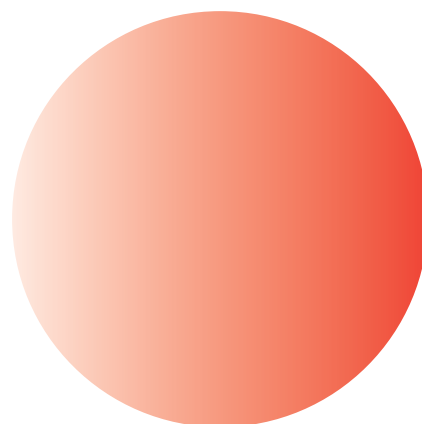
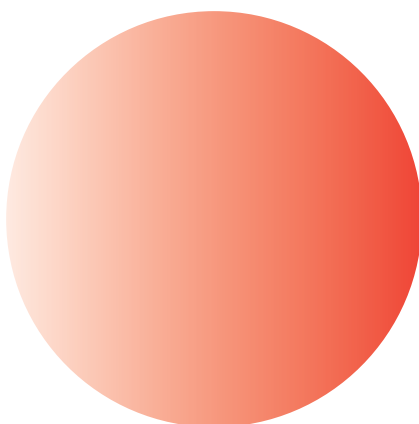
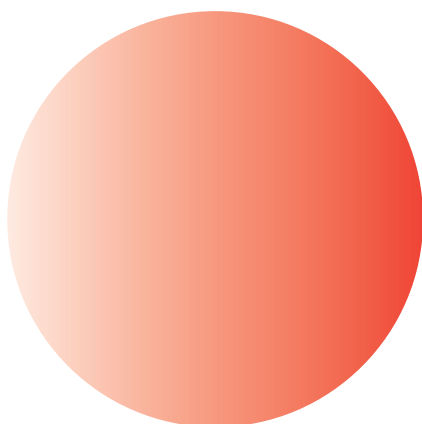
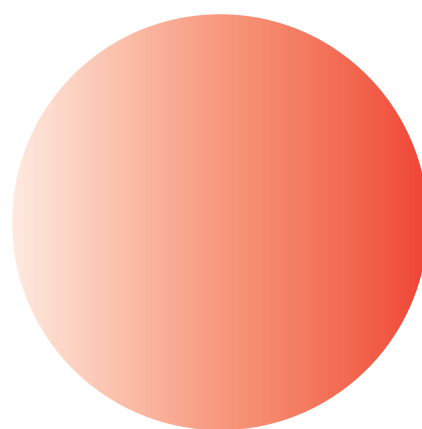
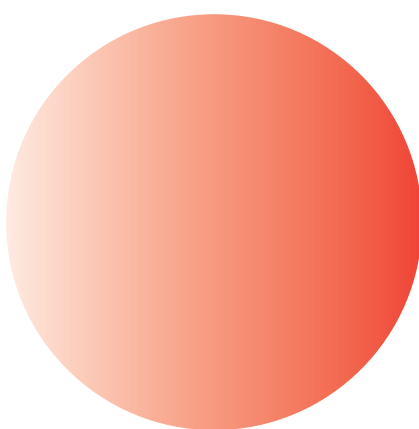
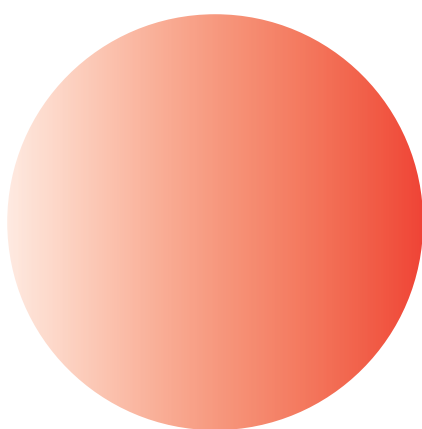


# Zurich Material Damage / Business Interruption Insurance

Policy Wording



# Contents

## Zurich Material Damage / Business Interruption Insurance – Policy Wording

<b>About Zurich</b> .....	2
<b>How to apply for this insurance</b> .....	2
<b>Our contract with you</b> .....	2
<b>Duty of Disclosure</b> .....	2
<b>Non-disclosure or Misrepresentation</b> .....	3
<b>Headings</b> .....	3
<b>Definitions applying all Sections</b> .....	3
<b>Our Agreement</b> .....	5
<b>General Exclusions applying all Sections</b> .....	5
<b>General Conditions applying all Sections</b> .....	6
<b>Section 1 – Material Damage</b> .....	9
Cover .....	9
Additional Cover .....	10
Optional Additional Cover .....	16
Exclusions .....	18
Conditions .....	20
<b>Section 2 – Business Interruption</b> .....	21
Cover .....	21
Additional Cover .....	23
Optional Additional Cover .....	24
Exclusions .....	25
Conditions .....	25

# Zurich Material Damage / Business Interruption Insurance

## About Zurich

The insurer of this product is Zurich Australian Insurance Limited (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.

ZAIL 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.

We sometimes capitalise or italicise terms in this document, to show that words are abbreviations or have a particular defined meaning. You should refer to the Definitions to this document on page 3 to obtain the full meaning of such terms. We have also provided additional Definitions in some individual subsection(s) within the *policy*.

## 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. This is common to all customers who buy our Zurich Material Damage / Business Interruption Insurance product. It tells you what is covered, sets out the claims procedure, exclusions and other terms and conditions of cover;
- the proposal, or declaration 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 *policy* wording forms part of any offer or renewal we may make. Please keep your *policy* in a safe place.

We reserve the right to change the terms of this *policy* wording where permitted to do so by law. This *policy* is subject to your rights under the Insurance Law Reform Act 1977 and 1985.

## Duty of Disclosure

Before you enter into a contract of general insurance with us, you have a duty at common law 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;
- is of common knowledge;
- we know or in the ordinary course of our business we ought to know;
- 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.

## Headings

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

## Definitions applying all Sections

### Act of Terrorism

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

### Buildings

*buildings* means buildings, other structures, and their appurtenances including but not restricted to the plant, fixtures, fittings, pipes, cables, lights, aerials, 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 pertaining to any of them and located in or about the *situation*.

### Burglary

*burglary* means theft accompanied by violence or threat of violence to persons, or violent and forcible entry to or exit from any fully enclosed building or securely locked motor vehicle, or any attempt thereat.

### Contents

*contents* means contents of *buildings*, customers' goods, chattels in the open or under shelter, tenant's improvements, plant and equipment and all other tangible *property* not more specifically described in the *schedule*. Contents also extends to include landlord's glass, fixtures and fittings and other landlord's *property* for which you are responsible if not included under *buildings*.

### Deductible

*deductible* means the first amount you bear in relation to each *loss*.

### EQC Residential Property

*EQC residential property* means: residential *property* that is covered by the relevant sections of the Earthquake Commission Act 1993 and any statutory amendment to or replacement of that Act.

### Event

*event* means: an event, including continuous or repeated exposure to substantially the same conditions, or a series of events resulting from, or attributable to, one source or original cause. A series of events arising from any one cause during any period of 72 consecutive hours will be treated as one *event*.

### Gross Profit

*gross profit* means: the amount by which

1. the sum of the *turnover* and the amount of the closing *stock* exceeds
2. the sum of the amount of the opening *stock* and the amount of the *uninsured working expenses*.

Notes about this calculation:

- (a) The amount of the opening and closing stocks shall be arrived at in accordance with your normal accounting methods, due provision being made for depreciation, and
- (b) the words and expressions used in this definition shall have the meaning usually attached to them in your books and accounts.

### Gross Rentals and Management Fees

*gross rentals and management fees* means the amount of fees received or receivable for services in respect of or associated with the rental of the *situation* including but not restricted to contributions to any variable and/or promotional funds, operational expenses, rates, insurance premiums, car parking rentals and any other expenses of whatsoever nature and description and any services rendered by you.

### Gross Revenue

*gross revenue* means the monies paid or payable to you for work done or services provided as part of your *business* operations.

### **Group of Related Companies**

*group of related companies* means: a group of companies related or associated to one another by virtue of their ownership.

### **Hazardous Substance Emergency**

*hazardous substance emergency* means: the same as the definition given to it in the Fire Service Act 1975.

### **Indemnity Period**

*indemnity period* means the period beginning with the occurrence of the *loss* and ending not later than the number of months or weeks specified in the *schedule* thereafter during which the results of *your business* are affected in consequence of the *loss*.

### **Insured**

*insured* means you, your, the persons or entities named in the *schedule* as Insured, who are insured severally, and any *subsidiary company* or any other organisation under the active management control of that insured.

### **Loss**

*loss* means accidental physical loss or accidental physical damage.

### **Machine**

*machine* means: any device that:

1. Converts and directs motion or energy, or
2. Performs any electronic process including any protective component in connection with that device.

### **Natural Disaster**

*natural disaster* means earthquake, hydrothermal and geothermal activity, subterranean fire, volcanic eruption, tsunami and fires resulting from any of these perils.

### **Payroll**

*payroll* means 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 employees engaged in activities of *your business*.

### **Period of Insurance**

*period of insurance* means the period of time stated in the *schedule* that this *policy* is in force.

### **Policy**

*policy* means the proposal and any other information you supplied us when this insurance was arranged, this *policy* wording, the *schedule* and any endorsement attaching to the *policy*.

### **Pressure Vessel**

*pressure vessel* means a vessel that during ordinary use is subject to generated or applied fluid pressure or vacuum, and includes all parts, controls and systems of that vessel.

### **Production Process**

*production process* means any process of producing, making, treating or servicing goods.

### **Property**

*property* means all tangible property of every description which you:

1. own (solely or jointly), or
2. hold in your care, custody or control, and are legally responsible for,

within the four categories in Section 1 of the *schedule*.

### **Rate of Wages**

*rate of wages* means the rate of wages to *turnover* during the financial year immediately before the date of the *loss*. To which such adjustments shall be made as may be necessary to provide for the trend of *your business* and for variations in or other circumstances affecting *your business* either before or after the *loss* or which would have affected *your business* had the *loss* not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the *loss* would have been obtained during the relative period after the *loss*.

### **Rate of Gross Profit**

*rate of gross profit* means the rate of gross profit earned on the *turnover* during the financial year immediately before the date of the *loss*. To which such adjustments shall be made as may be necessary to provide for the trend of *your business* and for variations in or other circumstances affecting *your business* either before or after the *loss* or which would have affected *your business* had the *loss* not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the *loss* would have been obtained during the relative period after the *loss*.

## Region

*region* means the area of land within the applicable Local Government regional boundary. Refer to Terralink International map – Local Government New Zealand regional boundaries.

## Schedule

*schedule* means the most recent schedule to this *policy*.

## Shortage in Turnover

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

## Situation

*situation* means the situations described in Section 1 of the *schedule*.

## Standard Turnover

*standard turnover* means the *turnover* during the period in the twelve months immediately before the date of the *loss* which corresponds with the *indemnity period*, to which such adjustments shall be made as may be necessary to provide for the trend of *your business* and for variations in or other circumstances affecting *your business* either before or after the *loss* or which would have affected *your business* had the *loss* not occurred so that the figures thus adjusted shall represent as nearly as may be reasonably practicable the results which but for the *loss* would have been obtained during the relative period after the *loss*.

## Stock

*stock* means stock and materials in trade.

## Subsidiary company

*subsidiary company* means a company that has more than half of its equity share capital owned by a parent company either directly or through other subsidiaries.

## Turnover

*turnover* means the money paid or payable to you for goods sold and delivered and for services rendered in the course of *your business*.

## Vehicle

*vehicle* means any type of *machine* on wheels, tracks or rollers that is propelled by its own power, and anything designed to be towed by such a *machine*.

## Wages

*wages* means the remunerations (including bonuses, holiday pay, sick pay, long service leave, accident compensation levies and any other benefits and charges pertaining to wages and treated as part of remuneration) of all employees other than those whose remunerations are treated as salaries in your books of account.

## Uninsured Working Expenses

*uninsured working expenses* means those expenses that vary in direct proportion to the *turnover*.

## Your Business

*your business* means your business and undertakings as stated in the *schedule*.

## Our Agreement

In consideration of you having paid or agreeing to pay the premium, we agree to indemnify you in the manner and to the extent set out in this *policy*.

## General Exclusions applying all Sections

These are the general exclusions that apply to all Sections of this *policy*. In addition there are specific exclusions which apply to each Section of this *policy* in which they are set out.

### 1. War and Terrorism

This *policy* does not insure any death, injury, *loss*, damage, liability, cost or expenses of whatever nature directly or indirectly caused by, resulting from, or in connection with, any of the following regardless of any other contributing cause or *event*:

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war;
2. mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power, or any act of any person or persons acting on behalf of or in connection with any organisation the objects of which are or include the overthrowing or influencing of any *de jure* or *de facto* government by terrorism or by any violent means;
3. any *act of terrorism*.

This *policy* also excludes any cost or expense of any nature directly or indirectly caused by, resulting from, or in connection with, any action taken in controlling, preventing, suppressing or in any way relating to, the events excluded above.

## 2. Confiscation, Nuclear

This *policy* does not insure *loss* directly or indirectly caused by:

1. confiscation, requisition, or destruction of or damage to *property* by order of government or local authority unless the order is given for the purpose of controlling fire or another peril for which insurance is provided by this *policy*;
2. nuclear weapons material;
3. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. (For the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission).

## 3. Electronic Data

Notwithstanding anything to the contrary in this *policy*, this *policy* does not insure:

1. the corruption, destruction or alteration of or damage to data, coding program or software; or
2. the unavailability of data or reduction in the functionality, availability or operation of hardware, software and embedded chips.

## 4. Infectious Disease

This *policy* does not insure any *loss* or financial *loss* directly or indirectly caused by a notifiable disease under the Biosecurity Act 1993 or an infectious disease notifiable under the Health Act 1956 or any subsequent amendment or replacing act.

## General Conditions applying all Sections

These are the general conditions that apply to all Sections of this *policy*. In addition there are specific conditions which apply to each section of this *policy* in which they are set out.

### 1. Application of Additional Cover Clauses

Where the terms of any Additional Cover clause in this *policy* are inconsistent with any other terms of the *policy*, the terms of the Additional Cover clause will prevail.

Where the terms of any Additional Cover clause are inconsistent with the terms of any other Additional Cover clause, the terms most favourable to you will prevail.

Where the *schedule* states that an Additional Cover clause is subject to a special limit or other special provision, the limit or provision will apply to that Additional Cover clause but not to other *loss* that would be covered under the *policy* without the Additional Cover clause.

## 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 of this *policy* where the breach occurs without your knowledge.

This insurance will also not be prejudiced by any act of the owner or occupier whereby the risk of *loss* to *property* is increased without your authority or knowledge provided that notice is given to us immediately you become aware of any of the above happenings and you agree to pay an appropriate additional premium if required.

## 3. Cancellation

### 1. By you

This *policy* may be cancelled by you at any time, and with immediate effect, by written notice delivered to us. In the event of such cancellation, we will be entitled to a pro rata proportion of the premium (subject to any adjustment required by the terms of this *policy*).

### 2. By us

This *policy* may be cancelled by us at any time by giving notice to you. The notice may be by letter, facsimile or email to your last postal address, facsimile or email address on our records (or your insurance broker's or agent's).

The cancellation will take effect at 4 p.m. on the 30th day after the notice has been posted, faxed or emailed. In the *event* of such cancellation, we will refund to you the pro rata proportion of the premium (subject to any adjustment required by the terms of this *policy*).

## 4. Change of Facts or Circumstances

You must notify us immediately of any change in circumstances that has happened after the start of this *policy* that you know is going to happen and which may materially:

1. increase the known risk insured, or
2. alter the nature of the risk insured.

If you do notify us of a change we may alter the premium and/or the terms of the *policy*.

If you do not comply with this obligation any *loss* that happens after the date of the change in circumstance may, at our election, not then be insured and we may, at our election, not continue to insure you.



## 5. Claims

Upon becoming aware of any circumstance, occurrence or *loss* giving rise, or likely to give rise, to a claim under this *policy*:

You must:

1. take prompt steps to minimise the *loss*;
2. take reasonable steps to protect the *property* from further *loss*;
3. immediately notify us;
4. if a criminal act is suspected, inform the police;
5. at your expense, provide us with any reasonably required proof and information in respect of the claim.

You must not:

1. prejudice our ability to settle the claim;
2. dispose of or abandon any *property* for which you intend to make a claim;
3. start any repairs without our permission unless it is necessary to prevent further *loss*.

You must then:

1. fully complete our claim form as soon as practicable;
2. give us free access to examine and assess any *loss*;
3. provide any other information or assistance we reasonably request in relation to your claim;
4. forward any letters of demand or court documents to us immediately;
5. if we request it, provide a statutory declaration to verify the *loss*;
6. if we request it, attend interviews with any person we nominate;
7. be responsible for the payment of the *deductible* to us or to the repairer unless we are deducting it from any claim settlement to you.

Your compliance with the terms and conditions of this *policy*, and the truth of any statements made to us (whether made by you or not), are conditions precedent to any liability for us to provide any indemnity under this *policy*. In the *event* of a valid claim under this *policy*, we 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.

## 6. Coverage

In all cases the coverage in each Section is subject to all the terms, exclusions and conditions of the relevant Section, and all the general obligations, general exclusions and general conditions of this *policy*.

## 7. Deductible

We are not liable for the *deductible* shown in the *schedule* for each *event*.

Where an *event* causes *loss* to *property* or items under more than one Section or Additional Cover clause of this *policy* only one *deductible* will apply except for the *natural disaster deductible*. The amount of the *deductible* will be the highest of any *deductible* applied by any of the Sections or Additional Cover clauses.

## 8. Fraud

If any claim is in any respect dishonest or fraudulent, all benefit under the claim to you will be forfeited. For the purpose of this condition if you consists of more than one person or entity, each of them will be treated as having been issued with a separate *policy*.

## 9. Goods and Services Tax

Provided that Goods and Services Tax (GST) is recoverable by us, the sums insured by this *policy* are exclusive of GST to the extent that, in the *event* of a claim, we will pay a maximum of the sum insured plus additional GST to a maximum of the current rate of GST applied to that sum insured.

## 10. Inspection

We are entitled to inspect the insured *property* at any reasonable time and you must provide such information as may be reasonably required by us in relation to your *property*. Neither this condition, nor any inspection performed by us, nor any report arising from such an inspection, are to be regarded as an undertaking by us to determine or warrant that any operations or premises are safe.



## 11. Misdescription

This *policy* is voidable retrospectively by us in the *event* of any misrepresentation, misdescription or non-disclosure of any material fact prior to inception. However, the insurance will not be prejudiced by:

1. any innocent and inadvertent misdescription of *property* or occupancy in the proposal;
2. any act of the occupier whereby the risk of *loss* to insured *property* is increased without your authority or knowledge;

provided that notice is given to us immediately you become aware of any of the above happenings and you agree to pay an appropriate additional premium if required.

## 12. More than One Insured

Where this *policy* is to the benefit of more than one person or entity named as the insured in the *schedule*:

1. The person or entity first named in the *schedule* will be responsible for payment, on behalf of all of you, of any premium due or that may become due in terms of this *policy*;
2. Our obligation to make any payment to you in terms of this *policy* will be discharged on making that payment to the person or entity first named in the *schedule*;
3. Any notice, for which provision is made in this *policy*, given by or given to the person or entity first named in the *schedule* will be deemed sufficient notice by or to all of you.

## 13. Mutually Acceptable Adjusters

Where we wish to appoint a loss adjuster in respect of any claim under this *policy*, the appointee must be mutually acceptable to you and us.

## 14. New Zealand Policy

This *policy* is to be governed by and construed in accordance with the laws of New Zealand, whose courts will have sole jurisdiction over any legal action arising out of or in connection with this *policy*.

## 15. Other Insurance

If, at the time of any claim arising under this *policy*, you have any other valid and collectable insurance covering all or part of the same *loss*, this *policy* will apply only to the amount of any *loss* in excess of that recoverable under the other insurance.

## 16. Other Interested Parties

If there is any mortgagee, debenture holder, hire purchase company, conditional purchaser or other party with a financial interest in any insured *property* which has been notified to us, we may, at our option, pay any claim to the interested parties in the order of their legal priorities, and to the extent of their financial interest.

However, our total liability will not exceed the amount that would have been paid to you.

## 17. Recovery Apportionment

If we, having exercised our right of subrogation, recover any part or all of a *loss* in respect of which a claim has been paid or is payable under this *policy*, the amount so recovered will be apportioned as follows:

1. you will be fully reimbursed for any uninsured portion of the *loss*, excluding any underinsurance, including that portion of the *loss* which is uninsured by reason of a *deductible*;
2. we will be fully reimbursed to the extent of our actual payment under this *policy*; with
3. any remaining balance belonging to you.

## 18. Subrogation

Where, upon accepting liability for a claim under this *policy*, we are entitled to become subrogated to your right of recovery or indemnity from any other person or corporation, you must, at our expense, do and permit to be done anything reasonably required by us for the purpose of enforcing that right. You must comply with this condition when required, whether before or after having been indemnified by us.

You shall not voluntarily and knowingly release any third party from liability arising from *loss* insured by this *policy* unless declared to and accepted by us.

## Section 1 – Material Damage

### Cover

If, during the *period of insurance*, a *loss* happens to any of your *property* at the *situation*, we will indemnify you for that *loss* subject to the terms of this *policy*.

#### 1. Maximum Amount Payable

Subject to the 'Reinstatement of Amount of Insurance' condition, our total liability under this *policy* to all insureds under it will not exceed the Total Sum Insured in Section 1 of the *schedule* for each *situation*. This Total Sum Insured is inclusive of the total of all the *property* listed in the *schedule* and any additional amounts payable under Sections 1.2 and 1.3 of this *policy*. Our total liability under this *policy* to all insureds for all *property* within the four categories of *property* in Section 1 of the *schedule* (Buildings/Contents/Stock/Other Property) at each *situation*, will not exceed the corresponding sum insured in the *schedule* for that category.

##### 1.1 Basis of Indemnity applicable to this section

###### Payment/Repair/Replacement

We will indemnify you by payment, repair or replacement of your *property* at our option.

1. For the following *property* we will indemnify you on the following basis:
  - (a) Customer's Property – the market value at the time of the *loss* unless you are required to insure the *property* for replacement cost.
  - (b) Employees' and directors' *property* – the market value at the time of the *loss*, except where you are required to insure the *property* for replacement cost.
  - (c) Electric motors, starters, sealed and semi-sealed units – the replacement cost of items 7 years old or less. For items older than 7 years the depreciated replacement cost.
  - (d) Experimental and research projects – the cost of all materials and the value of labour expended on the projects, but excluding the value of the projects themselves.
  - (e) Hothouses, glasshouses and shade houses – where the exterior cladding is of flexible plastic material any claim in respect of such cladding will be based on a depreciated replacement value, notwithstanding the Reinstatement provisions in the *policy*. Depreciated replacement value is a straight line depreciation based on the manufacturer's expected effective life span of the cladding with a maximum of five years.

- (f) Portable tools of trade:
  - (i) electric, electronic (excluding portable computer and video data projectors) or other motor-driven equipment – the replacement cost, if insured for replacement, for items 5 years old or less.
  - (ii) Portable computers and video-data projectors – the replacement cost, if insured for replacement, for items 2 years old or less.
  - (iii) All other portable tools of trade – the replacement cost, if insured for replacement, for items 10 years old or less.

In all other situations, we pay the market value at the time of loss.
- (g) Stock – the cost of replacing the stock at the time immediately preceding the loss, less a fair allowance for redundant or obsolete stock.
- (h) Works of Art:

Where a claim is payable for damage to *property* insured comprising a work of art, we may appoint an independent and suitably qualified valuer or restorer to determine whether the work of art can be restored to its pre-damage condition. If the valuer or restorer determines that the work of art cannot be economically restored to its pre-damage condition, the work of art will be deemed destroyed. Its pre-damage value will be determined by the valuer or, providing the restorer is suitably qualified, by the restorer. The amount payable as indemnity will be the difference between the pre-damage value and any salvage value of the damaged work of art. If the valuer or restorer determines that the work of art can be economically restored to its pre-damage condition, the amount payable as indemnity will be the cost of restoration or, if the restoration is not carried out, the restorer's reasonable estimate of the cost of restoration.

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

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

2. For all other *property* we will indemnify you on the following basis:
  - (a) the reasonable cost of repairing the *property* to the condition it was in immediately preceding the *loss*, or
  - (b) the cash amount equal to the reasonable cost of repairing it, or
  - (c) replacing the *property* with similar *property* in a similar condition, or
  - (d) the cash amount equal to the market value of the *property*, or
  - (e) the replacement cost, but only for that *property* designated in the *schedule* as being insured for replacement value, subject to the Reinstatement clause in the *policy*.

## 1.2 Additional Cover

The Material Damage Section of this *policy* includes cover for the following:

### 1.2.1 Alternative Residential Accommodation

Where any residential *property* covered by the material damage section of this *policy* is rendered uninhabitable by an insured *event*, cover is extended to include expenses for alternative accommodation (including the cost of boarding out domestic cats and/or dogs which normally reside there) necessarily incurred by you or by the occupant (being your employee or officer), provided that:

1. these 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 *property*;
3. we will be entitled to deduct a reasonable allowance for expenses reduced or avoided in consequence of the affected *property* being rendered uninhabitable;
4. our liability in respect of any one *loss* will not exceed 25% of the cost incurred in reinstating the affected *property* following its destruction or 25% of the cost that would have been incurred if the affected *property* had been destroyed.

The amount payable under this clause is in addition to the indemnity otherwise payable for the *property* listed in the *schedule*.

### 1.2.2 Capital Additions

Cover is extended to *property* acquired by you (including but not limited to: alterations, additions and improvements to existing *property*) at the *situation* described in the *schedule* during the *period of insurance*.

However:

1. This extension of cover does not apply to *stock*, or *property* of any kind expressly excluded from this insurance, or any appreciation of value that is not due to a physical alteration, addition or improvement.
2. Cover under this extension takes effect on the acquired *property* when the risk in the *property* passes to you.
3. At the end of the *period of insurance*, or at earlier intervals if you prefer, particulars of the *property* acquired must be given to us. On receipt of those particulars we may charge an additional premium calculated pro rata from the date on which cover commenced, and if the *period of insurance* has not yet expired, the terms of this clause 1.2.2 will be fully reinstated.

The limit of cover for this clause is \$100,000 for any one *event*. The amount payable under this clause is in addition to the indemnity otherwise payable for the *property* listed in the *schedule*.

### 1.2.3 Claims Assessment

We will cover claims assessment costs, including but not limited to fees reasonably incurred by or on behalf of you for the purpose of assessing or preparing any valid claim made under the Material Damage Section of this *policy*. These costs include the reasonable salaries, *wages*, overheads and other expenses of your employees and consultants.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

### 1.2.4 Computer Software

Notwithstanding the definition of *property*, we will cover you for *loss* during the *period of insurance* to computer software not otherwise excluded by the general exclusion 3. for electronic data.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

### 1.2.5 Demolition and Other Costs

We will cover reasonable costs necessarily incurred for any of the following purposes in consequence of *loss* insured under the Material Damage Section of this *policy*:

1. Demolition, dismantling, shoring or propping up of your *property*;
2. Removal of stock, plant and other chattels whether damaged or undamaged;
3. Disposal of debris (including any kind of solid, liquid or gaseous matter) from the site of your damaged *property* and the area immediately adjacent to such site.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

The cover provided does not include any sums which you become legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of *property* by any of the debris.

### 1.2.6 Disclaimer and Release

Where you are required by legislation or by contractual agreement to release any of:

1. the Fire Service Commission;
2. any fire protection suppliers of equipment;
3. any oil company;
4. any other party to an agreement which has been declared to and accepted by us;

from liability arising from *loss* insured by the Material Damage Section of this *policy*, the release is allowed without prejudice to this insurance. Further, this insurance will not be prejudiced by any disclaimer clause in any contract entered into by you for:

- (a) the storage of goods; or
- (b) the leasing of *property*;

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

### 1.2.7 Earthquake – Residential Property

If any *EQC residential property* insured by the Material Damage Section of this *policy* suffers *natural disaster* damage during the *period of insurance* covered by the Earthquake Commission Act 1993, our liability will be limited to any costs in excess of those covered by the Act. The *deductible* amount under this *policy* will only apply to the extent that it exceeds the amount of the cover under that Act. For the purpose of this clause, the cover under the Earthquake Commission Act 1993 is deemed to include the amount of 'excess' imposed by the terms of that cover.

### 1.2.8 Electric Current Damage

Notwithstanding exclusion 1.4.8 2, the Material Damage Section of this *policy* extends to cover *loss* to:

1. electric motors and starters, sealed and semi-sealed units which do not individually exceed 3.75kw or 5hp;
2. distribution switchboards and permanently installed electrical reticulation;

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

### 1.2.9 Employees' Effects

We will cover the personal effects of your directors and employees for which you are responsible, but only whilst the effects are at premises owned or occupied by you, or elsewhere whilst being worn, kept, carried or used by the directors or employees acting in the course of their duties to, or employment with, you. The effects are deemed to be included in the description of insured *property* as if they were owned by you.

This extension of cover does not apply to *loss* to the personal effects of any director or employee who is entitled to indemnity for that *loss* under any other *policy* of insurance. However, we will not be liable for more than \$5,000 for any one director or employee, and \$10,000 for any one *event*.

The amount payable is included in the sum insured on the affected *property*.

### 1.2.10 Expediting Costs

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

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

### 1.2.11 General Average / Salvage Charge

We will indemnify you against general average and salvage charges adjusted or payable in connection with any insured *property* being transported during the *period of insurance* by sea or air between places in New Zealand according to the contract of affreightment and/or the governing law and practice. This indemnity is free of any *deductible* amount.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

### 1.2.12 Gradual Damage – Residential Portion of the building

Notwithstanding exclusions 1.4.4 1 and 2 we will cover the residential portion of your insured *property* for *loss* resulting from the action of hidden mildew, hidden rot or hidden gradual deterioration, caused by water which leaks or overflows from any internal water pipe, internal waste disposal pipe or internal water tank permanently installed at the *situation*.

Provided that the leak or overflow first occurs and the *loss* is first discovered during the *period of insurance*.

The limit of cover for this clause is \$5,000 for any one 12 month period. The limit includes the cost of locating the leak provided we have given our prior consent. We will not pay for repairing the leak.

The costs payable are included in the sum insured on the affected *property*.

### 1.2.13 Hazardous Substance Emergency

We will indemnify you for the reasonable costs that the New Zealand Fire Service is authorised to make against you for any *hazardous substance emergency* during the *period of insurance* arising out of or in connection with insured *property* whether or not there is *loss* to insured *property*.

The limit of cover for this clause is \$20,000 any one *event*.

The costs payable are included in the sum insured on the affected *property*.

### 1.2.14 Landscaping

Following an insured *loss* we will cover the reasonable cost to repair or replace landscaping which shall include ornamental trees, shrubs, plants and lawns including expenses reasonably incurred in clearing, cleaning or repairing drains, gutters, sewers, pipes, tanks or fixed apparatus.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

### 1.2.15 Money

Notwithstanding exclusion 1.4.6 2, cover is extended to include *loss* during the *period of insurance* of:

#### Part A

1. *money* in transit.
2. *money* at your *business situation* or sites of contract during *business hours*.
3. *money* in a securely locked safe or strongroom at your *business situation* outside *business hours*.

#### Part B

1. *money* at your *business situation* outside *business hours* and not in a securely locked safe or strongroom, including *money* in cash machines or gambling machines.
2. *money* at your residential premises or of any principal or authorised employee of yours.

#### Definitions for this Money Clause

##### Money

*money* means current coin, bank and currency notes, cheques, traveller's cheques, postal notes, phone cards, credit card vouchers, *money* orders, unused postage stamps, redeemable vouchers and tokens, franking machine credits, and other negotiable instruments.

##### Business Hours

*business hours* means any hours during which you or any principal or any employee entrusted with the care, custody or control of *money* is on the premises for the purpose of your *business*.

##### Principal

*principal* means any of your directors and executive officers, but only in their capacity as such.

#### Exclusions for this Money Clause

This clause does not insure:

1. *loss* due to errors in receiving or paying out;
2. *loss* occurring whilst the *money* is entrusted to any person other than you, or any principal, or any employee or agent of yours, or any professional *money* carrier;
3. *loss* resulting from payment of *money* in exchange for any cheque which is subsequently dishonoured;
4. *loss* occurring whilst the *money* is in an unlocked and unattended *vehicle*;
5. *loss* of *money* stolen from a safe or strongroom opened by a key or combination, either of which was left at the *situation* outside *business hours*, unless such key or combination was properly secured;
6. *loss* directly resulting from theft or fraud by any of your employees. However, this exclusion does not apply to *loss* discovered within 72 hours (excluding Saturdays, Sundays and public holidays) of the act of theft or fraud;
7. *loss* covered by a valid and collectable claim under a policy of Fidelity Guarantee (or equivalent) form of insurance.

### Limits of Liability for this Money Clause

Our liability under Part A is \$10,000 any one *event* and Part B is \$1,000 any one *event*.

However, if an additional limit designated 'Christmas Carry' is shown in the *schedule*, our liability under Part A will be increased by an amount equal to the additional limit during the months of December and January. The amount payable under this clause is in addition to the indemnity payable for the *property* listed in the *schedule*.

#### 1.2.16 Property Under Construction

Notwithstanding exclusion 1.4.6 1 of this Material Damage Section, we will cover you for *property* in the course of installation, construction, demolition, erection, or testing following any of them, provided the *property* is owned or to be owned or occupied by you and provided the completed value of the contract does not exceed \$100,000.

#### 1.2.17 Portable Tools of Trade (including electronic equipment)

Notwithstanding general exclusion 3, we will cover portable tools of trade including portable electronic equipment such as laptops, cell phones, electronic notebooks and diaries, video data projectors or similar used in *your business* while away from *your business* premises anywhere in New Zealand including while in transit. However, the following conditions apply:

1. the limit of cover is \$7,500 per item and \$15,000 any one *event*.
2. the *deductibles* are those stated in the *schedule*.
3. we will not cover you for theft of portable tools of trade including electronic equipment from unlocked or insecure vehicles or insecure containers or the open air.

#### 1.2.18 Professional Fees

We will cover all reasonable professional and clerk of works fees, salaries and costs necessarily incurred in reinstating damage to your *property* which is insured under the Material Damage Section of this *policy*. This clause does not apply to fees for preparing claims made under this *policy*.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.19 Protection Costs

We will cover costs reasonably incurred by you for the purpose of, and for damage directly resulting from, controlling during the *period of insurance* any cause of *loss* that threatens to involve the insured *property* which would be covered under the Material Damage Section of this *policy*. However:

1. this indemnity does not apply to costs or damage for which indemnity would be payable under the Material Damage Section of this *policy* in the absence of this clause;
2. the limit of cover is \$10,000 any one *event*.

The cost payable is included in the sum insured on the affected *property*.

#### 1.2.20 Redundant Foundations

Where the foundations of any building or plant are made redundant for any reason in consequence of *loss* to the *property* resting on them covered under the Material Damage Section of this *policy* and, if the value of the foundations is reduced as a result, the *loss* of value will be deemed to be *loss* for the purpose of any claim under this *policy*.

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 the increase will be treated as salvage in the adjustment of *loss* for claim settlement purposes.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.21 Redundant Plant, Equipment and Stock

We will cover the market value of your insured plant, equipment and *stock* made redundant as a result of *loss* to other insured *property* covered under this Material Damage Section of this *policy*.

However, the following conditions apply:

1. the plant and equipment must be
  - (a) part of the same interdependent system or line as the lost or damaged insured *property*; or
  - (b) part of a *stock* of spares held exclusively for the lost or damaged insured *property*.
2. if the presence of the redundant plant and equipment increases the resale value of the original building site then we will offset the increase in resale value from the claim payment.



3. If, due to the *loss*, *stock* is made redundant, that *stock* will be considered as part of the *loss*.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.22 Refrigerated Goods

Notwithstanding exclusion 1.4.5 2 we will cover:

1. *loss* during the *period of insurance* to perishable goods at *your business's situation* where the goods are stored in refrigerated cabinets or chambers and,
2. costs reasonably and necessarily incurred to avoid or minimise *loss* during the *period of insurance* to refrigerated goods arising from accidental stoppage, *loss*, or malfunction of refrigerating plant, including the sudden failure of the public electricity supply to your *situation* unless prior notice of the disconnection has been given.

The limit of cover for this clause is \$2,500 per *event*. The amount payable under this clause is included in the sum insured on the affected *property*.

#### 1.2.23 Rewards

We will cover the cost of any reward paid by you for the purpose of recovering any of your *property* that has suffered a *loss* covered under this *policy*. However:

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

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

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.24 Rewriting of Records

Notwithstanding the definition of *property* and notwithstanding the general exclusion 3. for electronic data we will pay the reasonable costs of collecting and reproducing the information on *your business* records that suffer a *loss* covered under the Material Damage Section of this *policy*. The value of the information itself is not insured.

However, the following conditions apply in respect of electronic data:

1. you must have all electronic data on back-up files;
2. there must be an adequate back-up system in operation and that back-up system must have been effectively tested; and
3. back-ups must be kept secure on or off site and must be updated at least on a weekly basis.

The limit of cover for this clause is \$10,000 per *event*. The amount payable under this clause is included in the sum insured on the affected *property*.

#### 1.2.25 Social Club

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

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.26 Stock Declaration

If the *stock* is subject to declaration conditions (D) in the *schedule* 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 *period of insurance* in accordance with the following conditions:

1. Declarations of the actual value of the *stock* held on the last day of each month within the *period of insurance* must be made to us not later than six weeks after the end of each month;
2. The sum insured on *stock* is the limit of our liability in respect of 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;
3. If no declaration is received for any one month, the specified sum insured will apply in place of the declaration for that month;
4. The average of these monthly declarations will be computed at the end of the *period of insurance* and the actual premium payable will be assessed on that average (or 75% of the sum insured on *stock*, whichever is greater);



5. We will refund to you the amount by which the provisional premium paid 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;
6. If, during the *period of insurance*, you fail to furnish a minimum of 75% of the declarations required in terms of this clause, the clause will cease to apply, and
  - (a) the premium will be calculated on the full sum insured; and
  - (b) you must pay to us the amount by which the provisional premium falls short of that premium.

#### 1.2.27 Stolen Keys

Where any key (including any equivalent device) or combination giving access to insured *property* is stolen or believed on reasonable grounds to have been duplicated without proper authority during the *period of insurance*, we will indemnify you for the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. Cover also includes the reasonable cost of opening any safe or strongroom following theft of its key or combination.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.28 Subsidence or Landslip

The Material Damage Section of this *policy* extends to cover *loss* during the *period of insurance* arising directly or indirectly from subsidence or landslip.

However, the following conditions apply:

1. In relation to the removal of land which has moved or slipped, we will only provide cover for the area of the building line and immediately adjacent areas up to a maximum of 5 metres from the external walls of the *building*. Cover for the removal of land is limited to \$10,000. We will not cover any land stabilisation charges incurred.
2. We will not cover:
  - (a) any *loss* or decrease in the value of the land or site;
  - (b) subsidence of land or erosion of land by the action of the sea;
  - (c) normal settling, shrinkage or expansion of land, *buildings* or foundations;
  - (d) subsurface subsiding due to the water table drying out through atmospheric or climatic conditions.

3. Exclusion 1.4.9 2 in the Material Damage Section of this *policy* as it applies to the above perils is deleted.

4. The limit of cover is \$250,000 for each *event*.

The *deductible* amount is the amount specified in the *schedule* or if no amount is stated then \$20,000 for each *event*. The costs payable under this clause are included in the sum insured on the affected *property*.

#### 1.2.29 Temperature Change Protection

We will cover the reasonable costs of avoiding *loss* to insured *property* in a temperature-controlled environment resulting directly from *loss* to insured *property* covered under the Material Damage Section of this *policy*.

This includes the reasonable costs incurred of removing your *property* and storing it at another place.

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

#### 1.2.30 Temporary Removal

Notwithstanding exclusion 1.4.6 6, we will cover your *property* (except stock) whilst temporarily removed to any place in New Zealand and whilst in transit to or from that place, subject to the Transit limit specified in the schedule.

However, our liability will not exceed the amount for which we would be liable had the *loss* occurred at the particular place from which the *property* is temporarily removed.

In this clause, 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.

#### 1.2.31 Theft

We will cover theft or any attempt thereat, subject to exclusion 1.4.3.

The portable tools of trade clause apply in priority over this clause.

The amount payable under this clause for such loss or damage will not exceed \$100,000, unless stated otherwise in the *policy schedule*.

### 1.2.32 Transit

We will cover your *property* whilst it is in transit anywhere in New Zealand, including between New Zealand ports.

However, the following conditions apply:

1. The limit of cover is \$10,000 for each *event*.
2. Exclusion 1.4.6 6 does not apply.

In respect of any goods destined for transit beyond New Zealand, cover under this *policy* ceases at the time the goods pass over the ship's rail or through air transport loading doors at any New Zealand port or airport. The amount payable under this clause is included in the sum insured on the affected *property*.

### 1.2.33 Unharmed Property

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

The amount payable under this clause is included within the Total Sum Insured of the Material Damage Section of this *policy*.

## 1.3 Optional Additional Cover

Each of the following clauses will have no effect unless there is a statement in the *schedule* that the particular clause will apply.

### 1.3.1 Natural Disaster (Earthquake etc)

The Material Damage Section of this *policy* extends to cover *loss* to your *property* directly or indirectly caused by *natural disaster*. However, the following conditions apply:

1. exclusion 1.4.9 1 in relation to the above perils is deleted;
2. the clause only applies to your *property* for which indemnity is not provided under the provisions of the Earthquake Commission Act 1993;
3. The *deductible* to be paid by you is the amount or percentage shown in the *schedule*.

### 1.3.2 Reinstatement

Applicable to those items of insured *property* where it is stated in the *schedule* (RV) that this clause applies.

In the event of any insured *property* to which this clause applies suffering *loss*, the basis on which the amount payable under the Material Damage Section of this *policy* (or under each item of the Material Damage Section of this *policy* if the *property* is described under separate items) is to be calculated will be the cost of *reinstatement* of that *property*.

Insurance under this clause is subject to the special provisions set out below, and is subject also to the terms and conditions of the Material Damage Section of this *policy* except in so far as they are varied by this clause.

#### Definitions

In this clause, and unless the context requires otherwise:

#### Reinstatement

*reinstatement* means:

- (a) where *property* is lost its replacement by an *equivalent building* or by *equivalent plant* as the case may require;
- (b) where *property* is damaged but not destroyed, the restoration of the damaged portion of the *property* to a condition substantially the same as, but not better or more extensive than, its condition when new.

#### Equivalent Building

*equivalent building* means:

- (a) a *building* or structure which is as nearly as practicable the same as the *building* or structure lost or *destroyed*, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any building or other Regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority;
- (b) where, as a result of any special circumstances, no *building* or structure which falls within the scope of paragraph (a) can be constructed; a *building* or structure which is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or *destroyed*;
- (c) where, as a result of any special circumstances, no *building* or structure which falls within the scope of paragraph (a) is suitable to your reasonable requirement, then, with our consent (which will not be unreasonably withheld), a *building* or structure which is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the *building* or structure lost or *destroyed*.

### Equivalent Plant

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

### Destroyed

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

### Site

*site* means any parcel of land owned or occupied by you.

### Regulations

*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.

### Undamaged

*undamaged* means not damaged physically and directly by an event insured under the Material Damage Section of this *policy*.

### Special Provision

#### Compliance with Regulations

The amount payable under this clause 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:

1. to the extent to which the work had already been required of you by notice served prior to the happening of the *loss*; or
2. 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 will apply whether or not the *undamaged property* or portion comprises a separate building or structure or a separate item of plant or equipment.

### 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*:

1. where *reinstatement* on the same *site* is not permissible by reason of any Regulations; or
2. where *reinstatement* on the same *site* is not suitable to your reasonable requirements, in which case, and with our consent (which will not be unreasonably withheld), *reinstatement* may be carried out on any alternative *site* subject to our liability in respect of the cost of *reinstatement* not exceeding the cost which would have been incurred had *reinstatement* been carried out on the same *site*.

### Limitations on Amount Payable

1. Where the work of *reinstatement* is carried out in terms of the *equivalent building* definition (b) or (c), or on any location other than the original location at the same *site*, our liability in respect of the cost of *reinstatement* will not exceed the cost which would have been incurred had *reinstatement* been carried out in terms of definition (a) on the original location;
2. Where your *property* is damaged but not *destroyed*, our liability will not exceed the amount we could have been called upon to pay for *reinstatement* if the *property* had been *destroyed*;
3. Our liability under this clause in respect of any item of insured *property* will not exceed the sum insured in respect of that item.

### Circumstances Where this Clause Does Not Apply

No payment, beyond the amount which would have been payable had this clause not been incorporated in the material damage section of this *policy*, will be made:

1. if you elect not to reinstate the *property*;
2. if the work of *reinstatement* is not commenced and carried out with reasonable dispatch;
3. until the cost of *reinstatement* has been actually incurred;
4. 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 reason of any of these circumstances, no payment is to be made beyond the amount which would have been payable if this clause had not been incorporated in the Material Damage Section of this *policy*, the rights and liabilities of you and us in respect of the *loss* will be the same as if this clause had not been incorporated in the Material Damage Section of this *policy*.

#### Valuation of the Property

1. If we require a valuation for any *period of insurance*, you must at your expense provide us with a certificate by a registered professional valuer approved by us specifying the estimated cost of *reinstatement* of any item or items of insured *property* to which this clause applies;
2. The certificate must also contain such other estimates and information as we may reasonably require;
3. The sum to be insured under this clause in respect of each item will not be less than the amount of the estimate specified in the certificate in respect of that item.

#### Rates, Tax and Other Charges

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

#### 1.3.3 Seasonal Stock Increase

The sum insured on *stock* is increased for a maximum of 90 days from the date specified in the *schedule* by the amount specified in the *schedule*.

The amount payable under this clause is in addition to the indemnity otherwise payable.

## 1.4 Exclusions

Refer also to the general exclusions of this *policy*.

#### 1.4.1 Building Defects and Deterioration

The Material Damage Section of this *policy* does not insure against *loss* to any *building* or structure directly or indirectly caused by the failure of that *building* or structure to contain:

1. a material; or
2. a design; or
3. a system; or
4. a reasonable standard of workmanship;

that was necessary to effectively prevent or manage the presence or penetration of moisture or water to which the *building* or structure might reasonably be subjected.

#### 1.4.2 Faulty Design, Material, Workmanship

The Material Damage Section of this *policy* does not cover the cost of:

1. repairing or replacing faulty materials; or
2. putting right faulty workmanship; or
3. putting right work performed to a faulty design, plan or specification;

but this exclusion does not apply to any *loss* occurring as a result of that faulty material, workmanship or design, plan, or specification not otherwise excluded by 1.4.1.

#### 1.4.3 Disappearances/Fraud/Theft

The Material Damage section of this *policy* does not insure *loss* directly resulting from:

1. unexplained disappearances; shortages revealed only by the taking of an inventory; shortages due to clerical or accounting errors, shoplifting, misplacing of information;
2. your decision to hand over the *property* to someone else before you have paid for it;
3. theft of insured *property* from unlocked or insecure vehicles or insured *property* that is left in the open air unless in a secure yard;
4. theft or fraud by you or by any of your employees or principals;
5. any fraudulent scheme or device or false pretence practiced on you or on any other person having care of your *property*.

#### 1.4.4 Deterioration/Contamination

The Material Damage Section of this *policy* does not insure *loss* directly caused by:

1. normal working, normal maintenance, wear and tear, erosion, corrosion, gradual deterioration (including but not limited to gradual deterioration caused by dampness or penetration of moisture), slowly developing deformation or distortion;
2. action of micro-organisms (including but not limited to rot and mould), vermin or insects;
3. the nature of your *property* (including but not limited to shrinkage, evaporation, loss of weight, change in flavour, colour, texture or finish, action of light);
4. dust, fumes, smoke or smut, from any normal industrial operation.

#### 1.4.5 Pollution/Artificially Controlled Temperature

The Material Damage Section of this *policy* does not insure *loss*:

1. arising directly or indirectly from a polluting event,
2. in connection with a change in any artificially controlled temperature or atmosphere.

#### 1.4.6 Excluded Items

Unless specifically shown in the *schedule*, the Material Damage Section of this *policy* does not insure:

1. *property* in the course of installation, construction, demolition, erection, or testing following any of them;
2. current coin, bank and currency notes, cheques, traveller's cheques, postal notes, money orders, unused postage stamps, redeemable vouchers and tokens, franking machine credits, credit card vouchers, phone cards or other negotiable instruments, in excess of \$1,000 in value in each case for any one *loss* at any one *situation*, except as insured under the money clause;
3. jewellery, precious stones, furs, precious metals or bullion, other than as *stock* of the business or as part of any plant;
4. motor vehicles and other mechanical or electrically propelled vehicles (including but not limited to railway locomotives and rolling stock), and accessories contained in them or on them, other than:
  - (a) any unregistered crane or other mobile plant used within or in the vicinity of any *situation* owned or occupied or operated by you;
  - (b) held as *stock* of the business but not whilst in use or on demonstration;
5. watercraft and aircraft of every kind, and accessories contained in them or on them, except as held as *stock* of the business or for auction but not whilst in use or on demonstration;
6. *property* in transit other than at premises owned or occupied by you;
7. *property* damaged as a result of it undergoing any *production process* where the damage is directly caused by the operation of that process.

8. any of the following *property* unless it is specified in the *schedule*:

standing timber, growing crops, crops harvested but not yet in storage, live plants, trees, hedges (other than live plants, trees and hedges covered under the building definition), livestock, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges (other than bridges or tunnels at premises owned or occupied by you included in the sum insured), docks, piers, wharves, mining *property* located beneath the surface of the ground, any land including topsoil and backfill;

9. any consequential economic losses whatsoever including penalties, loss of use of any *property*, delays, or loss of market.

#### 1.4.7 Exposure to Weather / Utilities / Cessation of Work

This Material Damage Section of this *policy* does not insure *loss*:

1. directly caused by exposure to weather conditions where the *property* is not normally left in the open unless reasonable precautions have been taken to protect the *property* from those conditions;
2. in connection with the interruption of the supply to your *situation* of water, gas, electricity or any other fuel;
3. in connection with the total or partial cessation of work, retarding or interruption or cessation of any process.

#### 1.4.8 Machinery Breakdown

1. In respect of the boiler or *pressure vessel* immediately affected, the Material Damage Section of this *policy* does not insure the cost of repairing or replacing any part that has exploded, overheated, ruptured, burst, cracked, leaked or collapsed due to generated or applied fluid pressure or vacuum (but not pressure caused by chemical explosion). However, this exclusion does not apply to resultant *loss* to other insured *property*.
2. In respect of the *machine* immediately affected, the Material Damage Section of this *policy* does not insure any mechanical or electrical breakdown or derangement. However, this exclusion does not apply:
  - (a) If any insured *loss* originating completely outside the *machine* results in the mechanical or electrical breakdown or derangement of the *machine*. For the avoidance of doubt there is no cover when the breakdown or derangement results from:
    - (i) A part of the *machine* being drawn into it, or
    - (ii) Any operator error or omission, or any servicing error or omission.
  - (b) To resultant *loss* to other insured *property*.

#### 1.4.9 Natural Disaster / Normal Settlement

Unless specifically shown in the *schedule* the Material Damage Section and Business Interruption Section of this *policy* does not insure:

1. *natural disaster* damage;
2. landslip, subsidence, erosion or expansion of the land;
3. normal settlement, shrinkage or expansion of *buildings*, foundations, walls, pavements, roads and other structural improvements.

### 1.5 Conditions

Refer also to the general conditions of this *policy*.

#### 1.5.1 Alteration of Risk

If you become aware of a material change in the nature of the risk of *loss* covered by the Material Damage Section of this *policy*, this insurance will cease in respect of the affected *property* immediately unless and until the change is accepted by us in writing.

If the change is accepted by us you agree to pay a reasonable premium for the increased risk.

However, this insurance will not be prejudiced by:

1. such changes in the use or occupancy of the *situation* as are usual or incidental to *your business*;
2. the performance of any structural alterations or repairs to insured *property*, providing the circumstances are reported to us in writing within a reasonable time after you become aware of them; and provided that you agree to pay a reasonable additional premium for the increased risk if so required by us;
3. the cessation of operations or vacancy of any building for a period not exceeding 30 days;

However, the cessation of operations or vacancy of any building for a period in excess of 30 consecutive days is allowed, providing the circumstances are reported to us within a reasonable time after you become aware of them; and provided that you exercise reasonable care and attention to the premises and make sure the *situation* is safe and secure.

#### 1.5.2 Diligence

You must not be reckless and must take reasonable care at all times and at your own expense to prevent *loss* to your *property*. You must do each of the following during the *period of insurance*, unless such impairment of system is notified, agreed and accepted by us:

1. Maintain in accordance with the manufacturer's recommendations any fire protection or detection system, security equipment (including locks and alarms) or other protective installations, in good working order and activated.
2. If the *situation* is protected by a security alarm system (burglar alarm) the alarm must be in efficient working order and be activated at all times when the *situation* is unoccupied.

#### 1.5.3 Fat Frying Warranty

If there is a fat fryer at any of the *situation(s)* described in the *schedule* then you must comply with the following:

1. an automatic 'over temperature' device must be fitted to the fryer and maintained to prevent fire by overheating by isolating the power supply from the deep fat fryer;
2. during non working hours a close-fitting metal lid must be fitted to the deep fat fryer; during working hours it must be readily available to be used if required;
3. grease filters must be fitted in the flue venting and must be clean and free of any build-up of grease at all times;
4. an F rated extinguisher or other similar suitable extinguisher must be installed near the fryer and accessible in the *event* of a fire in the unit. The extinguisher/s must be serviced at least once a year and maintained in good working order. If a fire blanket is installed, it must be a minimum of 1.2m x 1.8m in size and staff should be trained in its use;
5. the fryer must have a master switch for the energy supply, which must be remote from the fryer and the switch must be in the 'off' position at the finish of each day's operation and/or when the premises are unattended. The switch must be easily accessible at all times.

#### 1.5.4 Reinstatement of Amount

In the *event* of a claim payment under the Material Damage Section of this *policy*, and in the absence of written notice by us or you to the contrary, any amount of insurance cancelled by the payment will be automatically reinstated. You agree to pay such pro rata premium at the applicable rate as may be required for the *reinstatement*.



### 1.5.5 Salvage

Where insured *property* suffers *loss*, we may:

1. enter any building where the *loss* has occurred and take and keep possession of the damaged *property*;
2. deal with the salvage in any reasonable manner;

provided that:

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

## Section 2 – Business Interruption

### Cover

If *your business* carried on at the *situation* is interrupted or interfered with in consequence of a *loss* at the *situation* during the *period of insurance* we will indemnify you for the financial loss resulting from the interruption or interference up to the limits specified in the *schedule* for each item insured set out below.

Provided that:

1. we will not be liable for any financial loss under this *policy* unless Your *property* damaged at the *situation* is insured against the *loss* (except *loss* arising out of explosion of any boiler or economiser) and we (including the Earthquake Commission where applicable) have (or would have, but for the application of an excess or *deductible*) admitted liability in respect of such *loss*.
2. subject to the 'Goods and Services Tax' clause and 'Reinstatement of Amount of Insurance' clause of this *policy*, our liability will not exceed the total sum insured of this section, 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.

### 2.1 Gross Profit or Gross Revenue (as selected)

Where *gross profit* or *gross revenue* has been selected in the *schedule*, the amount payable as indemnity shall be:

1. In respect of reduction in *gross profit/gross revenue*, the amount by which the *gross profit/gross revenue* earned by *your business* during the *indemnity period* is less than the amount that would have been earned if the interruption or interference had not occurred, and;
2. In respect of additional expenditure, the additional expenditure necessarily and reasonably incurred during the *indemnity period* to avoid or minimise the reduction in *profit/gross revenue* that *your business* suffers as a result of the interruption or interference. The amount payable shall not exceed the reduction in *profit/gross revenue* thereby avoided, less expenses saved as a result of the *loss*.

#### 2.1.1 Gross Rental And Management Fees

Where *gross rentals and management fees* has been selected in the *schedule*, the amount payable as indemnity shall be:

1. In respect of reduction in *gross rentals and management fees*, the amount by which the *gross rentals and management fees* earned by *your business* during the *indemnity period* is less than the amount that would have been earned if the interruption or interference to *your business* had not occurred, and;
2. In respect of additional expenditure, the additional expenditure necessarily and reasonably incurred during the *indemnity period* to avoid or minimise the reduction in *gross rentals and management fees* that *your business* suffers as a result of the interruption or interference.

The amount payable shall not exceed the reduction in *gross rentals and management fees* thereby avoided, less expenses saved as a result of the *loss*.

#### 2.1.2 Wages: Dual Basis

Where dual *wages* has been selected in the *schedule* the amount payable as indemnity shall be:

1. In Respect of Reduction in *turnover*:
  - (a) Initial Period: beginning with the *loss* and ending not later than the number of weeks specified in the *schedule* thereafter, the actual amount you pay as *wages* to employees whose services cannot, in consequence of the *loss*, be used by you, being the amount produced by applying the *rate of wages* to the *shortage in turnover* during that period less any *wages* saved as a result of the *loss* in this period;



- (b) Remainder Period: during the remaining portion of the *indemnity period* the sum produced by applying the *rate of wages* to the *shortage in turnover* during that period less any *wages* saved as a result of the *loss* in this period;

but not exceeding the sum produced by applying the remainder percentage of the *rate of wages* specified in the *schedule* to the *shortage in turnover* during that remaining portion of the *indemnity period* increased by such amount as is deducted for savings under the terms of 1 (a) above;

- (c) Optional Period: at your option, the number of weeks referred to in 1 (a) above may be increased to the optional number specified in the *schedule* provided that the amount arrived at under the provisions of 1 (b) shall not exceed such amount as is deducted under 1 (a) for savings effected during the optional number of weeks.

2. In respect of additional expenditure, the additional expenditure necessarily and reasonably incurred during the *indemnity period* to avoid or minimise the reduction in *wages* that *your business* suffers as a result of the interruption or interference. The amount payable shall not exceed the reduction in *wages* thereby avoided.

### 2.1.3 Payroll/Wages in Lieu of Notice

Where *payroll/wages* in lieu of notice has been selected in the *schedule* the amount payable as indemnity shall be:

The amount of *payroll/wages* you shall reasonably pay during the period beginning with the *loss* and ending not later than the number of weeks specified in the *schedule* to employees whose services cannot, in consequence of the *loss*, be utilised by you at all, and an equitable part of the *payroll/wages* paid to employees whose services cannot, in consequence of the *loss*, be utilised by you to the full (less any *wages/payroll* saved as a result of the *loss*).

### 2.1.4 Redeployment Expenses

Where selected in the *schedule* the insurance under this item covers expenditure reasonably incurred by you during the *indemnity period* in the necessary relocation of employees within New Zealand where, as a result of the *loss*, you elect to permanently redeploy employees at any alternative sites within New Zealand. The insured expenses will include all such expenses you would normally incur or reimburse to employees when transferring employees and their families and pets to different places of permanent residence for the purpose of *your business*.

### 2.1.5 Severance and Redundancy Payments

Where selected in the *schedule* the insurance under this item covers all payments which you are required to pay to employees in accordance with their employment contract whose services are terminated as a result of *loss*.

### 2.1.6 Additional Cost of Working

Where selected in the *schedule* the insurance under this item covers the additional costs and expenditure reasonably incurred by you during the *indemnity period* in consequence of the *loss* for the purpose of avoiding or diminishing a reduction in *gross profit* or *gross revenue* and/or for resuming or maintaining any normal business operations or services that are not otherwise covered under this *policy*, but excluding any cost of reinstating physical damage to your *property*.

### 2.1.7 Book Debts

Where selected in the *schedule* the insurance under this item covers the net financial loss that is established during the twelve months after the *loss* resulting solely from the interruption or interference to the business of collectible amounts owed to you plus the reasonable costs incurred by you in establishing, tracing and recovering those debts less an equitable allowance for bad debts or variations in trade.

### 2.1.8 Penalty Payments

Where selected in the *schedule* the insurance under this item covers any penalties, damages or other amounts which you are legally liable to pay, in accordance with the terms and conditions of any contract, for any unavoidable breach of contract by you resulting from any interruption to or interference with *your business* as a sole consequence of *loss*.

### 2.1.10 Claim Preparation Costs

Where selected in the *schedule* the insurance under this item covers all costs, professional fees and expenses reasonably incurred by you for the purpose of assessing, preparing, presenting and certifying any claims made under this Section and the Material Damage Section of this *policy* insofar as such costs are not more specifically insured or recoverable under any other *policy* of insurance. Salaries, *wages*, overheads and other expenses of your employees and consultants will be deemed to be part of such costs and expenses.

### 2.1.11 Rewriting of Records

Where selected in the *schedule* and notwithstanding the definition of *property* and the general exclusion 3. for electronic data the Business Interruption Section of this *policy* insures the reasonable cost of collecting and reproducing the information on *your business* records that suffer a *loss* covered under this *policy*. The value of the information itself is not insured.

However, the following conditions apply in respect of electronic data:

1. you must have all electronic data on back-up files;
2. there must be an adequate back-up system in operation and that back-up system must have been effectively tested;
3. back-ups must be kept secure on or off site and must be updated at least on a weekly basis.

The limit of cover for any one *event* is as specified in the *schedule*. The cover in this clause is in addition to the cover provided under 1.2.24 in the Material Damage Section of this *policy*

### 2.1.12 Loss of Lease Goodwill

Where selected in the *schedule* the insurance under this item covers *loss* of lease goodwill should the whole or any part of a leased *situation* occupied by you suffer *loss* during the *period of insurance* covered by the Material Damage Section of this *policy*, provided that:

1. the rebuilding or *reinstatement* of the *situation* at the existing Site is prohibited by *building* or other regulations under or formed in pursuance of any Act of Parliament or the by-laws of any municipal or other local authority; or
2. the owner of the premises not being you, decides for any reason whatsoever, not to undertake the rebuilding or *reinstatement* at the existing site following such *loss*, or
3. the owner of the premises not being you, terminates the lease in accordance with the terms thereof following such *loss*.

The amount payable as indemnity hereunder shall be limited to the unexpired value of the lease goodwill at the date of *loss* calculated by reducing the purchased value of the lease goodwill pro rata according to the proportion of the term of the lease which has elapsed at the date of *loss*, provided also that:

If you are able to obtain suitable alternative *situations* for the purpose of *your business* after the termination of the lease by the lessor then, after calculation of the *loss* of lease goodwill as set herein, this amount shall be reduced to a figure which shall represent as nearly as reasonably practicable the actual *loss* of lease goodwill.

## 2.2 Additional Cover

### 2.2.1 Accumulated Stocks

In adjusting any claim, account will be taken and an equitable allowance made if, during the *indemnity period*, *turnover* is temporarily maintained from accumulated stocks of finished goods held by you, thus causing a shortage of Stock of finished goods after the *indemnity period* has expired.

### 2.2.2 Acts of Civil Authorities

The Business Interruption Section of this *policy* insures financial loss resulting from interruption or interference because the whole or part of your *situation* is closed by order of any lawfully constituted civil authority during the *period of insurance* as a result of:

1. danger to human life or bodily injury to any person in the vicinity of the *situation*;
2. damage to any *property*;
3. defects in drains or other sanitary arrangements but not defects in water or sewerage;
4. vermin or pests;
5. fumes or the escape of any hazardous materials;
6. any other criminal act, but excluding any criminal act by you.

Proviso 1 of Section 2 – Cover does not apply to this clause. This clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to the *deductible* shown in the *schedule*.

### 2.2.3 Closure of Transport Routes, Ports or Airports

The Business Interruption Section of this *policy* insures financial loss resulting from interruption of or interference with *your business* caused by the closure during the *period of insurance* of any transport route, port, container port, airport or railway terminal in New Zealand due to *loss* to any *property* at such premises that would be covered under Section 1 of this *policy* if it had covered that *property*. Proviso 1 of Section 2 – Cover does not apply to this clause. This clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to the *deductible* shown in the *schedule*.

#### 2.2.4 Contractual Commitments

The Business Interruption Section of this *policy* insures the amount you are legally liable to pay under contracts for purchases unavoidably not used during the *indemnity period* as a result of a *loss* during the *period of insurance* covered under this section, less any sums received or receivable by you in respect of such purchases through any salvage handling operations or resale.

#### 2.2.5 Customers' / Suppliers' Premises

The Business Interruption Section of this *policy* insures financial loss resulting from interruption of or interference with *your business* caused by *loss* that would be covered under Section 1 of this *policy* if it had covered that *property* during the *period of insurance* at any place within New Zealand that is:

1. occupied by manufacturers, processors or suppliers of goods or services to you; or
2. occupied by any of your customers.

Proviso 1 of Section 2 – Cover does not apply to this clause. This clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to the *deductible* shown in the *schedule*.

#### 2.2.6 Dependent Business that Attracts Customers

The Business Interruption Section of this *policy* insures financial loss resulting from interruption of or interference with *your business* caused by *loss* that would be covered under Section 1 of this *policy* if it had covered that *property* during the *period of insurance* to an anchor tenant situated in the same retail shopping complex as *your business*.

Proviso 1 of Section 2 – Cover does not apply to this clause. Our liability in respect of any one *loss* will be limited to an *indemnity period* of 30 days from the date *turnover* is first affected and this clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to a 24 hour time *deductible*.

#### 2.2.7 Loss of Utilities

The Business Interruption Section of this *policy* insures financial loss resulting from interruption of or interference with *your business* caused by *loss* that would be covered under Section 1 of this *policy* if it had covered that *property* during the *period of insurance* to any electricity station or sub-station or power lines or telecommunication networks or gas works or natural gas works (but excluding any offshore installation) or energy-producing plant or water works or treatment plants or any other supplier of utilities, and including all *property* or plant or equipment or supply pipes or supply lines of any of them.

Proviso 1 of Section 2 – Cover does not apply to this clause. This clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to the *deductible* shown in the *schedule*.

#### 2.2.8 Prevention of Access

The Business Interruption Section of this *policy* insures financial loss resulting from interruption or interference with *your business* caused by *loss* that would be covered under Section 1 of this *policy* if it had covered that *property* during the *period of insurance* within a 1km radius in the vicinity of your *situation* that prevents or hinders the use of or access to the *situation* during the *period of insurance* regardless of whether your *property* or *situation* suffers *loss*.

Proviso 1 of Section 2 – Cover does not apply to this clause. This clause is limited to 10% of the Total Sum Insured of the Business Interruption Section of this *policy* or \$500,000 whichever is the lesser, and further subject to the *deductible* shown in the *schedule*.

### 2.3 Optional Additional Cover

The following optional clause will apply only when designated or specified in the Schedule.

#### 2.3.1 Natural Disaster Damage (Earthquake etc)

Notwithstanding exclusion 2.4.1 1, this *policy* insures financial loss resulting from interruption of or interference with *your business* caused by:

1. *natural disaster*;
2. Measures taken under proper authority, following an event listed above to:
  - (a) avoid its spreading, or
  - (b) reduce its consequences,during the *period of insurance*.

## 2.4 Exclusions

Refer also to the general exclusions of this *policy*.

**2.4.1** This Policy does not cover any financial Loss resulting from interruption of or interference with the business arising from:

1. *natural disaster*;
2. Mechanical or electrical breakdown or derangement of machinery or electrical equipment other than as a result of a *loss* arising from electrical current damage cover 1.2.8 under the Material Damage Section of this *policy* or the boiler explosion cover under 2.1;
3. *property* in transit other than at your *situation*.

## 2.5 Conditions

Refer also to the general conditions of this *policy*.

### 2.5.1 Adjustment of Premium

The premium payable by you is deemed to be provisional and subject to adjustment on expiry of each *period of insurance* as follows:

1. Within six months of the period for which the premium is to be adjusted or as soon as practicable thereafter, you will submit to us a certificate from your auditors or accountants setting out, if insured, the actual *gross profit*, *gross revenue*, *gross rentals and management fees*, *wages* – dual basis, *payroll/wages* in lieu of notice and book debts for the accounting year most nearly concurrent with the *period of insurance*.
2. The provisional premium will be adjusted at the agreed rate(s) on such actual amounts, or a multiple thereof if the *indemnity period* exceeds twelve months, by payment to us of an additional premium or by refund to you of a return premium as the case may be, provided that if an additional premium or a return premium is due, it will in no case exceed 25% of the provisional premiums charged for the items involved.
3. In the event of a claim occurring during the *period of insurance*, the amount paid or payable for the *loss* in respect of the period will be regarded as actually earned.

### 2.5.2 Alternative Index

In the event of a claim under this *policy*, adjustments may be based on *turnover* or output or whatever other index of business activity affords the most equitable result, and, except in the definition of *turnover*, the word *turnover* wherever used in this *policy* shall be read as *turnover* or alternative index.

### 2.5.3 Departments

If *your business* is conducted in departments, subsidiaries or other units and the independent trading results are ascertainable, the provisions of this *policy* shall apply separately to each department, subsidiary or other unit affected by the *loss*. However, our total liability remains unchanged.

### 2.5.4 Liquidation, Receivership or Cessation of Interest

The cover provided by this *policy* will be voided if, for any reason other than *loss*:

1. *your business* is wound up or carried on by a liquidator or receiver or is permanently discontinued; or
2. your interest in *your business* ceases other than by death; at any time after the commencement of this insurance, unless we have agreed to its continuance.

### 2.5.5 New Business

For the purpose of any claim arising from *loss* occurring before the completion of the first year's trading of *your business* at the *situation* the terms *rate of gross profit*, *rate of wages* and *standard turnover* shall have the following meanings and not as stated within:

*rate of gross profit* means the rate of gross profit earned on the *turnover* during the period between the date of the commencement of *your business* and the date of the *loss*.

*rate of wages* means the rate of wages to *turnover* during the period between the date of the commencement of *your business* and the date of the *loss*.

*standard turnover* means the proportional equivalent, for a period equal to the *indemnity period*, of the *turnover* realised during the period between the commencement of *your business* and the date of the *loss*.

For the purposes of this clause the *rate of gross profit*, *rate of wages* and *standard turnover* shall be adjusted as may be necessary to provide for the trend of *your business* and for variations in or other circumstances affecting *your business* either before or after the *loss* or which would have affected *your business* had the *loss* not occurred, so that the figure thus adjusted shall represent as nearly as may be reasonably practicable the results which, but for the *loss*, would have been achieved during the relative period after the *loss*.

#### **2.5.6 Reduced Margin**

If, in consequence of *loss* 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*.

#### **2.5.7 Reinstatement of Amount of Insurance**

In the event of a claim payment under the Business Interruption Section of this *policy*, and in the absence of written notice by us or you to the contrary, any amount of insurance cancelled by the payment will be automatically reinstated. You agree to pay such pro rata premium at the applicable rate as may be required for the *reinstatement*.

#### **2.5.8 Turnover Elsewhere**

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

#### **2.5.9 Use of Accountant or Auditors**

Any particulars or details contained in your books of account or any other business books or documents which may be required by us under the claims condition of this *policy* for the purpose of investigating or verifying any claim may be produced and certified by your accountant or auditors or their agents, whose certificate shall be prima facie evidence of the particulars and details required.

**Zurich Australian Insurance Limited**  
(incorporated in Australia)  
Trading as Zurich New Zealand  
ABN 13 000 296 640, AFS Licence No: 232507  
Zurich House: Level 16, 21 Queen Street Auckland Central 1010

Client Enquiries  
Telephone: 0508 ZURICH  
0508 987 424  
[www.zurich.co.nz](http://www.zurich.co.nz)

