured damage* not occurred, the amount payable shall be proportionately reduced.

Exclusions

You are not insured under this policy for:

1. Deliberate acts

a deliberate act ordered or carried out by you or by any person acting with your permission, except when it is to avoid or reduce *insured damage* which would otherwise happen.

2. Dishonest acts

dishonest acts or misappropriation of insured damage by you or your directors, partners, employees or offices or a member of your family.

3. Electronic data

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data*;
- (b) error in creating, amending, entering, deleting or using *electronic data*;
- (c) total or partial inability or failure to receive, send, access or use *electronic data* for any time or at all; or
- (d) any consequential losses resulting therefrom, regardless of any other contributing cause or event whenever it may occur, unless such loss or damage is a direct consequence of otherwise insured physical damage.

However, any accidental physical damage to an insured item, which originates directly from an action of the *insured* to the *insured's* own property, and which causes or is caused by any of the matters referred in 3. (a), (b), (c) above will be covered, subject to the terms and conditions of this policy.

4. Imposed restrictions

any restrictions on reconstruction or operation imposed by any public authority.

5. Insufficient capital

the *insured* not having at his disposal in reasonable time sufficient capital for repairing or replacing physically lost or damaged Insured Plant and/or Insured Equipment.

6. Lawful seizure, Confiscation

lawful seizure, confiscation or requisition by an order of any government, public or local authority. However, we will pay for loss which is otherwise covered by this policy, which occurs as a result of such an order, if it prevents or attempts to prevent *insured damage* to the Insured Plant and/or Insured Equipment covered by this policy.

7. Policy excess

the excess shown on the *schedule*.

8. Radioactive contamination

(a) any ionising radiations or contamination by radioactivity from any nuclear fuel or waste from the combustion of nuclear fuel. For the purpose of this Exclusion only, combustion will include any self-sustaining process of nuclear fission.

(b) nuclear weapons material.

9. Suspension, lapse or cancellation

loss of business due to causes such as suspension, lapse or cancellation of a lease, licence or order, etc. which occurs after the date when the machinery affected by the *insured damage* is again in operating condition and *the business* could have been resumed, if said lease, licence or order, etc. had not lapsed or had not been suspended or cancelled.

10. Uninsured plant and/or equipment insurance

loss of or damage to items and their additional installations which are not listed in the *schedule*, even if loss or damage is in consequence of *insured damage* to an item specified in the *schedule*.

11. War, Act of terrorism

loss of or damage directly or indirectly caused by, or in consequence of, or resulting from:

- (a) war or warlike activities, including invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or seized power.
- (b) any *act of terrorism* or any action taken in controlling, preventing, suppressing or in any way relating to any *act of terrorism*.

Special Condition

1. Alterations to the business

Unless we agree otherwise in writing, all cover under this policy will terminate if:

- (a) *the business* is wound up or carried on by a liquidator or receiver or permanently discontinued;
- (b) your interest in *the business* ceases otherwise than by your death; or
- (c) any alteration is made to *the business* or at the *situation* or the property contained at the *situation* which increases the risk of *insured damage* occurring.

Claims Conditions

1. In the event of a claim

As soon as you are aware of any physical loss or damage that is likely to result in a claim under this policy you must:

- (a) with due diligence do and agree to do and allow to be done all things, which may be reasonably practicable to minimise or arrest any interruption or interference with *the business*, or to avoid or lessen the loss;
- (b) tell us about any other insurance(s) which cover all or part of the Insured Plant and/or Insured Equipment.

You must not make any false statements in connection with your policy or any claim you make.

If you do not follow these steps, we can reduce any claim by an amount that fairly represents the extent to which our interests have been disadvantaged.

2. How to make a claim

To make a claim under this policy, you must:

- (a) tell us what happened immediately. Write to us as soon as possible giving details where there may be a claim under this policy;
- (b) complete our claim form and send it to us promptly;
- (c) give us and our agents free access to examine and assess any *insured damage*; and
- (d) provide any other information or help which we may request to support your claim.

3. After your claim is accepted

- (a) After we have paid a claim under this policy either in total or in part, we have the right to take over any legal right of recovery which you have. If we do this, it will be for our benefit and at our expense (if you have been fully reimbursed). You must provide full cooperation at all times.
- (b) If any person compensates you an amount for the interruption to *the business* as a result of the *insured damage* of any Insured Plant and/ or Insured Equipment for which we have paid a claim, you must reimburse us for that payment. You must do this as soon as the payment is made.

4. Proof of loss

You shall, at your own expense, produce and furnish to us such books of account and other business books, vouchers, invoices, balance sheets and other documents, proofs, information, explanation and other evidence as we may reasonably require to allow us to investigate or verify any claim and if required by us verified on oath.

5. Benefits from other situations

If during the *indemnity period* goods shall be sold or services shall be rendered elsewhere than at the *situation* for the benefit of *the business* either by you or by others on your behalf 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*.

6. Departmental clause

If *the business* is conducted in departments, and the independent trading results can be determined, the provisions of the Method of Settlement will apply separately to each department affected by the damage.

7. Business discontinued

No moneys will be payable under this policy from the time you determine not to continue *the business* or from the time you conduct yourself whether by act or omission in such a manner as to be incompatible with an intention to continue *the business*.

8. Progress payments

Provided that liability has been admitted, progress payments on account of any claim may be made to the *insured* at such intervals and for such amounts as we may determine. Any such payments shall be deducted from the amount finally payable upon adjustment of the claim.

9. Overhauls

In calculating the loss, due allowance shall be made for the time spent on any overhauls, inspections or modifications carried out during any period of interruption.

10. Excess payment

We will deduct the applicable excess from the claim otherwise payable and then pay you the amount of the loss or damage up to, but not exceeding, the relevant *sum insured*. The *excess* may be expressed as either a monetary amount or a period of time.

11. Payments in respect to Goods and Service Tax

All sums insured in this policy (except for the excess) exclude GST where that GST is recoverable by us under the Goods and Services Tax Act 1985. We add GST, where applicable, to claim payments. However, this does not apply to the excess which is GST inclusive.

12. Proper law and jurisdiction

- (a) The construction, interpretation and meaning of the provisions of this policy shall be determined in accordance with New Zealand law.
- (b) In the event of any dispute arising under this policy, including, but not limited to, its construction and/or validity and/or performance and/or interpretation, you will submit to the exclusive jurisdiction of any competent Court in New Zealand.

13. Other insurance

- (a) If you make a claim for an occurrence which is, or may be, covered in whole or in part by any other insurance, then when making the claim, you must give us full details of the other insurance.
- (b) This policy does not cover any claim to the extent that you are entitled to indemnity in respect of that claim under any other insurance policy specified in the *schedule*.

General Terms and Conditions

1. Assignment

We must first agree before the interest in the insurance can be transferred to anyone else.

2. Cancelling your policy

By you: you may cancel this policy by writing to us. We will then refund all the premium you have paid us for the time remaining on the policy, less 10% of the annual premium to cover our costs including any non-refundable government charges.

By us: If we are entitled to cancel this policy, we will tell you in writing. We will then refund all the premium you have paid us for the time remaining on the policy. If the premium is paid in instalments, we may cancel the policy after any instalment has remained unpaid for one month or more. This will be effective from the day the unpaid instalment was due.

When a policy is cancelled or terminated, you may be asked to supply information, which we require to adjust the premium.

3. Changing the risk

You must notify us as soon as you are aware of any changes to the risk that:

- (a) may result in a greater chance of *insured damage*; or
- (b) result in your interest in the Insured Plant and/or Insured Equipment ceasing.

When we receive notification of a change, we may decide to:

- (c) adjust the premium or the terms of the policy; or
- (d) cancel the policy if we are entitled to do so.

4. Inspections

We (or agents appointed by us) have the right to inspect and examine, by mutual appointment, any Insured Plant and/or Insured Equipment.

5. Joint insurance

A claim made by any one of the people named as the *insured* in your *schedule* is a claim made by all of them.

6. Precautions to prevent insured damage

You must take all reasonable precautions to prevent *insured damage*. You must maintain the Insured Plant and/or Insured Equipment in proper condition and act in accordance with all statutory obligations and manufacturer's recommendations relating to the safeguarding, operating and maintenance of the Insured Equipment.

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