

**BUSINESS PLAN**  
policy wording

Effective July 2024



# Protection.

The right business insurance plan is one that helps keep you in business.

**vero**

# Index

2	Introduction
6	Material Damage
27	Business Interruption
40	Commercial Motor
53	Broadform Liability
64	Employers Liability
67	Statutory Liability
70	Machinery Breakdown
74	Personal Income
78	Employee Fraud
81	General Definitions

# Welcome

## Thank you for choosing Vero Insurance New Zealand Limited to provide you with your insurance cover.

Arranging insurance means *you* are making a legal contract under which *you* promise to meet certain obligations and conditions, and in return *we* promise to provide specified insurance cover.

The obligations, memoranda, warranties, exclusions, extensions and conditions in this contract are subject to *your* rights under the Insurance Law Reform Acts 1977 and 1985.

Words shown in *italics* are words that have had their meaning defined. These meanings are found under the general definitions, in a section or in the *schedule* of this policy. Any word or expression to which a specific meaning has been given will have the same meaning wherever it appears.

Please examine this document, including the *schedule*, to ensure the insurance protection is in accordance with *your* requirements. If it does not meet *your* requirements, or *you* wish to make changes to the insurance cover, please contact *your* insurance broker, adviser or *your* nearest Vero office.

# Introduction

## Insurance contract

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

The insurance contract consists of any statements on which this insurance is based, *your* proposal, the applicable parts of this policy, and the *schedule*.

## General obligations

These are the general obligations that apply to all parts of this policy. In addition, there are specific obligations, conditions, memoranda or warranties set out in the different sections of this policy. *You* must comply with all the obligations, memoranda, conditions or warranties of this policy. If *you* do not in some instances *your* claim will not be paid.

Some parts of this policy may cover other people or companies or entities as well as *you*. To gain the benefit of any cover under this policy they must meet all the same conditions and obligations *you* are required to meet.

### To disclose material information

*You* must advise *us* of all *material information* before inception of the policy and before each renewal or variation of the policy. Failure to do so entitles *us* to avoid the policy.

*Material information* includes any information which might influence the decision *we* make as to whether or not to provide insurance and if so on what terms and at what premium.

### If circumstances change

- You* must *notify us* immediately of any change in circumstances that has happened after the start of this

policy or that *you* know is going to happen and which may increase:

- the amount of the risk; or
  - the risk of loss, *damage*, liability, *disablement*; or
  - the risk of insuring *you*.
- If *you* do *notify us* of a change *we* may alter the premium and/or the terms of this contract.
  - If *you* do not comply with this obligation any loss, *damage*, liability or *disablement* that happens after the date of the change in circumstance may not then be insured and *we* may not continue to insure *you*.

### To provide accurate information

*You* must make sure all statements made to *us* are in every respect correct and complete.

### To avoid loss, damage or liability

If *you* are insured with *us* then *you* must take all reasonable care at all times to:

- make sure all property covered by this insurance is kept safe and protected from possible loss or *damage*;
- maintain any protective devices, including but not limited to sprinkler systems and alarms, in an operational condition;
- avoid any loss, *damage* or *injury* for which *you* could be held legally liable.

*You* must not intentionally or recklessly cause loss or *damage* to any property covered by this policy or for which *you* could be held legally liable.

*You* must not allow anyone else to cause loss, *damage*, *injury*, or do anything for which *you* could be held legally liable.

*You* must comply with all legal requirements imposed by any government or public authority for the safety of people or property.

*You* must comply at *your* expense with all reasonable recommendations *we* give *you* to prevent loss or *damage* to *your* property *you* have insured or to prevent loss or *damage* for which *you* could be held legally liable.

## What you need to know about making a claim

These general claims conditions apply to all parts of this policy. In addition, there may be specific claims conditions set out in the different sections of this policy.

As soon as *you* are aware of any event, circumstance or *occurrence* that is likely to result in a claim under this policy:

*You* must:

- notify us* immediately;
- lay a complaint with the Police if *you* suspect burglary, theft, arson or intentional *damage*;
- take prompt steps to minimise the loss, *damage* or liability and avoid any further loss, *damage* or liability; and
- take reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses.

*You* must not:

# Introduction continued

- dispose of or abandon any property for which *you* intend to make a claim;
- start any repairs without *our* permission unless it is necessary to prevent further loss, *damage* or liability;
- admit responsibility for any loss, *damage* or liability; or
- make or give any admission (of fault or fact), offer, promise, payment or indemnity or say or do anything that prejudices *our* ability to defend, negotiate or settle any claim made against *you* or make recovery for the loss or *damage* from any other person who may be responsible for it;

whether or not any such action or statement is ultimately relied upon in determining any issue of liability.

### If you wish to make a claim on this policy

*You* must then:

- fully complete *our* claim form as soon as practical;
- give *us* free access to examine and assess any loss, *damage* or liability;
- provide any other information or assistance *we* reasonably request in relation to *your* claim;
- forward any letter of demand or court documents to *us* immediately;
- if *we* request it provide a statutory declaration to verify the loss, *damage* or liability;
- if *we* request it attend interviews with any person *we* nominate; and

- unless *we* are deducting it from any claim settlement to *you* be responsible for the payment of the excess to *us* or to the repairer.

### After you have made a claim

After *you* have made a claim on this policy *we* have the sole right to act in *your* name and on *your* behalf to negotiate, defend or settle any action against *you*. If *we* do this it will be at *our* expense, except in relation to any excess that applies.

### After your claim is accepted

After *we* have paid a claim or accepted liability for a claim on this policy either in whole or in part *we* have the right to take over in full any legal right of recovery or indemnity that *you* have. If *we* do this *we* may exercise these rights for *our* own benefit at *our* own expense and *you* must co-operate with *us* in all respects to allow *us* to do anything reasonably necessary to enforce that right. If *you* do not co-operate with *us* *you* must repay any amounts *we* have paid to *you* or any other party in respect of *your* claim.

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

If any lost or stolen property for which *we* have paid a claim is later found or recovered *you* must:

- tell *us* immediately; and
- if *we* request, hand the property over to *us*.

*We* have the right to keep any property, including any proceeds from its sale, for which *we* have paid

a claim under this policy subject to adjustment if *you* have not been fully indemnified for *your* loss.

If any person is ordered to make or otherwise makes *reparation* to *you* for loss or *damage* to any property for which *we* have paid a claim under this policy *you* must reimburse *us* for that payment as soon as any *reparation* is made, subject to adjustment if *you* have not been fully indemnified.

### If you don't agree with our claim decision

If *you* do not agree with *our* decision on *your* claim then *you* should ring *your* adviser *your* agent *your* broker or

*our* branch office. If *you* are still not happy and believe *our* decision is incorrect *you* can ring *our* Head Office on 0800 835 548 or write to *us* at Private Bag 92 120 Auckland.

## General exclusions

These are the general exclusions that apply to all parts of this policy. In addition, there are specific exclusions set out in the different sections of this policy.

There is no cover under this policy for any *claim*, loss, *damage*, liability, interruption, death, *disablement*, *injury*, illness, any increased or additional costs or expenses of a *claim* or any other form of cover otherwise available under this policy resulting from or directly or indirectly arising out of, contributed to by, or in connection with:

### 1. Communicable disease

- communicable disease; or
- fear or threat (whether actual or perceived) of communicable disease; or

# Introduction

## continued

(c) actions taken by any person, *entity* or public authority to respond to, control, prevent or suppress communicable disease;

regardless of any other cause or event contributing concurrently or in any other sequence to it.

'Communicable Disease' means:

(a) any disease (whether human, animal, plant or otherwise) which can be transmitted directly or indirectly from any organism to another organism by means of any substance or agent (including without limitation any virus, bacterium, parasite or other organism or any variation thereof, whether living or not), where the disease, substance or agent can cause or threaten:

- (i) *damage* to human health or welfare; or
- (ii) *damage* to, deterioration of, loss of value of, marketability of or loss of use of property; or

(b) any Infectious Disease or Quarantinable Disease as defined in or declared under the Health Act 1956.

A reference to the Health Act 1956 includes any amendment, replacement or successor legislation. A reference to Infectious Disease or Quarantinable Disease shall have the meaning found in any replacement definition or of any equivalent or substantially similar term defined in or declared under any amendment, replacement or successor legislation.

This exclusion does not apply to the Personal Income section of this policy.

### 2. Computer systems

any loss of, alteration of, or *damage* to or a reduction in the functionality, availability or operation of a *computer system*.

- (a) Subject to the other terms, conditions and exclusions of this policy, this exclusion shall not apply to physical loss or physical *damage* to *insured property* and interruption or interference to the insured *business* directly resulting therefrom.
- (b) Provided that, clause (a) does not apply where such *damage* or interruption or interference is directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with:
  - (i) *cyber act*; or
  - (ii) any action taken in controlling, preventing, suppressing or remediating any *cyber act*.

This exclusion does not apply to the commercial motor vehicle section of this policy.

### 3. Confiscation

confiscation, requisition, destruction of, or *damage* to property by order of any Government or Local Authority unless it is to prevent or control loss or *damage* that would otherwise have been covered by this policy.

### 4. Data

- (a) total or partial destruction, distortion, erasure, corruption,

alteration, misinterpretation or misappropriation of *data*;

- (b) error in creating, amending, entering, deleting or using *data*;
- (c) total or partial inability or failure to receive, send, access or use *data* for any time or at all;
- (d) any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any *data*; or
- (e) the value of any *data*;

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

### 5. Radioactivity

nuclear weapons material, ionising radiations or contamination from any nuclear fuel or from any nuclear waste which results from the combustion (including self sustaining process of nuclear fission) of nuclear fuel.

### 6. Terrorism

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

### 7. Unlawful to insure

any act, event or *occurrence* deemed to be unlawful to insure against.

### 8. War

war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, civil commotion assuming

# Introduction

## continued

the proportions of or amounting to a popular rising, military rising, mutiny, rebellion, revolution, insurrection, military or usurped power.

## General conditions

These general conditions apply to all parts of this policy. In addition, there are specific conditions set out in the different sections of this policy.

### 1. Breach of condition

If *you* or any *insured* under this policy breaches any condition in this policy all benefits under this policy will be forfeited. However, nothing in this policy affects *our* common law rights, including *our* right to avoid the policy for non-disclosure.

### 2. Cancellation by us

We may cancel this policy at any time by sending a letter, facsimile or e-mail to *you* at *your* last postal address, facsimile number or e-mail address on *our* records. The cancellation will take effect at 4 pm on the 14th day after the letter facsimile or e-mail has been sent. In the event of such cancellation we will refund to *you* a pro rata proportion of the premium (subject to any adjustment required by the terms of this policy).

### 3. Cancellation by you

*You* may cancel this policy at any time, and with immediate effect, by written notice delivered to *us* or by facsimile transmission or e-mail. 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) for the time during which the policy has been in force.

### 4. Change of terms

In the following circumstances, we may change the terms of this policy (including the *excess*) during the *period of insurance*:

- (a) we are no longer able to obtain or retain full reinsurance protection from *natural disaster* events covered by this policy on terms acceptable to us; or
- (b) in response to a material change to relevant law; or
- (c) to increase cover or add new cover; or
- (d) to allow for a material change in the risk profile of a group of similar policy holders (or similar *insured property*) that will not be commercially sustainable for *us* under current policy terms.

We may change the terms by sending a letter, facsimile, or e-mail advising *you* of this to *you* at *your* last known postal address, facsimile number, or e-mail address, or to *your* insurance adviser. The change or changes will take effect at 4.00pm on the 30th day after the communication has been sent.

If *you* are not happy with the change of terms, *you* may terminate the policy on 14 days' notice. We will refund any unused premium.

### 5. Correctness of statements and fraud

All statements made by *you* or on *your* behalf either in the application or otherwise in support of this policy or any claim must be correct in all respects. If any claim under this policy is supported by any incorrect

information or statement or is in any respect fraudulent, then *your* claim is not payable and this entire policy automatically terminates from the date that the incorrect statement or fraudulent claim was made to *us*.

### 6. Goods and services tax

Provided that goods and services tax (GST) is recoverable by *us*, the sum or 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.

However, the *agreed value* under the commercial motor section is GST inclusive.

### 7. Headings

Where headings or margin references are used in this policy they are purely descriptive in nature and are not to be used for interpretative purposes.

### 8. Instalment premiums

Where we have agreed to accept payment of premium by instalments:

- (a) in the event of a claim being made against the policy we reserve the right to require immediate payment of the balance of any annual premium; and
- (b) all benefits under this policy will be forfeited from the date the first unpaid instalment was due and *your* policy automatically cancelled if any premium instalment remains unpaid for 28 days.

Where any instalment is overdue but the policy has not been cancelled,

# Introduction

## continued

all benefits under this policy will be suspended from the date the first unpaid instalment was due until the date we receive all the overdue premiums.

### 9. Joint insurance

Except in respect of the Employers Liability and the Statutory Liability sections of this policy if there is more than one *insured* named in the *schedule* this policy insures the *insureds* jointly. This means that if one of *you* does or fails to do anything so that there is no cover there will be no cover for any of *you*, not just the person or *entity* responsible.

### 10. New Zealand law

This policy is governed by New Zealand law and New Zealand courts have exclusive jurisdiction over any legal proceedings about it. When this policy mentions an Act of New Zealand Parliament, this includes any substitution, amendment, or replacement of the Act. If the Act has been repealed and there is no substitution or replacement, we mean any part of an Act with substantially the same purpose and function. It includes the regulations under the Act.

### 11. Observance of terms and conditions

The due observance and fulfilment of the terms and conditions of this policy by *you* in so far as they relate to anything to be done or complied with by *you*, and the correctness of any statements made to *us* (whether made by *you* or not), are conditions precedent to any liability we may have to provide any indemnity under this policy.

### 12. Other insurance

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

This condition does not apply to the personal income section of this policy except as specified in that section.

### 13. Recovery apportionment

If in exercising our rights of subrogation, we recover all or any part of a loss for which a claim has been paid or is payable under this policy the amount of the recovery will be shared between *you* and *us* in the following manner:

- Excluding the *excess* applicable, *you* will be fully reimbursed for any uninsured portion of the loss.
- The remaining amount after the application of (a) above will be shared between *you* and *us* in the ratio of their respective losses; the loss to *you* being that portion of the loss which is uninsured by reason of the *excess*, and the loss to *us* being the amount of our actual payment under this policy.

The expenses of all of the recovery effort will be borne in the ratio of the respective recoveries. If no recovery is made then the costs will be for *our* account.

Notwithstanding anything in the *excess* clause, no account will be taken of any subrogated recoveries in establishing the amount of the adjusted loss to which the *excess* applies.

### 14. Renewal terms

If we intend to refuse renewal of this policy, or to offer renewal on any terms less favourable *you* or *your* insurance broker than those applying during the current *period of insurance*, we must give *you* or *your* broker notice of that intention not less than 15 days before the expiry of the current *period of insurance*. If the notice is not received by that time, we will, if so required by *you* or *your* insurance broker, extend the current *period of insurance* so that it will expire not less than 15 days after the notice provided. *You* undertake to pay a pro-rata proportion of the annual premium for the period of any such extension.

### 15. Sanctions

This policy will not provide cover, service, or benefit, or pay anything in connection with your policy, including any *premium* refund, if doing so may breach or risk exposure to any of the following:

- Penalties, sanctions, prohibitions, proscriptions, preventions or restrictions under United Nations resolutions.
- Sanctions, proscriptions, preventions, laws or regulations of New Zealand, Australia, the United Kingdom, the United States of America, or the European Union.

### 16. Terms, exclusions and conditions

In all cases "The Indemnity" 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.

# Material damage

## The indemnity

We will indemnify *you* for *damage* to any of the *insured property* occurring during *the period of insurance*.

*You* will be indemnified by payment or, at *our* option, by repair or by replacement of the lost or *damaged* property.

Subject to the reinstatement of amount of insurance extension, *our* liability will not exceed the total sum insured; and where sums insured have been declared to *us* or included on the *schedule* for more than one *situation*, item and/or category of *insured property*, *our* liability will not exceed in respect of each *situation*, and each item or category of *insured property* at a *situation*, the applicable sum insured.

## Automatic extensions

These automatic extensions form part of this material damage section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this material damage section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

### 1. Burglary

Notwithstanding exclusion 2 (b) (Criminal Acts & Disappearance) of this material damage section we will cover *you* for *damage* directly resulting from theft or any attempt at theft accompanied by:

- violent and forcible entry to or exit from any enclosed building. The burglary *excess* shown in the *schedule* will apply to claims under this part of this extension; or
- violence or threat of violence to persons. The standard *excess* shown in the *schedule* will apply to claims under this part of this extension; or
- violent and forcible entry to or exit from a securely locked motor vehicle or storage container, being any fully enclosed:
  - shipping container or similar; or
  - portable shed or similar structure; or
  - non-portable container, such as a metal or wooden container that has been built into or secured to a vehicle.

The burglary *excess* shown in the *schedule* will apply to claims under this part of this extension.

### 2. Capital additions

This section extends cover to property (including, but not limited to, alterations, additions and improvements to existing property) *you* acquire, during the *period of insurance*, situated anywhere in New Zealand.

This extension of cover does not apply to:

- stock* in trade;
- 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.

Cover under this extension commences on each acquired property when the risk in the property passes to *you*.

*You* must notify *us* within 90-days of *you* acquiring the property or the physical works being completed.

Once *you* have notified us:

- we may charge *you* additional premium; and
- any increased value of the property will be added to *your* sum insured.

*Our* liability under this extension will not exceed the amount shown in the *schedule*.

The applicable limit stated in the *schedule* shall be in addition to the sum insured unless otherwise specified.

### 3. Change of temperature

Notwithstanding exclusion 6.2 (f) (Natural events & other processes) of this material damage section we will cover *you* for loss or *damage* during the *period of insurance* to *insured property* arising from a change in temperature. This includes reasonable costs incurred by *you* in the removal to and/or storage of such property at alternative premises.

We will not cover *you* for any change in temperature caused by mechanical or electrical or electronic breakdown of machinery or electrical equipment covered under the Machinery Breakdown section.

# Material damage

## continued

### 4. Demolition and other costs

We will cover you for costs necessarily incurred for any of the following purposes in consequence of *damage* insured under this material damage section:

- demolition, dismantling, shoring up or propping of the *insured property*;
- removal of *stock*, plant and other *contents* whether *damaged* or *undamaged*;
- disposal of debris (including any kind of solid, liquid or gaseous matter) from the site of the *insured property damaged* and the area immediately adjacent to such site.

Our liability in respect of any one event will not exceed the special limit shown in the *schedule*. If no such limit is shown the costs will be included within the sum insured on the affected property.

The cover provided under this extension does not include any amounts you become legally liable to pay by way of compensation or other *damages* resulting from pollution or contamination of property by any of the debris.

### 5. Electric motors

Notwithstanding exclusion 3(b) (Damage to Machinery) of this material damage section we will cover you for *damage* to:

- electric motors and starters that do not individually exceed 5 kw; and
- distribution switchboards and permanently installed electrical reticulation;

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

### 6. Employees effects

This section extends the definition of *insured property* in respect of the item on *contents* to include the personal effects of your directors and employees, but only while the effects are at premises owned or occupied by you, or elsewhere while being worn, kept, carried or used by the directors or employees acting in the course of their duties or employment. The effects are deemed to be included in the description of *insured property* as if you owned them.

This extension of cover does not apply to loss or *damage* to the personal effects of any director or employee who is entitled to indemnity for that loss or *damage* under any other policy of insurance unless you are responsible for the loss or *damage*.

In respect of any one loss to any one director or employee under this extension we will pay up to whichever is less; the amount shown in the *schedule* or \$5,000. The indemnity provided by this extension will not increase our liability beyond the sum insured on the *contents* at the premises.

### 7. Expediting costs

Where a claim is payable under this material damage section for the cost of reinstating any *insured property* we will also cover you for such additional costs of express freight and overtime labour as are reasonably incurred for the purpose of expediting that *reinstatement*.

The indemnity provided by this extension will not increase our liability beyond the sum insured on the affected property.

### 8. Fire fighting equipment

We will pay for the reasonable costs you incur to replenish your portable hand-held fire fighting equipment after the equipment has been used to protect your *insured property* from *damage* covered under this material damage section, or immediate and imminent threat of *damage*, provided that the *damage* would be covered under this material damage section if it did occur.

Our liability under this extension will not exceed \$5,000 for any one period.

### 9. General average/salvage charges

When this material damage section applies to transit of *insured property* by coastal shipping between ports of New Zealand. We will cover you for general average and salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with any freight contract.

The excess will not apply.

### 10. Gradual damage

We will pay for *damage* to your insured *building* resulting from the action of *micro-organisms*, mould, mildew, rot, fungi or gradual deterioration, caused by water leaking or overflowing from any internal water system, if the loss or *damage* first occurs during the time that you own the insured *building*.

The limit includes the cost of searching for the source of the problem if it is reasonably incurred and we have

# Material damage

## continued

accepted a claim for the loss or *damage*.

An internal water system is any water pipe, waste disposal pipe, water cylinder or water storage tank which is permanently connected and contained within the walls, floors or roof of the structure and any pipe which is hidden from view that is connected to an appliance, such as a washing machine or dishwasher.

Our liability under this extension will not exceed \$5,000 for any one event and must be applied towards searching for and/or repair of the *damage*.

The excess will be the higher of \$500 or the standard excess shown on the *schedule*.

### 11. Landscaping

Provided that your *building* is insured with us, we will cover you for the costs you reasonably incur to repair or replace landscaping that has been *damaged* where we have accepted a claim under this material damage policy.

Our liability is limited to 5% of the individual building *sum insured* or \$20,000 whichever is the lesser amount.

### 12. Landslip

We will cover you for *damage* to any *insured property* directly or indirectly consequent upon:

- landslip that is neither gradual nor progressive; and/or
- the movement (whether by way of falling, sliding or flowing) of ground:

but excluding:

- subsidence: and/or
- the expansion, settling, shrinkage, compaction or erosion of soil.

Our liability under this extension is limited to \$500,000 for any one event.

The excess under this extension will be \$15,000 unless a higher amount is shown in the *schedule*.

### 13. Subsidence

We will cover you for *damage* to any *insured property* directly or indirectly consequent upon:

- subsidence that is neither gradual nor progressive, of land beneath or adjacent to the affected property: and/or
- the movement (whether by way of sinking, collapsing, sliding or flowing) of ground:

but excluding:

- landslip;
- compaction or erosion of soil;
- the normal settling, expansion or shrinkage of any *building* or its foundations; and/or
- movement as a result of the water-table drying out from atmospheric or climatic conditions.

Our liability under this extension is limited to \$500,000 for any one event.

The excess under this extension will be \$15,000 unless a higher amount is shown in the *schedule*.

### 14. Money

Notwithstanding exclusion 7 (b) (Property) of this material damage section we will cover you for *money* as follows:

### Section A

- money* in transit.
- money* at your business premises or sites of contract during *business hours*.
- money* in a securely locked safe or strongroom, approved by us, at your business premises outside *business hours*.

### Section B

- money* at your business premises outside *business hours* and not in a securely locked safe or strongroom.
- money* at your residential premises or those of any *principal* or authorised *employee*.

### Additional cover provided

Notwithstanding exclusion 2 (b) (Criminal acts & disappearance) of this material damage section the cover provided by this extension includes loss of or *damage* to *money* directly resulting from:

- theft accompanied by violence or threat of violence to persons. The standard excess shown in the *schedule* will apply to claims under this part of this extension;
- theft of any other kind, not expressly excluded from cover under this extension. The burglary excess shown in the *schedule* will apply to claims under this part of this extension.

In addition, we will cover you for loss or *damage* to *money* directly caused by or resulting from any earthquake, hydrothermal activity, landslip, volcanic eruption, or subsidence or erosion of the land.

# Material damage

## continued

### Additional exclusions

The cover provided by this extension is subject to the following additional exclusions:

- (a) loss due to errors in receiving or paying out;
- (b) loss or *damage* occurring while the *money* is entrusted to any person other than *you*, or any agent, or any *principal*, *employee* or any professional *money carrier*;
- (c) loss resulting from payment of *money* in exchange for any cheque that is subsequently dishonoured;
- (d) loss occurring while the *money* is in an unlocked and unattended vehicle;
- (e) loss directly resulting from theft or fraud by any of *your employees*. However this exclusion does not apply to loss discovered within 72 hours of the act of theft or fraud;
- (f) loss covered by a valid and collectable claim under a policy of fidelity guarantee (or equivalent) form of insurance.

### Limits of liability

Our liability will not exceed \$10,000 under section A and \$2,500 under section B unless any alternative amounts are shown in the *schedule*.

However, if an additional special limit designated "Christmas carry" is shown in the *schedule* it will take the place of the section A money limit for the period 1 December to 5 January of the following year.

### 15. Other interests

We will cover *you* and any person or corporate body where *you* are under

an obligation to insure their interest in any of the *insured property*.

However:

- (a) we will not be liable to cover any person or corporate body whose interest has not been declared to *us* by the time indemnity becomes payable;
- (b) *our* liability to any other person or corporate body will be no better than any liability *we* have to *you*;
- (c) any such person or corporate body is not an *insured* under the policy and has no right to claim under the policy.

At *our* sole discretion any amount payable on account of a valid claim may be paid to the other person or corporate body. This will meet *our* obligations under this policy.

### 16. Portable equipment

Notwithstanding general exclusion 2 (Computer systems) of this material damage section, we will cover *you* for:

- (a) portable computer equipment (such as a laptop, notebook, electronic diary, video data projector or similar) and cell-phones away from *your* business premises anywhere in the world including while in transit;
- (b) office equipment at the home of employees, in transit to/from *your* business premises and the home of employees.

In respect of any loss or *damage* away from *your* premises, the Reinstatement Additional extension, if taken, will be extended only to any item of portable computer equipment (such as a laptop, notebook, electronic diary,

video data projector or similar) that is less than two years old at the time of the loss or *damage*.

*Our* liability under this extension will not exceed \$5,000 for any one item, or \$10,000 for any one event, or the sum insured of this material damage section, whichever is the lesser amount.

### 17. Professional fees

We will cover *you* for all reasonable professional and clerk of works fees, salaries and costs necessarily incurred in reinstating *damage* to *insured property* which is covered under this material damage section. The insured fees, salaries and costs are included in the sum insured on the affected property.

This extension does not apply to fees for preparing claims made under this material damage section.

### 18. Property under construction

Notwithstanding exclusion 7 (a) (Property) 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 unless an alternative amount is shown in the *schedule*.

The applicable limit of \$100,000 or the amount stated in the *schedule* shall be in addition to the sum insured unless otherwise specified.

### 19. Protection costs

We will cover *you* for any costs *you* reasonably incur for the purpose of, and for *damage* directly resulting

# Material damage

## continued

from, controlling any cause of loss that involves or threatens to involve *insured property* which is covered under this material damage section.

However, this extension does not apply to costs or *damage* for which indemnity would be payable under this material damage section in the absence of this extension.

*Our* liability will be the lesser of \$100,000 or the material damage sum insured.

### 20. Redundant foundations

For the purpose of claims under this material damage section the meaning of *damage* is extended to include the loss of value of foundations where the foundations of any *building* are made redundant for any reason in consequence of insured *damage* to the superstructures or plant resting on them. If it is not necessary to demolish the foundations in order to reinstate *damaged* property and if the presence of the abandoned foundations increases the *market value* of the property to which they are fixed the amount of increase will be treated as salvage in the adjustment of loss for claim settlement purposes.

### 21. Redundant plant and stock

#### Redundant plant

We will cover *you* for redundant:

- (a) interdependent plant; or
- (b) spare parts of the *insured property* affected;

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

#### Redundant or deteriorated stock

We will cover *you* for unavoidable permanent loss of the value of

*undamaged* redundant *stock* or deteriorated *stock* resulting from a loss of or *damage* to other *insured property* covered by this material damage section.

### 22. Reinstatement of amount of insurance

In the event of *damage* for which a claim is payable under this material damage section the amount of insurance cancelled by such *damage* will be automatically reinstated from the date of *damage*.

*You* undertake to pay such pro-rata premium at the rate applicable to the item concerned as may be required for the reinstatement.

This extension does not apply in respect of any *natural disaster damage*.

### 23. Release of liability

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

- (a) the Fire Service Commission;
- (b) any fire protection equipment suppliers approved by the Insurance Council of New Zealand Inc;
- (c) any oil company; or
- (d) any other party to an agreement that has been declared to and accepted by *us*;

from liability arising from *damage* covered by this material damage section, the release is allowed without prejudice to this insurance and notwithstanding the subrogation condition of this policy.

Notwithstanding any provisions of this extension, 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.

### 24. Restoration and reproduction costs – Proof materials

We will cover any of the *insured property* for all costs reasonable and necessarily incurred by the insured for the replacement, reinstatement, repair, restoration and/or reproduction of proof materials that have suffered *damage*, including but not limited to print blocks, plates lettering, films (positive or negative), artwork, typeset and/or paste-up.

Replacement, reinstatement, repair, restoration and/or reproduction under this clause means the restoration of the *damaged* property to a condition substantially the same as but not better or more extensive than its condition when new or if destroyed its replacement by similar property in a condition substantially the same as but not better than the condition of the *insured property* when new.

*Our* liability is limited to \$100,000 any one event.

### 25. Rewards

We will cover *you* for the cost of any reward paid by *you* for the purpose of protecting or recovering any of the *insured property*.

However:

- (a) no payment will be made unless it contributes to the protection or recovery of the *insured property*;

# Material damage

## continued

(b) the terms of the reward must be agreed by *us* before the reward is offered; and

(c) *our* liability will not be increased beyond the sum insured on the *insured property*.

*Our* agreement to the terms of a reward payable under this extension will not be unreasonably refused.

### 26. Social club

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

### 27. Stolen keys

We will cover *you* for the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations 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.

This section also extends to cover the reasonable cost of opening any safe or strongroom following theft of its key or combination. The costs are deemed to be included in the sum insured on the affected property.

### 28. Sustainable rebuilding costs

We will cover *you* for the additional reasonable costs incurred to upgrade *building(s)* with sustainable products, provided that:

- the *building(s)* have suffered a total loss covered by this material damage section, and
- reinstatement conditions apply to the *building(s)*, and
- the *building(s)* are reinstated, and
- we approve the sustainable products, approval will not unreasonably be withheld.

*Our liability* is limited to 5% of the actual cost of reinstatement of the *building* or \$250,000, whichever is lesser.

These costs are included in the sum insured for each item of *insured property*.

For the purpose of this extension 'Sustainable Products' means:

- products that increase the efficiency of the *building* relating to the use of energy and/or water,
- rebuilding materials that reduce environmental impacts.

### 29. Temporary removal

We will cover *you* for *damage* to any of the *insured property* (except *stock*) while *temporarily removed* to any place in New Zealand, but not while in transit to or from that place.

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

This extension does not apply to any of the *insured property* that is intended for use as a portable item (unless removed for service or repair).

### 30. Theft from locked vehicle

Notwithstanding exclusion 2 (b) (Criminal Acts & Disappearance) of this material damage section we will cover *you* for *damage* at or away from *your* premises resulting from theft, or any attempt at theft, following forcible entry to or exit from any securely locked motor vehicle or theft or any attempt at theft from a securely locked motor vehicle accompanied by violence or threat of violence to persons.

*Our liability* is limited to \$10,000.

The *excess* will be the higher of \$1,000 or the burglary *excess* shown on the *schedule*.

### 31. Transit

Notwithstanding exclusion 7 (g) (Property) we will cover the *insured property* while in transit within New Zealand.

*Our liability* is limited to \$25,000.

### 32. Unharmed property

We will cover *you* for the cost to demolish, *damage* or remove any property or part unharmed where these costs are incurred for the sole purpose of reinstating *damaged insured property*.

We will also cover *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.

# Material damage

## continued

The indemnity provided by this extension will not increase *our liability* beyond the sum insured on the *insured property damaged*.

### 33. Unlawful Substances

Notwithstanding exclusions 6.3 and 6.4 (Natural events and other processes), we will cover *you* for *damage* being contamination to any *building* specified in the *schedule* and any other *insured property* within that *building*, caused by the manufacture, supply, storage, possession, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975 including methamphetamine, or any pre-cursor chemicals or materials used in any of these activities, provided that:

- you* own the *building*; and
- the *building* is:

- a motel or hotel operated by *you* and the *damage* is caused by a paying guest; or
- leased to a tenant, and *you* or the person who manages the tenancy on *your* behalf has met the "Landlord's Obligations".

Cover under this extension will only apply where, at the time of the claim being made, the level of chemical contamination exceeds 15µg/100cm<sup>2</sup>. We will only pay for decontamination to the extent required to achieve a post-remediation level of less than 1.5µg/100cm<sup>2</sup>.

For the purpose of this extension, "Landlord's Obligations" are that *you* or the person who manages the *building* on *your* behalf must:

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

*Our liability* under this extension is limited to \$50,000 any one *occurrence*, up to a maximum of \$250,000 in any *period of insurance*.

### 34. Unspecified locations

We will cover *you* for sudden and accidental *damage* to *contents* and/or *stock* while situated at any unspecified location in New Zealand away from the situation.

We will not cover *contents* and/or *stock* that are temporarily removed, or any portable electronic equipment, or any portable tools of trade.

*Our liability* is limited to \$25,000 for any one event, or the sum insured for *contents* and/or *stock*, whichever is the lesser.

## Exclusions

Refer also to the general exclusions of this policy.

### 1. Consequential losses

This material damage section does not insure any consequential losses including penalties, loss of use of any property, delays, or loss of market

(except for those consequential losses referred to in exclusion 4.), express freight and overtime labour as a cost of reinstating any *insured property* unless those costs are reasonably incurred.

### 2. Criminal acts and disappearance

This material damage section does not provide cover for:

- (i) unexplained disappearance;
- (ii) shortages revealed only by the taking of an inventory;
- (iii) shortages due to clerical or accounting errors;

or *damage* directly resulting from:

- theft;
- any fraudulent scheme or device or false pretence practised on *you* or on any other person having care of the *insured property*.

### 3. Damage to machinery

In respect of the *machine* or *pressure vessel* immediately affected, this material damage section does not insure:

- explosion, overheating, rupture, bursting, cracking, leakage, collapse, of steam boilers, or pipes, or economisers, or any other *pressure vessels*, due in each case to generated or applied fluid pressure within or without (excluding pressure caused by chemical explosion); or
- mechanical or electrical breakdown or derangement of any *machine* or *pressure vessel*.



# Material damage

## continued

However, this exclusion does not apply to:

- (i) *damage* to other property that is not otherwise excluded; or
- (ii) *damage* as defined in (a) and (b) above, caused by or arising from a peril or event not otherwise excluded in this material damage section.

#### 4. Faulty workmanship, design and materials

This material damage section does not insure the cost of putting right:

- (a) or repairing or replacing faulty materials;
- (b) faulty workmanship;
- (c) work performed to a faulty or defective design, plan or design specification; or
- (d) faulty or defective work where the fault or defect results from an error or omission in design, plan or design specification;

but this exclusion does not apply to any consequential *damage* occurring as a result of (a) to (d) as shown in this exclusion that is not otherwise excluded.

#### 5. Moisture penetration

This material damage section does not insure *damage* as a result of or in connection with the failure of any *building* or structure to contain or incorporate:

- (a) materials; or
- (b) a design; or
- (c) a system; or

(d) a standard of workmanship; that effectively prevents or manages the presence or penetration of moisture or water to which the *building* or structure might reasonably be subjected.

#### 6. Natural events and other processes

1. This material damage section does not insure *damage* directly or indirectly caused by or resulting from:

- (a) action or effects of *micro-organisms*, mould, mildew, rot, fungi, other than direct *damage* by fire as a result of any of these;
- (b) normal settlement, shrinkage or expansion of *buildings*, foundations, walls, pavements, roads and other structural improvements;
- (c) *natural disaster*;
- (d) subsidence, landslip, erosion, settling, cracking or movement of the land;
- (e) gradual deterioration, other than direct *damage* by fire as a result of this.

2. This material damage section does not insure *damage* directly caused by:

- (a) fumes, gas, dust, smoke, smuts unless caused by a sudden single identifiable event;
- (b) normal working, maintenance, wear and tear, erosion, corrosion, slowly developing deformation or distortion, marring or scratching;

- (c) action of vermin, insects;
  - (d) the inherent nature of the property;
  - (e) action of light;
  - (f) changes in artificially controlled temperature or atmosphere;
  - (g) exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions;
  - (h) interruption of the supply to the site of water, gas, electricity or any fuel;
  - (i) total or partial cessation of work, retarding or interruption or cessation of any process.
3. This material damage section does not insure *damage*, directly or indirectly caused by contamination or pollution, or *damage* consisting of or costs or expenses arising from contamination or pollution from any cause whatsoever.
4. This material damage section does not insure *damage* to *insured property* arising from the manufacture, supply, storage, possession or use of any controlled drug as defined in the Misuse of Drugs Act 1975 including methamphetamine, or any precursor chemicals or materials used in any of these activities in or near the *insured property*. This exclusion does not apply to *damage* to *insured property* caused by fire or explosion,

# Material damage

## continued

including resulting smoke *damage*.

#### 7. Property

This material damage section does not insure:

- (a) property in the course of installation, construction, demolition, erection, or testing following any of them;
- (b) *money*;
- (c) jewellery, precious stones, furs, precious metals or bullion, other than as *stock* of the *business* or as part of any plant;
- (d) motor vehicles, other mechanically or electrically propelled vehicles (including but not limited to railway locomotives and rolling stock), *watercraft* and aircraft of every kind, and accessories contained in them or on them, other than as *stock* of the *business*;
- (e) any of the following property unless it is specified in the *schedule*:
  - standing timber, growing crops, pastures, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill;
- (f) (i) computer software, *computer systems* records and *data* including the replacing or reproducing of information contained in or on them; or

(ii) the loss of value of the information contained in or on computer software, *computer systems* records and *data*;

- (g) property in transit other than at premises *you* own or occupy; or
- (h) property *damaged* as a result of it undergoing any *production process* where the *damage* is directly caused by the normal operation of that process.

#### 8. Seismic strengthening

This material damage section does not insure any additional cost necessary only to comply with *regulations* applicable to the repair, replacement or reinstatement of *damaged insured property* (or any portion of it) in connection with:

- (i) property being an earthquake-prone building as described in the Building Act 2004 (and any substitution of, amendment to, replacement of or statutory regulation made under this Act); or
- (ii) the seismic capacity of the property; or
- (iii) the performance of the property in an earthquake.

For the avoidance of doubt, the costs to reinstate up to the level of seismic capacity or earthquake performance which applied to the property prior to the *damage* are not excluded by this section.

#### 9. Transmission and distribution lines

This policy does not insure any above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other

supporting structures and any equipment of any type which is related to such installations.

This exclusion applies to all equipment other than that which is on or within 300 metres of an insured structure and which is the responsibility of the *Insured*.

This exclusion applies both to physical loss or *damage* to the equipment and all business interruption, consequential loss, and/or other contingent losses related to transmission and distribution lines, other than losses defined and insured under the Contingent Business Interruption automatic extension under the Business Interruption section.

### Memoranda

#### 1. Building Act 2004 compliance schedule

Where required under the *Building Act* 2004 (or any replacement Act) and any subsequent amendments *you* must ensure all inspections, maintenance and reports are completed as required by the compliance *schedule* for any *building* covered under this material damage section.

This material damage section does not insure any *damage* directly or indirectly caused by or contributed to by circumstances that would not have existed at the time of the *damage* if these requirements had been met.

#### 2. Deep frying equipment

If on any premises owned or occupied by *you* there is any deep frying with oil or fat *you* warrant that:

# Material damage

## continued

- (a) each vat is fitted with a close-fitting steel lid that is shut when the vat is not in use;
- (b) a fire blanket is installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and that the fire blanket is readily accessible for immediate use at all times during any deep frying operation;
- (c) a fully charged wet chemical extinguisher or other similar 'F'-rated fire extinguisher complying with the New Zealand Standard NZS 4503 (Hand Operated Fire Fighting Equipment) must be installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and is accessible for immediate use at all times during any deep frying operation;
- (d) all thermostats, pans, blankets and extinguishers are at all times maintained in good working order;
- (e) extraction filters are cleaned weekly and extraction flues and ducting inspected monthly and cleaned as necessary;
- (f) a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect/shut down the energy source when the temperature of the cooking liquid exceeds a safe operating temperature. Over-temperature cut out set point is manufacturer dependent (between 220°C to 235°C) but must not be higher than 246°C; and
- (g) all cooking liquids for disposal are at all times stored in a suitable, fit for purpose container with a close

fitting lid until removal from the premises.

If you are not the occupier of the premises or operator of the equipment you will in writing instruct the occupier and operator to carry out the requirements in (a) to (g) above to ensure that the terms of this warranty are met at all times.

### 3. Diligence

You will:

- (a) comply with all statutory regulatory or local authority requirements pertaining to the ownership, occupation and use of *insured property*;
- (b) take all reasonable precautions to prevent loss, destruction or *damage to insured property*;
- (c) maintain any automatic fire protection sprinkler system or automatic fire detection system and/or portable fire appliances installed in efficient operating order and activated;
- (d) keep closed during non-working hours any fire resisting doors and shutters and maintain them in efficient operating order;
- (e) keep any dangerous goods in accordance with the provisions of the Dangerous Goods Act or the Hazardous Substances and New Organisms Act 1996 (or any replacement Acts) and any subsequent amendments; and
- (f) maintain any security protection in efficient operating order and activated during non-working hours.

### Conditions

Refer also to the general conditions of this policy.

#### 1. Alteration of risk

If you become aware of any change in the nature of occupation or other circumstances whereby the risk of loss or *damage* is increased, this insurance will cease in respect of the affected property unless and until the change is accepted by us in writing.

However, this insurance will not be prejudiced by:

- (a) such changes in the use or occupancy of premises as are usual or incidental to *your business*;
- (b) 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 you agree to pay a reasonable additional premium for the increased risk if we so require;
- (c) such changes in the nature of occupation or other circumstances that you innocently failed to report to us, provided notice is given to us immediately you become aware of the failure and you agree to pay an appropriate additional premium if required;
- (d) the cessation of operations or vacancy of any building for a period not exceeding 30 days; or
- (e) the cessation of operations or vacancy of any building for a period in excess of 30 consecutive days, providing the circumstances

# Material damage

## continued

are reported to us within a reasonable time after you become aware of them and you agree to pay a reasonable additional premium for the increased risk if required.

#### 2. Excess

Each loss or series of losses arising out of one event will be adjusted separately:

- (a) net of salvage and other recoveries; and
- (b) net of the *excess* amount or *excess* percentage shown in the *schedule*.

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

#### 3. Inspection

We are entitled to inspect *insured property* at any reasonable time and you must provide such information as may be reasonably required by us in respect of the subject matter of this insurance. 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.

#### 4. Misdescription

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

- (a) any innocent and inadvertent misdescription of property or

occupancy in the proposal or submission; or

- (b) any act of the occupier whereby the risk of *damage to property* not in *your* occupation is increased without *your* authority or knowledge;

provided we are given notice immediately you become aware of any of the above happenings. You also agree to pay an appropriate additional premium if required.

#### 5. Progress claim payments

We will make progress claim payments on production of acceptable evidence of insured loss where *damage* occurs that gives rise to a claim under this material damage section. If the aggregate of progress payments exceeds the total amount of the adjusted loss you will immediately refund the difference.

#### 6. Salvage

Where property covered by this material damage section is *damaged*, we may:

- (a) enter any building where the *damage* has occurred and take and keep possession of the *damaged* property; and
- (b) deal with the salvage in any reasonable manner;

however:

- (i) you are not entitled to abandon any property to us; and
- (ii) we are not entitled to sell or otherwise dispose of salvaged branded goods without your prior consent. Should you decline 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, that identify the goods as supplied by you, the salvage value of the goods will be determined after such removal at our expense.

#### 7. Sum insured adjustment for existing damage

In the event that there was existing *damage to insured property* at the commencement of the *period of insurance* which has not been repaired, replaced or reinstated at the time of loss or *damage* covered by this section, the amount of that existing *damage* will be deducted from the total sum insured and from any sum insured declared to us or otherwise specified on the *schedule* in respect of that item or category of *insured property* at the *situation*, and the amount payable by us to indemnify you for the loss or *damage* will be reduced accordingly.

The amount of existing *damage* is to be calculated as the cost that would have been incurred to repair, replace or reinstate that existing *damage* if it had been repaired, replaced or reinstated by you.

This sum insured adjustment for existing *damage* will apply for all purposes of this material damage section and the automatic and additional extensions.

# Material damage

## continued

### Additional extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this material damage section (unless otherwise stated). If there is any conflict or inconsistency between this material damage section and the extension, only the extension will apply. If there is any conflict or inconsistency between extensions, only the more particular extension will apply.

### Extraneous perils MD001

The indemnity provided is restricted to *damage to the insured property* directly caused by any of the perils listed below provided always that all the terms, exclusions and conditions of this material damage section, and the general exclusions and general conditions of this policy will apply except in so far as they are expressly varied.

1. Fire, lightning and explosion.
2. Windstorm, hail, snow, ice or frost applicable only to *buildings* that are fully enclosed and their *contents* but excluding *damage*:
  - (a) caused by subsidence, landslip or erosion;
  - (b) to *buildings* in course of construction or alteration or their *contents*; or
  - (c) to glasshouses or their *contents*.
3. Aircraft and other aerial or spatial devices and articles dropped from them.

4. Impact by animals or land *vehicles* but excluding *damage to contents* or *stock* not being within a fully enclosed *building* unless forming part of a permanent structure.
5. Riot, civil commotion, strikes, locked-out workers or persons taking part in *labour disturbances*.
6. Malicious acts of persons (whether or not in the course of a disturbance of the peace), but excluding destruction or *damage to*:
  - (a) *contents* or *stock* in the open unless forming part of a permanent structure;
  - (b) *buildings* in course of construction or alteration or their *contents* unless such *buildings* are entirely enclosed and under roof; or
  - (c) glasshouses, or their *contents*.
7. *Accidental* leakage or spillage of any gas, vapour, liquid (other than water) or molten material but excluding:
  - (a) *damage to* such escaped material;
  - (b) the cost of removing or recovering such escaped material;
  - (c) the cost of rectifying the fault that permitted the leakage or spillage;
  - (d) *damage to* goods in transit;
  - (e) *damage* caused by or happening during the course of repairs or alterations; or
  - (f) *damage to* that unit of plant machinery or apparatus used for the containment dispensing or transmission of any vapour liquid or molten material that has escaped or leaked from it.
8. Sonic shock waves (also known as sonic boom).
9. Smoke resulting from the sudden unusual and faulty operation of any stationary furnace or boiler within the insured premises.
10. *Water damage* including costs necessarily incurred in the removal of water and debris from the insured premises but not *water damage* caused:
  - (a) to *contents* or *stock* in the open unless forming part of a permanent structure;
  - (b) to *water apparatus*;
  - (c) during or as a result of alterations or repairs to *buildings* or *water apparatus*;
  - (d) as a result of wear and tear or the gradual deterioration of *water apparatus*; or
  - (e) directly or indirectly by subsidence landslip or erosion.
11. Self ignition being the actual burning out of any part or parts of electrical *machines* installations or apparatus or electrical motors and starters that do not individually exceed 5 Kw switchboards and electrical reticulation not more specifically insured under any other policy of insurance, caused by the electric current in them but not *damage to*:
  - (a) radio, television, audio, computer and other electronic equipment of every description;
  - (b) vacuum tubes and thermionic valves;

# Material damage

## continued

- (c) flexible or trailing leads from the point of permanent electric supply to any apparatus;
- (d) lighting or heating elements, fuses or protective devices; or
- (e) electrical contacts at which sparking or arcing occurs in ordinary working.

### Burglary MD002

We will cover you for *damage* directly resulting from theft or any attempt at theft accompanied by:

- (a) violent and forcible entry to or exit from any enclosed building. The burglary excess shown in the *schedule* will apply to claims under this part of this extension; or
- (b) violence or threat of violence to persons. The standard excess shown in the *schedule* will apply to claims under this part of this extension.

### Mortgage redemption insurance MD003

Cover is provided in accordance with Section 137(1)(b) of the Unit Titles Act 2010 or any subsequent amendments thereof.

"*Proprietor*" is the person or persons referred to in this policy as the *insured* that is registered as *proprietor* of the stratum estate in the unit or interest named in that.

"*Mortgagee*" is the other person or persons named in this policy as *mortgagee* and who has granted a loan to the *proprietor* on the security of the unit named in that.

If the *mortgagee* has as a condition of the loan granted to the *proprietor* required the *proprietor* to effect this insurance and subject to the special

provisions set out below, and subject also to the terms, exclusions and conditions of this material damage section and the general exclusions and general conditions of this policy except in so far as they are varied by this extension we will insure the *proprietor* in respect of:

1. the *proprietor's* liability to repay the whole or any part of the sum secured to the *mortgagee* in the event of destruction or *damage* of the unit or interest named in this policy in accordance with the conditions of the loan granted by the *mortgagee* to the *proprietor* but in no case exceeding:
  - (a) the amount of the destruction or *damage*; or
  - (b) the amount sufficient at the date of the destruction or *damage* to discharge the mortgages upon the unit, whichever is the least amount.
2. the cost involved in making such transfers as set out in (c) or (d) below will be borne by us. These costs are included in the sum insured on the affected property.

It is agreed that:

- (a) any payment made by us under this material damage section will be made to the *mortgagee* or *mortgagees* named in this policy in order of their respective priorities;
- (b) the *proprietor* will be liable to repay to us the amount paid by us to the *mortgagee* or *mortgagees* under this material damage section, and such payment will not reduce or discharge the liability of the *proprietor* as mortgagor;
- (c) where the amount paid by us equals the amount necessary to repay a mortgage upon the unit or interest insured we will, in order to have secured the repayment by the *proprietor* to it of the amount so paid, be entitled to a transfer of that mortgage with interest apportioned at the date of transfer;
- (d) where the amount paid by us is less than the amount necessary to repay a mortgage upon the unit or interest insured we will, in order to have secured the repayment by the *proprietor* of the amount so paid, be entitled to require the *mortgagee* to transfer the mortgage jointly to the *mortgagee* and us to be held by both parties as *tenants* in common in shares bearing the same proportion to one another as the amount remaining unpaid to the *mortgagee* under the mortgage bears to the amount paid by us;
- (e) the insurance under this material damage section will not be liable to be brought into contribution with any other policy of insurance save another mortgage redemption insurance affected under section 137(1)(b) of the Unit Titles Act 2010 or any subsequent amendments and
- (f) we will only be obliged to indemnify the *proprietor* as set out in this extension if:
  - (i) the *insurer* of the principle policy covering the unit in accordance with section 15 Unit Titles Act 2010 properly declines to reinstate the unit; or
  - (ii) the principle policy has been properly terminated before the date of loss or *damage*.

# Material damage

## continued

### Warranty

Notwithstanding the cover provided by this extension it is warranted that a separate policy providing full reinstatement cost protection is maintained in force at all times which will also cover the property as insured by this extension section.

### Hothouses glasshouses and shadehouses MD006

We will not be liable for *damage* caused by or resulting from the action of the wind, rain, snow, frost, ice or hail to any *building* or the *contents* of them where the exterior cladding of such *building* is of flexible plastic material or glass.

Any other claim in respect of such cladding will be indemnity only.

Depreciation for flexible plastic material used for exterior cladding is based on a maximum five-year life span for the material.

### Theft from locked vehicle – increased limit MD007

The automatic limit of \$10,000 is increased to the amount shown in the *schedule*.

### Fire only MD018

The indemnity provided is restricted to *damage* to the *insured property* directly caused by fire.

### Natural disaster extension MD021

This extension applies to those *situations*, items and/or categories of *insured property* that have a *natural disaster* sum insured shown on the *schedule*.

The word *damage* extends to include *natural disaster damage*. Exclusion 6.1 (c) (Natural events and other Processes) is consequently deleted.

Our liability in respect of *natural disaster damage* in any one *period of insurance* will not exceed the total sum insured for *natural disaster*, and where more than one *situation*, item and/or category of *insured property* is included on the *schedule* will not exceed in respect of each *situation*, item and/or category of *insured property* the applicable *natural disaster* sum insured.

The sum insured adjustment for existing *damage* provided for in Condition 7 (Sum insured adjustment for existing damage) will apply to all sums insured for *natural disaster*.

In respect of each *situation* at which *insured property* is located each loss or series of losses arising out of:

1. one event; or
2. a series of events arising from one cause during any one period of 72 consecutive hours will be adjusted separately net of salvage and other recoveries.

From the adjusted loss within the coverage of the policy and within the sum insured for the *situation*, item and/or category of *insured property*, we will deduct any amount payable under the Natural Hazards Insurance Act 2023 (the NHI Act) for the same event and for the same *insured property*, as cover under the material damage section will only apply in excess of any amount payable under the NHI Act.

Your *natural disaster excess* payable for any claim will be reduced by any amount payable under the NHI Act for the same event and the same *insured property*.

Your *natural disaster excess* will apply to the combined total of all *natural*

*disaster* claims under the material damage section and the business interruption section arising from any one event at each *situation*.

For the purposes of this extension:

- a) "NHI Act" includes the Natural Hazards Insurance Act 2023 and any replacement Act or other statutory scheme providing insurance against natural hazards.

Natural hazard (under the NHI Act) means:

- (i) Each of the following is a natural hazard:
  - an earthquake
  - hydrothermal activity
  - a landslide/landslip
  - a tsunami
  - volcanic activity
  - a flood
  - a storm
  - a natural hazard fire

- (ii) However, the normal action of the wind or water causing gradual erosion (including, for example, coastal erosion, bank erosion, and sheet erosion) is not a natural hazard.

- b) we will not be liable for imminent damage as determined by Toka Tu Ake Natural Hazards Commission (NHC) under the NHI Act.

Imminent damage (under the NHI Act) means:

any physical loss or damage to a residential building or residential land that has not yet occurred if:

- (i) a natural hazard has occurred ('the initial event') and

# Material damage

## continued

- (ii) NHC is of the opinion that, as a direct result of 'the initial event', the loss or damage is more likely than not to occur within 12 months after 'the initial event' first occurred.

- (c) the amount payable under the NHI Act (as defined in this extension) is deemed to include the amount of any excess imposed by the NHI Act.

### Stock declaration MD025

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

- (a) Declarations of the actual value of the property insured held on the last day of each month within the *period of insurance* must be made to us not later than six weeks after the end of each month.

- (b) The sum insured on *stock* is the limit of our liability for *damage* to that property. If any monthly declaration exceeds that amount, then in computing the average of the monthly declarations, the sum insured will be included in place of the actual declaration for that month.

- (c) If no declaration is received for any one month, the specified sum insured will apply in place of the declaration for that month.

- (d) The average of these monthly declarations will be computed at the end of the *period of insurance* and the actual premium payable will be assessed on that average

(or on one half of the sum insured on *stock*, whichever is greater).

- (e) We will refund to you the amount by which the provisional premium exceeds the actual premium payable as calculated above. Alternatively, you will pay to us the amount by which the provisional premium paid falls short of the actual premium.

- (f) If, in any *period of insurance* you fail to furnish a minimum of 75% of the declarations required in terms of this extension the extension will cease to apply, and:
  - (i) the premium will be calculated on the full sum insured; and
  - (ii) you must pay to us the amount by which the provisional premium falls short of that premium.

### Refrigerated goods MD027

Notwithstanding exclusions 6.2 (f) and 6.2 (g) (Natural events and other Processes) we will cover you for:

1. *damage* to goods in refrigerated cabinets or chambers arising from *accidental* stoppage, *damage*, or malfunction of refrigerating plant. The words "goods in refrigerated cabinets or chambers" are deemed to include goods that are at the *situation* at the time of the loss causing event and that would, but for the event, have been placed in the refrigerated cabinets or chambers; and
2. expenses reasonably incurred to avoid or minimise the *damage* insured by 1. above by either transferring the threatened goods

to alternative storage or by other means;

provided that this extension does not cover *damage* due to the disconnection of the public electricity supply by the supply authority where prior notice of the disconnection has been given at the time of *damage*.

Our liability under this extension is limited to \$5,000 per cabinet or chamber and \$10,000 in any one *period of insurance* unless alternative amounts are shown in the *schedule*.

### Theft MD028

Notwithstanding exclusion 2 (b) (Criminal Acts & Disappearance) we will cover theft, or any attempt at theft, but not theft by:

- (a) you or by any of your employees;
- (b) any fraudulent scheme or device or false pretence practised on you or on any other person having care of the *insured property*.

The theft excess shown in the *schedule* will apply to claims under this extension.

### Transit – increased limit MD029

The automatic limit of \$25,000 is increased to the amount shown on the *schedule*.

### Reinstatement MD033

This extension applies to those items or categories of *insured property* that are shown on the *schedule* to be insured for Reinstatement.

In the event of any *insured property* to which this extension applies being lost or *damaged* the basis on which the amount payable under this material damage section (or under each item

# Material damage

## continued

of the material damage section if the property is described under separate items) is to be calculated will be the cost of *reinstatement* of that property.

Insurance under this extension is subject to the special provisions set out below.

"Destroyed" means so *damaged* that the property, by reason only of that *damage*, cannot be repaired. For the avoidance of doubt, no *insured property damaged* will be considered *destroyed* for the purposes of this extension by reason only of any cost in reinstatement to comply with *regulations* which is not payable under this extension.

"Equivalent building" means a *building* or structure that is nearly as practicable the same as the *building* or structure lost or *destroyed*, using modern equivalent materials, skills and techniques that are readily available in the country that the lost or *destroyed building* is located in, and incorporating such alterations that are necessary to comply with any *regulations* that are in force on the date that the *damage* occurs, but subject to any limitations or exclusions to such *regulations* in this material damage section.

Where, as a result of any special circumstances no *building* or structure that falls within the scope of the paragraph above:

(a) can be constructed:

a *building* or structure that 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*; or

(b) is suitable to *your* reasonable requirement:

then with *our* consent (which will not be unreasonably withheld), a *building* or structure that 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" 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.

"Reinstatement" means in respect of *insured property damaged*:

(a) where property is lost or *destroyed*, its replacement by an *equivalent building* or by *equivalent plant* as the case may require; or

(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, using modern equivalent materials, skills and techniques that are readily available and which, if the property is a *building*, are readily

available in the country that the *damaged building* is located in.

"Site" means a parcel of land owned or occupied by *you*.

### Special provisions:

1. Compliance with *regulations*

The amount payable under this extension will include the cost incurred in *reinstatement* which is necessary to comply with any *regulations* that are in force on the date that the *damage* occurs.

Provided that the amount payable will not include any such cost:

- (a) to the extent to which the work had already been required of *you* by notice served before the happening of the *damage*; or
- (b) in respect of *undamaged* property or *undamaged* portions of property other than foundations (unless foundations are expressly excluded from the insurance under this material damage section) whether or not the *undamaged* property or portion comprises a separate *building* or structure or a separate item of plant or equipment; or
- (c) to the extent to which the work is required, whether in whole or in part, because *damaged* (but not *destroyed*) property (or any portion of it):
  - (i) is an earthquake-prone building as described in the Building Act 2004 (and any substitution of, or amendment to, replacement of or statutory regulation made under this Act);

# Material damage

## continued

- or
- (ii) does not comply with any *regulations* applicable at the time of *reinstatement* in connection with:
- the seismic capacity of the property; or
  - the performance of the property in an earthquake.

whether or not the work is also required in order to comply with any other *regulations*.

Notwithstanding any other provision in this extension or the material damage section, we are not liable to pay any cost incurred in *reinstatement* which is necessary to comply with *regulations* other than in accordance with the terms of this special provision.

2. *Site of reinstatement*

Where property is *destroyed* the work of *reinstatement* must be carried out on the same *site*. The work may be carried out upon another *site* only:

- (a) where *reinstatement* on the same *site* is not permissible by reason of any *regulations*; or
  - (b) where *reinstatement* on the same *site* is not suitable to *your* reasonable requirements, in which case, and with *our* consent (which will not be unreasonably withheld), *reinstatement* may be carried out on an alternative *site* in the same country as the current *site*.
3. Limitations on amount payable

(a) Where the work of *reinstatement* is carried out in terms of paragraphs (a) or (b) of the *equivalent building* definition, 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 that would have been incurred had *reinstatement* been carried out in terms of the first paragraph of the *equivalent building* definition on the original location.

(b) Where the *insured 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*.

(c) *Our* liability under this extension in respect of any item or category of *insured property* at the *situation* will not exceed the lesser of the total sum insured at the *situation* or any other sum declared to *us* or included on the *schedule* in respect of that item or category of *insured property* at the *situation*. The sum insured adjustment for existing *damage* provided for in condition 7 (Sum insured adjustment for existing damage) will apply to all sums insured for reinstatement. In the case of *natural disaster damage*, the applicable sums insured will be those declared to *us* or otherwise specified on the *schedule* in respect of *natural disaster*, to which the sum insured adjustment for existing *damage* provided for in condition 7 (Sum insured adjustment for existing damage) will also apply.

4. Circumstances where this extension does not apply

No payment, beyond the amount that would have been payable had this extension not been incorporated in this material damage section, will be made:

- (a) if *you* elect not to reinstate the property;
- (b) if the work of *reinstatement* is not commenced and carried out with reasonable despatch;
- (c) until the cost of *reinstatement* has been actually incurred; or
- (d) 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 that would have been payable if this extension had not been incorporated in this material damage section, *your* and *our* rights and liabilities in respect of the *damage* will be the same as if this extension had not been incorporated in this material damage section.

5. Valuation of the property

- (a) Prior to the commencement of each *period of insurance*, and in respect of that period, *you* must provide *us* with a certificate by a valuer approved by *us* specifying the estimated cost of *reinstatement* (as defined in this section) of any item or items of

# Material damage

## continued

insured property to which this extension applies.

- (b) The certificate must also contain such other estimates or information as we may reasonably require.
- (c) The sum to be insured under this extension in respect of each item will not be less than the amount specified in the certificate in respect of that item, unless we have agreed in writing to a lesser sum to be insured.

### Average condition

Where we have written to advise that your policy is subject to a condition of average, and where you have not provided a certificate in accordance with paragraph 5.a above within one month of the commencement of the period of insurance, the following will apply.

If, at the time of damage, the sum insured is less than 90% of the cost that would be incurred in reinstatement of the whole of the item of property to which the sum insured applies were destroyed, then you will be considered as an insurer for the difference between the sum insured and the sum representing the cost of reinstatement of the whole of that item of property, and must bear a rateable proportion of the loss accordingly.

### 6. Rates, tax and other charges

The amount payable under this extension will not include the amount of any rate, tax, duty, development charge, or any other charge or assessment arising out of capital appreciation, that may be payable in respect of the

property by reason of compliance with any regulations.

### Seasonal stock increase MD034

The sum insured on stock (if any) is automatically increased by the percentage shown in the schedule during the months shown in the schedule.

### Residential multi unit MD698

This extension applies only in respect of damage to a residential building listed in the schedule which you own.

#### 1. Alternative accommodation

If we agree your unit that is occupied by you as a domestic residence becomes uninhabitable, we will also pay or reimburse you for the reasonable additional costs of:

- temporary accommodation;
- boarding out of your domestic pets or security dogs which you normally keep at the situation.

We will pay for the period your unit is uninhabitable up to a maximum of 12 months or \$35,000, whichever is the lesser.

If your unit is uninhabitable you can only claim under this automatic extension or under the Loss of Rent automatic extension. You cannot claim under both of these automatic extensions.

If you, or a member of your household, have an alternative accommodation benefit with us under any other policy, you are only entitled to payment of this benefit under one policy or section of a policy per event.

#### 2. Contents removal and storage

If we agree your unit that is occupied by you as a domestic residence becomes uninhabitable, we will also pay or reimburse you for the reasonable additional costs of:

- removing your undamaged contents to the nearest place of safe keeping;
- storing your undamaged contents at that place;
- returning undamaged contents to your situation described in the schedule.

The maximum amount we will pay is limited to \$1,000 for any one unit and \$10,000 in total for any one event.

#### 3. Loss of rent

If we agree that your unit that is rented by you to a tenant as a domestic residence becomes uninhabitable, we will also pay or reimburse you for your loss of rent, provided that:

- your unit was occupied by a tenant at the time of the damage: or
- at the time of the damage, you had a signed tenancy agreement for a new tenant to let your unit for an ongoing period intended to be no less than 90 days.

We will pay:

- an amount equal to the average weekly rental you received for renting out your unit during the weeks it was rented in the 12 months prior to the damage, or where a tenancy agreement was signed prior to the damage, the amount of the weekly rental in the agreement; and

# Material damage

## continued

- any other costs incurred with our written consent.

We will not pay your loss of rent where the unit is not uninhabitable, or where you or your tenants choose to or are encouraged to move out of your unit while repair or rebuilding is effected.

The maximum amount that we will pay for your loss of rent is, for the period necessary to replace or repair the unit up to a maximum of 12 months, or \$35,000, whichever is the lesser.

If your unit is uninhabitable you can only claim under this automatic extension or under the Alternative Accommodation automatic extension. You cannot claim under both of these automatic extensions.

#### 4. Cost of re-letting

If we agree that your unit that is rented by you to a tenant as a domestic residence becomes:

- uninhabitable; and
- your tenant at the time of the loss or damage subsequently advises that they will not be reoccupying your unit they previously leased.

We will pay or reimburse you for reasonable letting costs up to \$1,000 per unit and \$5,000 in total for any one event.

#### 5. Landlord's contents

If your unit is rented by you to a tenant, then any dishwashers, stoves, refrigerators, washing machines, dryers, built in microwaves, drapes, curtains, blinds, and fixed light fittings will be covered within the sum insured for the replacement value, up to a maximum of \$25,000 per unit.

If you make a claim for damage to your drapes, curtains, or blinds, we will only pay for those items that are in the room or rooms where the damage occurred.

The maximum amount that we will pay is \$100,000 in total in any one period of insurance, unless a different limit appears in the schedule.

#### 6. Common property

We will cover you for damage to carpets, drapes and light fittings that are in common areas of the insured building(s), whilst they are owned by you.

The maximum amount that we will pay is \$100,000 in total for any one event.

The indemnity provided by this extension will not increase our liability under this policy beyond the sum(s) insured shown on the schedule for the damaged insured property.

#### 7. Margins clause

The amounts shown on the schedule of insured property are the sums insured declared by you for insurance purposes. Except where expressly provided to the contrary, our liability for damage to any item of insured property will not exceed 105% of the sum insured shown on the schedule for that item up to a maximum of the total sum insured.

Any provision in this policy for our liability to be greater than the sum insured for any item does not apply to natural disaster damage.

#### 8. Total loss stress cover

In the event that we settle a claim for the total loss of a unit, we will also pay the individual owner of that unit for the stress caused by the loss.

The maximum amount that we will pay is \$2,000 per unit that is a total loss, or \$50,000 in total for all units that are a total loss in any one event, whichever is the lesser.

For the purposes of this extension, total loss means so damaged that the unit or units, by reason only of that damage, cannot be repaired.

#### 9. Machinery breakdown

Notwithstanding Exclusion 3 (Damage to machinery) in this material damage section, we will cover you for machinery breakdown of any machine at the insured property, where the machinery breakdown is of a kind described in Exclusion 3 (Damage to machinery).

The maximum amount that we will pay for any one event is \$10,000 and the maximum amount that we will pay in any one period of insurance is \$10,000.

Cover under this extension only applies to property owned by the Body Corporate. Property owned by any individual unit owner is not covered.

#### 10. Computer breakdown

Notwithstanding general exclusion 2 (Computer systems) and general exclusion 4 (Data) of this policy, we will cover you for the breakdown of any computer at the insured property.

The maximum amount that we will pay for any one event is \$5,000 and the maximum amount that we will pay in any one period of insurance is \$10,000.

Cover under this extension only applies to property owned by the Body Corporate. Property owned by any individual unit owner is not covered.

#### 11. Reservoirs, tunnels and bridges

We will cover you for damage to reservoirs, tunnels and/or bridges that

# Material damage

## continued

are located on any site occupied by you and noted on the policy *schedule*.

The maximum amount that we will pay is \$100,000 in total for any one event.

### 12. Reinstatement of records

We will cover you for clerical, legal, and other charges reasonably incurred by you in consequence of *damage*, in the replacement or restoration of deeds and other documents (including stamps thereon), manuscripts, plans, specifications and writings of every description and books (written and printed), books of accounts, card indexes.

Our liability under this extension is limited to \$20,000 for any one event.

### 13. Meeting room hire

We will cover you for the cost to hire temporary meeting room facilities for the purposes of holding annual general meetings or committee meetings where a designated meeting room within your insured property is unable to be occupied for its intended purpose due to *damage*.

We will only pay for temporary meeting room facilities for meetings held during the period of time that is reasonably necessary for repairs to be carried out and access to be established.

The maximum amount that we will pay is \$5,000 in any one *period of insurance*.

### 14. Removal of trees

We will cover you for the professional removal of trees or parts of trees, including the costs of treating the stump to prevent regrowth, that have fallen and damaged your insured property or landscaped gardens.

The maximum amount that we will pay for any one event is \$5,000 and the

maximum amount that we will pay in any one *period of insurance* is \$10,000.

### Amendments to existing material damage automatic extensions

Where you have cover under this extension, the following extensions in this material damage section are amended as follows:

#### 1. Automatic extension 2. Capital additions

Our liability under this extension is limited to \$250,000 for any one event.

#### 2. Automatic extension 10. Gradual damage

Our liability under this extension is limited to \$5,000 for any one event and \$20,000 in any one *period of insurance*.

#### 3. Automatic extension 14. Money

Our liability for Money B under this extension is limited to \$2,000 for any one event.

Cover under this extension only applies to *money* owned by the Body Corporate. *Money* owned by any individual *unit* owner is not covered.

#### 4. Automatic extension 27. Stolen keys

Our liability under this extension is limited to \$10,000 for any one event.

#### 5. Automatic extension 31. Transit

Our liability under this extension is limited to \$10,000 for any one event.

Cover under this extension only applies to property owned by the Body Corporate. Property owned by any individual *unit* owner is not covered.

### Amendments to existing Material Damage Optional extensions

#### 1. Optional extension MD027 Refrigerated Goods

This extension is deemed to be an automatic extension under the policy.

Our liability under this extension is limited to \$2,000.

Cover under this extension only applies to property owned by the Body Corporate. Property owned by any individual *unit* owner is not covered.

#### Material Damage Condition

On a claim for *damage* to a residential building, caused by *natural disaster*, where the *damage* is solely to property described in part 2 of the definition of *buildings*, the excess is \$5,000.

#### New definitions which only apply to this Additional extension

For the purposes of this extension, the following definitions apply.

*"Uninhabitable"* means the *unit* is no longer a safe or sanitary place to live, as determined by government or local authorities, or by us, due to physical *damage* to the *unit*, and where notice to this effect has been issued. It does not mean a disinclination by you or your *tenant(s)* to remain in occupancy of an otherwise safe or sanitary *unit*.

*"Unit"* means each self contained part of the *buildings* designated for separate residential occupancy.

*"You"* or *"your"* means the Body Corporate named in the *schedule*, its registered owners and duly appointed secretary.

# Business interruption

## The indemnity

We will indemnify you for the resultant amount of loss if your *business* is interrupted or interfered with in consequence of *damage* at the premises during the *period of insurance*.

Our liability will not exceed the total of the sums insured under this section, or any sum insured or limit applicable to any insured item and / or *situation*.

We will not be liable for any loss under this business interruption section unless your property *damaged* at the premises is insured against such *damage* by the material damage section of this policy (loss arising out of *damage* by boiler or economizer explosion excepted) and liability has been accepted for such *damage*, or would have been but for the amount of any *excess*.

## The insured items

### Item 1 – Gross profit

The insurance under this item is limited to loss of *gross profit* due to:

1. reduction in *turnover*; and
2. increase in cost of working; and the amount payable as indemnity is in respect of:
  - (a) reduction in *turnover* – the sum produced by applying the *rate of gross profit* to the amount by which the *turnover* during the *indemnity period* in consequence of the *damage* falls short of the *standard turnover*; and
  - (b) increase in cost of working – the additional expenditure (subject

to the provisions of memo 2) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in *turnover* that, but for that expenditure, would have taken place during the *indemnity period* in consequence of the *damage*, but not exceeding the sum produced by applying the *rate of gross profit* to the amount of the reduction thereby avoided;

less any sum saved during the *indemnity period* in respect of such of the charges and expenses of your *business* payable out of *gross profit* as may cease or be reduced in consequence of the *damage*.

Memo 1: If during the *indemnity period* goods are sold or services are rendered elsewhere than at the premises for the benefit of your *business* either by you or by others on your behalf the *money* paid or payable in respect of such sales or services will be brought into account in arriving at the *turnover* during the *indemnity period*.

Memo 2: If any charges and expenses of your *business* are not insured by this business interruption section (having been deducted in arriving at the *gross profit* as defined) then the increase in cost of working calculation will use that proportion only of the additional expenditure which the *gross profit* bears to the sum of the *gross profit* and all such uninsured charges and expenses.

### Item 2 – Wages – dual basis

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

1. reduction in *turnover*:
  - (a) during the *initial period* the sum produced by applying the *rate of wages* to the *shortage in turnover* during such period less any saving during such period through reduction in consequence of the *damage* to the amount of *wages* paid;
  - (b) during the remaining portion of the *indemnity period* the sum produced by applying the *rate of wages* to the *shortage in turnover* during the remaining portion of the *indemnity period* less any saving during such period through reduction in consequence of the *damage* to the amount of *wages* paid, but not exceeding the sum produced by applying the remainder percentage of the *rate of wages* to the *shortage in turnover* during the remaining portion of the *indemnity period* increased by such amount as is deducted for savings under clause 1.(a) above.

Note: At your option the *alternative period* may be substituted for the *initial period* provided that the amount arrived at under the provisions of clause 1.(b) will not exceed such amount as is deducted under clause 1.(a) for savings effected during the *alternative period*.

# Business interruption

## continued

2. increase in cost of working: that amount of the additional expenditure described in item 1 clause 2. of the relative *gross profit* item as exceeds the amount payable under that item, but not more than the additional amount that would have been payable in respect of reduction in *turnover* under the provisions of clauses 1. (a) and (b) of this item had such expenditure not been incurred.

### Item 3 – Wages in lieu of notice

The insurance under this item is limited to the loss incurred by *you* by the payment of *wages* for a period beginning with the *occurrence* of the *damage* and ending not later than the number of weeks thereafter shown in the *schedule*.

The amount payable as indemnity under this item will be the actual amount that *you* pay as *wages* for such period to employees whose services can not, in consequence of the *damage*, be utilised by *you* at all and an equitable part (based upon shortage of *turnover* or other index) of the *wages* paid for such period to employees whose services can not, in consequence of the *damage*, be utilised by *you* to the full.

### Item 4 – Payroll

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

- reduction in *turnover*: the sum produced by applying the *rate of payroll* to the *shortage*

in *turnover* during the *indemnity period*; and

- increase in cost of working: that amount of the additional expenditure described in item 1 clause 2 of the relative *gross profit* item as exceeds the amount payable under that item but not more than the additional amount that would have been payable in respect of reduction in *turnover* under the provisions of clauses 1. (a) and (b) of this item had such expenditure not been incurred.

### Item 5 – Additional increased cost of working

The insurance under this item is limited to the additional expenditure beyond that recoverable under any other item of this business interruption section reasonably incurred by *you* during the *indemnity period* and in consequence of the *damage* for the purpose of avoiding or diminishing a reduction in *turnover* or for the purpose of resuming or maintaining normal business operations.

This item does not include:

- any portion of the above costs that would have been recoverable under items 1, 2 or 4 but for the inadequacy of the sum insured under that item, other than where items 1, 2 or 4 are not insured; or
- costs of reinstating physical *damage*.

### Item 6 – Loss of rent receivable – property owners

The insurance under this item is limited to:

- loss of *rent receivable*; and
- additional expenditure; and the amount payable as indemnity will be:
  - in respect of loss of *rent receivable* – the amount by which the rent received during the *indemnity period* in consequence of the *damage*, falls short of the *standard rent receivable*; and
  - in respect of additional expenditure – the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of *rent receivable* which, but for that expenditure, would have taken place during the *indemnity period* in consequence of the *damage* but not exceeding the amount of the reduction in *rent receivable* avoided;

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

### Item 7 – Accounts receivable

The insurance under this item is limited to the loss sustained by *you* in respect of *outstanding debit balances* directly due to the *damage* and the amount payable in respect of any one *occurrence of damage* will not exceed:

- the difference between the:
  - outstanding debit balance*; and

# Business interruption

## continued

- total of the debit amounts received or traced.
- The additional expenditure incurred with *our* prior consent in tracing and establishing *your* customer's debit balances after the *damage*.

### Item 8 – Reinstatement of records

The insurance under this item is limited to the clerical, legal and other charges reasonably incurred by *you* during the *indemnity period* and in consequence of the *damage* in the replacement or restoration of deeds and other documents (including stamps thereon), manuscripts, plans, specifications and writings of every description and books (written and printed), books of account, card indexes.

The insurance under this item extends to include the cover as above described while anywhere in New Zealand to an amount not exceeding 10 per cent of the sum insured for this item.

### Item 9 – Claim preparation costs

The insurance under this item covers *you* for reasonable fees as may be payable by *you* to a chartered accountant, solicitor or other professional consultant and reasonable costs incurred by *your* staff for quantification but not negotiation of claims under this business interruption section and the material damage section of this policy.

### Item 10 – Redundancy payments

Provided insurance is maintained on either *wages* or *payroll* we will cover *you* for the amount of redundancy pay *you* are required to pay to employees,

in accordance with their employment contract, who become redundant as a direct consequence of the *damage*, and whose redundancy had not been planned before the *damage*.

*Our* liability under this extension for redundancy payments is limited to the amount shown on the *schedule*.

### Automatic extensions

These automatic extensions form part of this business interruption section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this business interruption section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

#### 1. Accumulated stock

Where the *indemnity period* is 12 months or more then in adjusting any claim an allowance will be made if, during the *indemnity period*, *turnover* is temporarily maintained from accumulated stocks held by *you*.

#### 2. Additional premises

Loss arising out of interruption of or interference with *your business* in consequence of *damage* to property at additional premises in New Zealand that *you* use or acquire for the purposes of *your business* will be considered as loss arising out of *damage* to property used by *you* at the premises

Provided that:

- separate business interruption insurance in respect of such

premises will not have been arranged; and

- we are given notice of the addition of such premises within a reasonable period.

### 3. Adjustment of premium

The premium for items 1, 2, 3, 4, 6 and 7 are provisional and are subject to adjustment on expiry of each *period of insurance* as follows.

Within six months of the expiry date of any *period of insurance* you will submit to *us* a certificate from a chartered accountant or an accountant whose qualifications are acceptable to *us* setting out the actual insured *gross profit*, *wages*, *payroll* and any other variable item insured by this business interruption section for the accounting year most nearly concurrent with that *period of insurance*.

The provisional premium will be adjusted at the agreed rate on such actual amounts, or a multiple of such amounts if the *indemnity period* exceeds 12 months, by payment to *us* of an additional premium or by a return of premium to *you* as the case may be. If a return of premium is due, it will in no case exceed 50% of the provisional premiums charged for the items.

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.



# Business interruption

## continued

### 4. Alternative index

In the event of a claim under this business interruption section adjustments may be based on "turnover" or "output" or whatever other index of business activity affords the most equitable result.

Wherever the word "turnover" is used in this business interruption section it will be read as "turnover or alternative index" except in the definition of turnover.

### 5. Contingent business interruption

We will cover you for loss in respect of each item insured under this business interruption section resulting from interruption or interference with your business in consequence of any of (a) to (f) below.

Our liability in respect of:

- (a) any one loss under (a) to (f); and
- (b) all losses under one or more of (a) to (f) arising out of any one event, source or originating cause;

will not exceed 10% of the sum insured or limit applicable to any item and/or situation insured by this business interruption section or \$1,000,000 in total, whichever is the lesser.

The cover provided by this extension applies within, and does not increase, our maximum liability under this business interruption section in respect of any one loss or series of losses arising out of one event or a series of events arising from any one cause during any period of 72 consecutive hours, which will remain limited to the total of the sums insured under this business interruption section, or any sum insured or limit applicable to any insured item and/or situation.

In respect of any *natural disaster* loss, cover under this extension will apply only if cover under additional extension BI031 applies to your policy.

For any claim under this extension with the exception of a claim under (b) closure of transport routes, and a claim arising out of *natural disaster*, we will not pay for the first 24 hours of your loss. This 24 hour period commences from the first day a loss would otherwise become payable under this extension.

For any claim under extension (b) closure of transport routes, other than one arising out of *natural disaster*, we will not pay for the first 7 days of your loss. This 7 day period commences from the first day a loss would otherwise become payable under this extension.

For any claim under this extension arising out of *natural disaster*, we will not pay for the first 21 days of your loss. This 21 day period commences from the first day a loss would otherwise become payable under this extension.

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

- (a) business that attracts customers

Where your business premises are located in a retail shopping complex, damage at the premises within the same complex of a major tenant whose business attracts customers for your business and whose business

temporarily ceases as a result of damage.

Provided that we would have paid a loss under this business interruption section if the damage had been to your own property.

The indemnity period under this paragraph (a) is limited to 30 days.

- (b) closure of transport routes

Where any:

- (i) transport route, port or airport; or
- (ii) port building, wharf warehouse or railway warehouse or airport building and/or their contents;

anywhere in New Zealand is damaged or is closed by order of a competent public authority as a result of property damage as covered by this business interruption section.

For the purposes of a claim under this paragraph (b), any such closure of a transport route or property described in (i) or (ii) will be deemed to be damage under this policy.

- (c) customers and suppliers premises

Damage within New Zealand at any:

- (i) premises from where you are directly supplied with goods or services; or
- (ii) premises of any of your direct customers

Provided that we would have paid a loss under this business interruption section if the damage had been to your own property.

# Business interruption

## continued

We will not be liable to pay any amount under this paragraph (c) where the damage is to the property of any customer or supplier that receives from or sends to the premises shown on the schedule, electricity, gas, natural gas, water, sewage or telecommunications.

Where any loss would be covered under both paragraphs (c) and (f) of this extension, only paragraph (f) will apply.

- (d) prevention of access

Damage to property within a ten kilometre radius of your premises that prevents or hinders access to or use of the premises. This cover applies whether your premises or property are damaged or not.

- (e) public authorities

Closure of the whole or part of the premises shown on the schedule by order of a competent public authority as a result of:

- (i) bodily injury to any person on or in the vicinity of the premises;
- (ii) damage to any property;
- (iii) defects in drains or other sanitary arrangements, but not defects, contaminants or imperfections or inferiority of water or sewage;
- (iv) vermin or pests; or
- (v) fumes or escape of any hazardous materials;

For the purposes of a claim under this paragraph (e), such closure of the whole or part of the premises will be deemed to be damage under this policy.

- (f) utilities and services

Damage to any:

- (i) electricity station or sub-station or power lines;
- (ii) gas works or natural gas works or gas storage facilities of any gas distributor and any pipe lines of any supply authority (but excluding the Maui and any other off-shore installations and the Kapuni installation);
- (iii) waterworks or water treatment plants and any pipe lines of any public supply authority;
- (iv) sewerage works or sewerage treatment plants and any pipe lines of any public supply authority; or
- (v) telecommunication lines or cables that are directly connected to the premises shown on the schedule;

from which you receive or send electricity, gas, natural gas, water, sewage or telecommunications.

Where any loss would be covered under both paragraphs (c) and (f) of this extension, only paragraph (f) will apply.

### 6. Contractual commitments

We will cover you for the amount you are legally liable to pay under contracts for purchases unavoidably

not able to be used during the indemnity period as a result of damage, less any sums received or receivable to you in respect of such purchases through any salvage handling operations or resale. Our liability is limited to \$100,000 for any one event.

### 7. Deferral of indemnity period

1. You may defer the date on which the indemnity period begins provided that:
  - (a) you notify us in writing within three months of the date of the damage that you have elected to defer the commencement of the indemnity period; and
  - (b) we have not already paid or agreed to pay a claim for any insured item or interest under this business interruption section in consequence of that damage (other than for reinstatement of records, or claim preparation costs for quantification of your material damage claim).
2. The deferred indemnity period must begin within:
  - (a) the number of months shown on the schedule as the indemnity period; or
  - (b) 12 months;
    - from the date of the damage whichever is the earlier, otherwise this option to defer expires.
3. If you defer the commencement of the indemnity period as described above, then:

# Business interruption

## continued

- (a) you must notify us in writing of the date on which you elect that the *indemnity period* will commence as soon as possible, and no later than one month after the date on which the deferred *indemnity period* commences;
- (b) the amount payable under this business interruption section for all insured items or interests in consequence of that *damage* will be calculated on the basis that references in the policy to the date of the *damage* are deemed to be references to the date of the commencement of the *indemnity period*. The *standard adjustments* will apply such that the final adjusted figures will represent as nearly as may be reasonably practicable the results that would have been obtained during the deferred *indemnity period* but for the *damage*, subject to c) and d) below;
- (c) if prior to or during the *indemnity period* goods are sold or services are rendered elsewhere than at the premises for the benefit of *your business* either by you or by others on your behalf the *money* paid or payable in respect of such sales or services will be brought into account in arriving at the *turnover* during the *indemnity period*;
- (d) if in consequence of the *damage* there is an increase in *turnover* prior to the commencement of

the *indemnity period*, the amount of the increase will be subtracted from the reduction in *turnover* during the *indemnity period*.

4. Once the deferred *indemnity period* commences, there will be no further right of deferral of the *indemnity period* applicable to a claim for any insured item or interest in consequence of that *damage*.

### 8. Departments

If *your business* is conducted in departments and independent trading results are ascertainable this business interruption section will apply separately to each department affected by the *damage*.

### 9. Electric motors

Notwithstanding exclusion 2.2 (Damage to Machinery) of this business interruption section we will cover you for loss arising out of interruption of or interference with *your business* in consequence of *damage* to:

- (a) electric motors and starters that do not individually exceed 5 Kw; and
- (b) distribution switchboards and permanently installed electrical reticulation;

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

### 10. Loss of lease goodwill/key money

We will cover loss of lease goodwill should the whole or any part of leased premises occupied by you suffer *damage* during the *period of insurance*, provided that:

- (a) the rebuilding or reinstatement of the premises at the existing site is prohibited by building or other regulations under or formed in pursuance of any Act or the by-laws of any municipal or other local authority; or
- (b) the owner of the premises not being you, decides for any reason whatsoever, not to undertake the rebuilding or reinstatement of the premises at the existing site following such *damage*; or
- (c) the owner of the premises not being you terminates the lease in accordance with the terms thereof following such *damage*.

Our liability is limited to the unexpired value of the lease goodwill at the date of *damage* 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 *damage*, provided that, if you are able to obtain suitable alternative premises for the purpose of the *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.

Salaries, wages, overheads and other expenses of *your employees* and consultants will be deemed to be part of such costs and expenses.

### 11. New business

For the purpose only of any claim arising from *damage* occurring before the completion of the first

# Business interruption

## continued

year's trading of *your business* at the premises the following definitions will apply:

*Annual rent receivable* – the proportional equivalent, for a period of twelve months, of the *rent receivable* realised during the period between the commencement of *your business* and the date of the *damage*.

*Annual turnover* – the proportional equivalent, for a period of twelve months, of the *turnover* realised during the period between the commencement of *your business* and the date of the *damage*.

*Rate of gross profit* – 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 *damage*.

*Rate of wages* – the *rate of wages* to *turnover* during the period between the commencement of *your business* and the date of the *damage*.

*Standard rent receivable* – the proportional equivalent, for a period equal to the *indemnity period*, of the *rent receivable* realised during the period between the commencement of *your business* and the date of the *damage*.

*Standard turnover* – 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 *damage*.

(The definitions shown under this extension are subject to any *standard adjustments*)

### 12. Payment on account

In the event of the *occurrence* of a loss under this insurance payments on account will be made to you during the *indemnity period* on production of a statement of claim certified by the *accountant* appointed in accordance with the conditions of this business interruption section.

### 13. Purchase from joint insured

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

### 14. Reduced margin

If, in consequence of *damage* giving rise to a claim under this business interruption section, *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 expense not covered to *turnover*.

### 15. Reinstatement of amount of insurance

In the event of a loss for which a claim is payable under this business interruption section (other than under additional extension BI031 Natural disaster) the amount of insurance cancelled by such loss will be

automatically reinstated from the date of loss.

You will pay such pro-rata premium at the rate applicable to the item concerned as may be required for the reinstatement. This extension does not apply in respect of any *natural disaster* loss.

### 16. Salvage sale

If, following *damage* giving rise to a claim under this business interruption section, you hold a salvage sale during the *indemnity period*, clause 2 (a) of the *gross profit* item will for the purpose of such claim read as follows:

- 2 (a) in respect of reduction in *turnover* the sum produced by applying the *rate of gross profit* to the amount by which the *turnover* during the *indemnity period* (less the *turnover* for the period of the salvage sale) in consequence of the *damage* falls short of the *standard turnover* from which sum will be deducted the *gross profit* actually earned during the period of the salvage sale.

### 17. Use of accountants 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 business interruption section 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.

# Business interruption

## continued

### Exclusions

Refer also to the general exclusions of this policy.

We will not pay for any loss resulting from interruption or interference with *your business* in consequence of:

#### 1. Criminal acts and disappearance

- (a) unexplained disappearances;
- (b) shortages revealed only by the taking of an inventory;
- (c) shortages due to clerical or accounting errors;
- (d) theft by *you* or by any of *your* employees;
- (e) any fraudulent scheme or device or false pretence practised on *you* or on any other person having care of the *insured property*; or
- (f) theft unless accompanied by violence or threat of violence to persons, or violent and forcible entry to or exit from any enclosed building, unless the theft extension of the material damage section of this policy has been applied.

#### 2. Damage to machinery

Damage in respect of the *machine* or *pressure vessel* immediately affected caused by:

1. explosion, overheating, rupture, bursting, cracking, leakage, collapse, of steam boilers, or pipes, or economisers, or any other *pressure vessels*, due in each case to generated or applied fluid pressure within or without (excluding pressure caused by chemical explosion); or

2. mechanical or electrical breakdown or derangement of any *machine* or *pressure vessel*. However, this exclusion does not apply to:
  - (a) subsequent loss or *damage* to other property that is not otherwise excluded; or
  - (b) loss or *damage* as defined in 1 and 2 above, caused by or arising from a peril or event not otherwise excluded by this policy.

#### 3. Faulty workmanship design or materials

Damage caused by the work of putting right:

- (a) repairing or replacing faulty materials;
- (b) faulty workmanship;
- (c) work performed to a faulty or defective design, plan or design specification; or
- (d) faulty or defective work where the fault or defect results from an error or omission in design, plan or design specification;

but this exclusion does not apply to any other loss resulting from interruption of or interference with *your business* in consequence of *damage* occurring as a result of (a) to (d) as shown in this exclusion that is not otherwise excluded by this policy.

#### 4. Moisture penetration

Damage in connection with the failure of any *building* or structure to contain or incorporate:

- (a) materials; or

- (b) a design; or
- (c) a system; or
- (d) a standard of workmanship; that effectively prevents or manages the presence or penetration of moisture or water to which the *building* or structure might reasonably be subjected.

#### 5. Natural events and other processes

1. *Damage* directly or indirectly caused by or resulting from:
  - (a) action or effects of *micro-organisms*, mould, mildew, rot, fungi, other than direct *damage* by fire as a result of any of these;
  - (b) normal settlement, shrinkage or expansion of *buildings*, foundations, walls, pavements, roads and other structural improvements;
  - (c) *natural disaster*.
  - (d) subsidence, landslip, erosion, settling, cracking or movement of land;
  - (e) gradual deterioration, other than direct *damage* by fire as a result of this.
2. *Damage* directly caused by:
  - (a) fumes, gas, dust, smoke, smuts;
  - (b) normal working, maintenance, wear and tear, erosion, corrosion, slowly developing deformation or distortion, marring or scratching;
  - (c) action of vermin, insects;
  - (d) the inherent nature of the property;

# Business interruption

## continued

- (e) action of light;
  - (f) changes in artificially controlled temperature or atmosphere;
  - (g) exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions;
  - (h) interruption of the supply to the site of water, gas, electricity or any fuel;
  - (i) total or partial cessation of work, retarding or interruption or cessation of any process.
3. This business interruption section does not insure *damage*, directly or indirectly caused by contamination or pollution, or *damage* consisting of or costs or expenses arising from contamination or pollution from any cause whatsoever.
  4. This business interruption section does not insure *damage* to *insured property* arising from the manufacture, supply, storage, possession or use of any controlled drug as defined in the Misuse of Drugs Act 1975 including methamphetamine, or any precursor chemicals or materials used in any of these activities in or near the *insured property*. This exclusion does not apply to *damage* to *insured property* caused by fire or explosion, including resulting smoke *damage*.

### 6. Property

Damage to:

- (a) property in the course of installation, construction, demolition, erection, or testing following any of them;
- (b) *money*;
- (c) jewellery, precious stones, furs, precious metals or bullion, other than as *stock* of the *business* or as part of any plant;
- (d) motor *vehicles*, other mechanically or electrically propelled vehicles (including but not limited to railway locomotives and rolling stock), *watercraft* and aircraft of every kind, and accessories contained in them or on them, other than as *stock* of the *business*;
- (e) any of the following property:
  - standing timber, growing crops, pastures, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges, decks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill;
- (f) computer software, *computer systems* records and *data*; or the loss of value of the information contained in or on computer software, *computer systems* records and *data* other than those costs that may be covered under Item no. 8;

- (g) property in transit other than at premises *you* own or occupy;
- (h) property *damaged* as a result of it undergoing any *production process* where the *damage* is directly caused by the normal operation of that process.

### Conditions

Refer also to the general conditions of this policy.

#### 1. Alteration of risk

The insurance provided will cease if, for any reason other than *damage*:

- (a) *your business* is wound up or carried on by a liquidator or receiver or is permanently discontinued;
- (b) *your interest* in *your business* ceases otherwise than by death; or
- (c) with *your knowledge* any alteration is made, either to *your business* or to the premises or property in *your business*, whereby the risk of *damage* is increased;

at any time after the commencement of this insurance, unless its continuance is agreed by *us*.

However, this insurance will not be prejudiced by:

- (a) such change in the use or occupancy of premises as are usual or incidental to *your business*; or
- (b) the performance of any structural alterations or repairs to property at the premises, providing the

# Business interruption

## continued

circumstances are reported to us in writing within a reasonable time after you become aware of them and providing you agree to pay a reasonable additional premium for the increased risk if we so require.

### 2. Building Act 2004 – compliance schedule

Where required under the *Building Act 2004* (or any replacement Act) and any subsequent amendments you must ensure that all inspections, maintenance and reports are completed as required by the compliance *schedule* for any *building* for which interference or interruption following *damage* is insured under this business interruption section.

This business interruption section does not insure interference or interruption following any loss or *damage* directly or indirectly caused by or contributed to by circumstances that would not have existed at the time of the loss or *damage* if these requirements had been met.

### 3. Diligence

You will:

- comply with all statutory regulatory or local authority requirements pertaining to the ownership, occupation and use of *insured property*;
- take all reasonable precautions to prevent loss, destruction or *damage* to *insured property*;
- maintain any automatic fire protection sprinkler system or automatic fire detection system and/or portable fire appliances installed in efficient operating order and activated;

(d) keep closed during non-working hours any fire resisting doors and shutters and maintain them in efficient working order;

(e) keep any dangerous goods in accordance with the provisions of the Dangerous Goods Act or the Hazardous Substances and New Organisms Act 1996 (or any subsequent Acts) and any subsequent amendments; and

(f) maintain any security protection in efficient operating order and activated during non-working hours.

### 4. Excess

Each loss or series of losses arising out of one event will be adjusted separately:

- net of any recoveries; and
- net of the *excess* amount or *excess* percentage shown in the *schedule*.

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

### 5. Misdescription

This business interruption section is voidable in the event of any misrepresentation, misdescription or non-disclosure of any *material fact*.

However, the insurance will not be prejudiced by:

- any innocent and inadvertent misdescription of the *business* in the proposal or submission; or
- any act whereby the risk of loss is increased without your authority or knowledge;

provided that we are given notice immediately you become aware of any of the above happenings. You also agree to pay an appropriate additional premium if required.

### Additional extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this business interruption section (unless otherwise stated). If there is any conflict or inconsistency between this business interruption section and the extension, only the extension will apply. If there is any conflict or inconsistency between extensions, only the more particular extension will apply.

### Extraneous perils BI027

The indemnity provided is restricted to interruption of or interference with your *business* resulting from *damage* to the *insured property* directly caused by any of the perils listed below provided always that all the terms, exclusions and conditions of this business interruption section, and the general exclusions and general conditions of this policy will apply except in so far as they are expressly varied:

- Fire, lightning and explosion.
- Windstorm, hail, snow, ice or frost applicable only to *buildings* that are fully enclosed and their *contents* but excluding loss or *damage*:
  - caused by subsidence, landslip or erosion;

# Business interruption

## continued

(b) to *buildings* in course of construction or alteration or their *contents*; or

(c) to glasshouses or their *contents*.

3. Aircraft and other aerial or spatial devices and articles dropped from them.

4. Impact by animals or land *vehicles* but excluding loss or *damage* to *contents* or *stock* not being within a fully enclosed *building* unless forming part of a permanent structure.

5. Riot, civil commotion, strikes, locked-out workers or persons taking part in *labour disturbances*.

6. Malicious acts of persons (whether or not in the course of a disturbance of the peace), but excluding destruction or *damage* to:

(a) *contents* or *stock* in the open unless forming part of a permanent structure;

(b) *buildings* in course of construction or alteration or their *contents* unless such *buildings* are entirely enclosed and under roof; or

(c) glasshouses, or their *contents*.

7. *Accidental* leakage or spillage of any gas vapour liquid (other than water) or molten material.

8. Sonic shock waves (also known as sonic boom).

9. Smoke resulting from the sudden unusual and faulty operation of

any stationary furnace or boiler within the insured premises.

10. Water but not *damage*:

(a) to *contents* or *stock* in the open unless forming part of a permanent structure;

(b) to *water apparatus*;

(c) during or as a result of alterations or repairs to *buildings* or *water apparatus*; (d) as a result of wear and tear or the gradual deterioration of *water apparatus*; or (e) directly or indirectly by subsidence landslip or erosion.

11. Self ignition being the actual burning out of any part or parts of electrical *machines* installations or apparatus or electrical motors and starters that do not individually exceed 5 Kw switchboards and electrical reticulation not more specifically insured under any other policy of insurance, caused by the electric current in them but not *damage* to:

(a) radio, television, audio, computer and other electronic equipment of every description;

(b) vacuum tubes and thermionic valves;

(c) flexible or trailing leads from the point of permanent electric supply to any apparatus;

(d) lighting or heating elements, fuses or protective devices; or

(e) electrical contacts at which sparking or arcing occurs in ordinary working.

### Gross revenue BI028

The insurance under item No. 1 is limited to:

- loss of *gross revenue*; and
- increase in cost of working;

and the amount payable as indemnity is in respect of:

loss of *gross revenue* – the amount by which the *gross revenue* during the *indemnity period* will, in consequence of the *damage*, fall short of the *standard gross revenue*;

increase in cost of working – the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of *gross revenue* which but for that expenditure would have taken place during the *indemnity period* in consequence of the *damage* but not exceeding the amount of the reduction in *gross revenue* thereby avoided;

less any sum saved during the *indemnity period* in respect of such of the working expenses and standing charges of your *business* as may cease or be reduced in consequence of the *damage*.

### The following definitions will apply:

*Gross revenue* – the *money* paid or payable to you for work done and for services rendered in the course of your *business* at the premises.

*Annual gross revenue* – the *gross revenue* during the twelve months

# Business interruption

## continued

immediately before the date of the damage.

*Standard gross revenue* – the gross revenue during that period corresponding with the *indemnity period* in the twelve months immediately before the date of the damage appropriately adjusted where the *indemnity period* exceeds twelve months.

(Annual and standard gross revenue are subject to any standard adjustments)

### Natural disaster BI031

The word *damage* as defined in this policy (including under the contingent business interruption extension) extends to include *natural disaster damage*.

Section exclusion 5.1(c) (Natural events and other processes) is consequently amended to delete reference to *natural disaster*.

Our liability under this business interruption section in any one *period of insurance* in respect of loss resulting from interruption or interference with *your business* in consequence of *natural disaster damage* will not exceed the total of the sums insured under this section for *natural disaster*, or any sum insured or limit for *natural disaster* applicable to any insured item and/or *situation*.

In respect of each *situation* each *natural disaster* loss or series of losses arising out of:

- (a) one event; or

- (b) a series of events arising from any one cause during any period of 72 consecutive hours

will be adjusted separately net of salvage and other recoveries.

### Fire only BI033

The indemnity provided is restricted to interruption of or interference with *your business* resulting from *damage* to the *insured property* directly caused by fire.

### Burglary BI034

We will cover *you* for interruption of or interference with *your business* in consequence of loss or *damage* resulting from theft or from any attempt at theft following forcible and violent entry to or exit from any enclosed *building* or from theft or any attempt at theft accompanied by violence or threat of violence to persons.

# Commercial motor

## The indemnity

We will indemnify *you* for loss or liability as defined by Part 1 and Part 2 as applicable occurring during the *period of insurance*.

### Scope of cover

As shown in the *schedule* under "Type of cover":

**Comprehensive** – means all parts of this commercial motor section apply.

**Third party** – means only Part 2 and the uninsured third party protection extension under part 1 of this commercial motor section apply.

**Third party fire and theft** – means Parts 1 and 2 of this commercial motor section apply, however in respect of Part 1 cover is restricted to loss directly caused by fire, lightning, explosion, theft or illegal conversion and loss covered by the uninsured third party protection extension.

### Description of use

Cover only applies while the *insured vehicle* is in New Zealand and is being driven by or is under the control of *you*, or any person using the vehicle with *your consent* provided they meet all legal requirements to drive the vehicle:

- (a) in the course of *your business* or occupation stated in the proposal or submission; or
- (b) in the course of a business or occupation comparable with *your own* stated in the proposal or submission and having been temporarily lent out without charge by *you*.
- (c) for private social or domestic purposes, provided the insured

vehicle is used mostly in connection with *your business* unless otherwise notified to *us*.

## Part 1 – Loss to the insured vehicle

We will indemnify *you* for loss to the *insured vehicle* occurring during the *period of insurance*.

We will at *our* option repair, replace or make a cash payment in accordance with the basis of settlement where an *insured vehicle* suffers loss. We will also pay the reasonable costs of having the *insured vehicle* removed to the nearest repairer or place of safety following an *accident*.

In respect of transit between the North and South Islands this Part includes general average and salvage charges payable according to foreign statement or York Antwerp rules if in accordance with the contract of affreightment or rules and regulations and *Acts* governing the carrier.

### Basis of settlement

Unless otherwise specified in Part 1 or in any endorsement or extension the limit of *our* liability is as follows:

### Market value

We will pay the *market value* of the *insured vehicle*.

### Agreed value

If any *insured vehicle* is subject to the *agreed value* option shown in the *vehicle schedule* then in the event of a total loss or a constructive total loss we will pay the sum shown in the *schedule*.

## Repairs and parts availability

If *your insured vehicle* needs to be repaired we will pay the lesser of the latest New Zealand price of identical parts or accessories for the vehicle or the cost of making a new part. Where no such list applies the most we will pay will be the lesser of the last known list price in New Zealand or the price of the part's closest New Zealand equivalent or the cost of making a new part.

If the repair makes a substantial improvement to the condition or value of the *insured vehicle* before the loss *you* may be required to make a contribution towards the cost of repairs.

## Leased vehicles

If the *insured vehicle* is leased and we agree it is a total or constructive total loss and we choose not to replace the vehicle, we will pay the reasonable *market value* or the residual value, whichever is the greater amount, up to an amount no more than the *market value* of the *insured vehicle* plus 20%.

The residual value for the purposes of this clause means the agreed estimated value of the *insured vehicle* or the final book value at the natural expiry date of the lease contract, as set out under the terms of that contract.

No settlement under this clause will include any:

- (a) penalty for early termination;
- (b) penalty for any additional distance travelled;
- (c) unpaid obligations or outstandings;

# Commercial motor

## continued

- (d) penalty resulting from lack of or poor servicing or maintenance;
- (e) balloon payment or residual value payment.

### Excess

You must contribute the *excess* shown in the *schedule* as the first amount of any claim. If the *insured vehicle* is being used or driven by anyone under 25 years of age the under age *excess* shown in the *schedule* applies in addition to any other *excess*.

## Part 2 – Liability to third parties

We will indemnify you against legal liability for *damages* and *defence costs* resulting from an *accident*, that occurs during the *period of insurance*, caused by or in connection with any *insured vehicle*, including while it is being loaded or unloaded, in respect of:

- (a) death of or *bodily injury* to any person;
- (b) loss of or *damage* to physical property;
- (c) loss of or *damage* to personal baggage and wearing apparel of any passenger.

The limit of *our* liability is the amount shown on the *schedule* for liability to third parties (inclusive of *defence costs* and *expenses*) in respect of any *one claim* or claims arising directly or indirectly from any one loss.

If the indemnity provided under this part is insufficient to indemnify both you and any other person entitled to cover under this commercial motor section it will apply in priority to you.

## Automatic extensions

These automatic extensions form part of this commercial motor section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this commercial motor section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

## Applicable to part 1

### 1. Additions and deletions

All vehicles you acquire during the *period of insurance* will be covered by this commercial motor section from the date of acquisition and all vehicles disposed of during the *period of insurance* will be treated as deleted from the date of disposal provided that we are advised of all acquisitions within 30 days, and an additional premium is paid.

The sum insured for acquired vehicles is the purchase price of that vehicle subject to a maximum of \$300,000 unless advised to us at the time of acquisition.

### 2. Claims preparation costs

We will cover you for any costs, up to a maximum of \$2,000, you reasonably incur for the purpose of preparing and proving any claim under this commercial motor section provided:

- (a) a claim is admissible under this commercial motor section; and
- (b) the total costs incurred are more than \$100.

### 3. Emergency accommodation and travel:

We will cover you for necessary emergency travel or accommodation costs when there has been a loss covered by this section of the policy and your journey cannot be continued. We will pay for:

- (a) hiring another vehicle of similar make and model to complete the journey, or to return you or your driver to where the journey first commenced; and
- (b) returning the insured vehicle to the premises where it is normally based following its repair, or the cost of recovering it in the event of theft; and
- (c) Emergency accommodation  
Our liability for all costs arising out of any one loss is limited to \$10,000.

### 4. Employees vehicles / accessories

We will cover:

1. employee's vehicles as if they were an *insured vehicle* while being used on your business when such use invalidates the employee's own vehicle insurance or where such vehicle is uninsured.  
  
Our liability will not exceed \$50,000 any one vehicle.
2. employee's personal effects, motor vehicle accessories and spare parts normally carried on or used in connection with any such vehicles.  
  
Our liability will not exceed \$2,000 for any one vehicle.

Provided that:

# Commercial motor

## continued

- (a) this extension will not apply to any vehicle that is used for the purpose of carriage of passengers for hire fare or reward;
- (b) any other indemnity or insurance available to you or to any of your employees or to the owner of any vehicle or to any other person will be exhausted before indemnity under this extension will apply.

The standard *excess* shown in the *schedule* applies to claims under this extension.

### 5. Expediting expenses

We will cover you for the reasonable costs of express freight including airfreight and overtime to expedite repairs to the *insured vehicle* as a result of loss covered under Section 1 of this policy.

### 6. Funeral costs

We will cover you and any driver authorised to drive by you for funeral costs in excess of any costs recoverable under the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments, or from any other insurance, following the death of you or an authorised driver as a direct result of a loss to the *insured vehicle* for which a claim is payable under Part 1 or Part 2 of this commercial motor section.

The limit of *our* liability under this extension is \$10,000 for all costs in respect of all funerals in respect of any one loss.

### 7. Goods in transit

We will cover you against *damage* to your property while being carried in or on any *insured vehicle* directly caused

by fire, collision, overturning or impact of the vehicle.

Our liability is limited to \$10,000 unless an alternative limit is shown in the *schedule*.

### 8. Hoists

We will cover you for mechanical breakdown or failure of hoists which is not due to wear and tear.

Our liability is limited to \$10,000 in respect of any loss.

### 9. Incorrect Fuel

Notwithstanding policy exclusion 1. (Breakdown), we will cover accidental loss to the *insured vehicle* directly caused by it being accidentally operated with the incorrect fuel type (diesel in a petrol engine or petrol in a diesel engine only).

Our liability will not exceed the sum insured of the *insured vehicle* on the *schedule* for any one claim.

Cover is also extended for accidental loss to the *insured vehicle* directly caused by it being accidentally operated with contaminated fuel tank/engine. This cover is limited to \$15,000 any one claim.

### 10. Invalidation

We will cover you under Part 1 when the *insured vehicle* is being used in a manner to which a section exclusion would exclude indemnity, providing:

- (a) the use was without your knowledge or consent;
- (b) you have not waived any right of recovery against the driver or person responsible for the loss; and

- (c) you co-operate fully in any subrogated recovery action.

The maximum amount payable under Part 1 of this commercial motor section is \$100,000.

This extension also covers your liability under Part 2, but not the liability of the driver or person responsible for the loss, and not your liability for punitive or exemplary damages.

For the purpose of this extension, only, you means the name shown in the *schedule*. If you are a legal entity other than a person then any person who has an interest in the legal ownership of the insured entity will be deemed to have been using the *insured vehicle* with your knowledge or consent.

### 11. Modifying vehicle

Where the regular driver has been permanently disabled as a direct result of injuries sustained in a loss for which there is a valid claim under this commercial motor section we will pay the reasonable costs of necessarily modifying the *insured vehicle* to allow for the regular driver's permanent disablement to the extent that these costs are not recoverable under the provisions of the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments or from any other insurance or from any other source.

Our liability is limited to \$10,000 for any one loss.

### 12. New replacement vehicle

If as a result of a loss for which there is a valid claim under this commercial motor section, an *insured vehicle* becomes a total loss within 12 months of the original (first) registration or

## Commercial motor continued

purchase date when new and has travelled less than 40,000 kilometres we will (subject to local availability) replace the *insured vehicle* with a new vehicle of similar kind, make and model together with similar accessories, tools and spare parts.

This extension applies only to cars, station wagons, vans and utility vehicles.

### 13. Road clearing / load recovery costs

We will cover *you* for the reasonable costs incurred in:

- (a) cleaning up and clearing away any debris and spillage resulting from the *loss*;
- (b) recovering and reloading any load lost or fallen from an *insured vehicle* as a result of the *loss*; and
- (c) transferring the load carried on, lost or fallen from an *insured vehicle* to another vehicle and removing it to the nearest place of safety if this is necessary as a result of the *loss*.

Our liability is limited to \$40,000 in respect of any *loss*.

This extension does not cover any fine, penalty or *reparation*.

### 14. Salvage costs

We will cover *you* for reasonable costs incurred as a result of a *loss* in salvaging or recovering the *insured vehicle*, including the costs of ensuring its safety and delivery to a place of repair or inspection. We will also cover the reasonable costs of storage of the *insured vehicle* after a claim has been lodged.

### 15. Stolen or damaged trailers

If *you* own, hire or borrow for *your* own use a trailer and it is stolen or *accidentally* lost or *damaged* and it is not otherwise insured we will at *our* option either pay:

- (a) *you* the depreciated value of the trailer; or
- (b) to repair the trailer.

We will not pay for any proportion of repairs that will put the trailer in a better condition than it was before the *loss*.

Our liability for any one *loss* is limited to \$1,000 or any alternative amount shown in the *schedule*.

### 16. Tarpaulins, sheets, ropes, twitches or chains

We will cover loss of tarpaulins, sheets, ropes, twitches or chains while in or on the *insured vehicle* provided *our* liability does not exceed \$2,000 in respect of any one *loss*.

### 17. Temporary repairs

If *you* need to have temporary repairs done to *your insured vehicle* following a loss covered by this commercial motor section, so that *you* can get *your insured vehicle* to *your* destination or a repairer, we will pay the reasonable cost of essential repairs to make *your* vehicle roadworthy again.

### 18. Tractor or implement tyres

We will cover *you* in respect of any *loss* to any tractor or implement tyres (excluding inner tubes) fitted to the *insured vehicle* while the vehicle is in actual use and arising out of such use provided that:

- (a) we will not pay for normal wear and tear;
- (b) there is no cover for the amount of any *excess* shown in the *schedule*.

Our liability is limited to \$1,000 per tyre.

### 19. Uninsured third party protection

The no claim bonus will not be affected nor any *excess* applied in respect of a *loss* caused by an at fault third party provided that:

- (a) the identity of the third party driver is established;
- (b) no valid third party motor insurance policy was in force in respect of the third party vehicle at the time of the *loss*;
- (c) *you* were not in any way at fault in the *loss*; and
- (d) *you* are unable to make a recovery from the third party.

### 20. Vehicle accessories and parts

We will cover vehicle accessories or spare parts that are not fitted to the vehicle and are stored where *you* live for up to \$2,000 for any one *loss*. The *excess* applying to the *insured vehicle* applies to claims under this extension.

### 21. Windscreen

We will cover the cost of replacing broken windscreens, sunroofs or windows (or any scratching or *damage* to body work resulting solely and directly from such breakage). The *excess* will not apply and the no claim bonus in respect of the *insured vehicle* will not be affected.

## Applicable to part 2

## Commercial motor continued

### 22. Accidents when using another vehicle

We will cover *you* under the terms of Part 2 for *your* legal liability if *you* were not otherwise insured arising from *accidents* while *you* were using another person's vehicle.

This extension does not cover *your* liability for accidental loss or *damage* to the vehicle being used by *you*.

### 23. Defence costs

We will cover the reasonable costs of *your* legal representation if:

- (a) *you* are charged with careless driving causing death;
- (b) *you* are legally represented at any inquiry or coroner's inquest in connection with such death; and
- (c) such death arises from *loss* for which a claim is otherwise payable under this commercial motor section.

Our liability is limited to \$10,000,000 inclusive of defence costs in respect of any one *loss*.

### 24. Movement of other vehicles

We will cover *your* liability for *loss* arising out of the movement by *you* of any vehicle that:

- (a) is parked in a position that prevents or impedes the loading or unloading of the *insured vehicle*; or
- (b) prevents or impedes the legitimate passage of the *insured vehicle*.

For the purpose of this extension exclusion 13 (Not being used as a vehicle) of Part 2 relating to loss to property in the custody or control of any person claiming indemnity will not

apply to the vehicle being moved. The exclusions in this commercial motor section will apply to the vehicle being moved as if it was an *insured vehicle*.

### 25. Reparation

Notwithstanding exclusion 12 (Fine and penalties), we will cover *you* against legal liability to pay an award of *reparation* in respect of death, *bodily injury*, or *loss* or *damage* to physical property happening during the *period of insurance* as a result of an *accident* caused by or in connection with any *insured vehicle*, including while it is being loaded or unloaded.

Amounts payable under this extension are included in, and not additional to, the limits of *our* liability shown on the *schedule* for liability to third parties for death or *bodily injury*, or *loss* or *damage* to physical property, in respect of any *one claim* or claims arising directly or indirectly from any one *loss*.

Our liability for Sentencing Act Reparation claims is limited to the amount shown on the *schedule* or \$10,000,000, whichever is the lesser.

Cover for *defence costs* does not apply to a claim under this extension. We will not pay *defence costs* in relation to an offence or where *your* liability is to pay *reparation*.

This extension does not cover *reparation* arising from prosecution of an offence under the Health and Safety at Work Act 2015 (or any replacement Act) and any subsequent amendments.

### 26. Towing disabled vehicles

We will cover liability while the *insured vehicle* tows a disabled vehicle

provided that such disabled vehicle is not towed for reward or financial gain.

### 27. Vicarious liability

We will cover *you* in respect of Part 2 of this commercial motor section:

- (a) while any vehicle not belonging to *you* and not provided by *you* is being used in connection with *your* business by any person in *your* employment; or
- (b) while any vehicle hired-in by *you* is being used in connection with *your* business by any hired-in driver.

We will not be liable:

- (a) for *loss* to that vehicle or to property being conveyed by it; or
- (b) if there is any other existing insurance covering the same liability.

### 28. Weight damage

We will cover liability for *damage* caused by the weight of the *insured vehicle* including the weight of the load carried by the *insured vehicle*. For the purpose of this extension exclusion 14 (Property in the care, custody and control) of Part 2 will not apply.

Our liability is limited to \$500,000 for any one *loss*.

An excess of \$5,000 applies to claims under this extension.

## Exclusions

Refer also to the general exclusions of this policy.

## Applicable to part 1

There is no cover under Part 1 for:

### 1. Breakdown

# Commercial motor

## continued

any inability to operate, breakage, breakdown or failure of the engine, transmission, mechanical, electrical, alarm or electronic systems or any *loss* that their failure may cause to the rest of these systems unless the *loss* is caused by collision or impact *damage*, earthquake, fire, flood, lightning, a malicious act, overturning of *your* vehicle, theft or illegal conversion, or volcanic eruption.

### 2. Damage to tyres

*damage* to tyres by application of brakes or by punctures, cuts or bursts.

### 3. Data

for any *claim*, *loss*, *damage*, liability, death, *disablement*, *injury*, illness, or any other form of cover otherwise available under this commercial motor section resulting from or directly or indirectly caused by or arising in connection with:

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *data*;
- (b) error in creating, amending, entering, deleting or using *data*;
- (c) total or partial inability or failure to receive, send, access or use *data* for any time or at all;
- (d) communication, display, distribution or publication of *data* but not where this causes bodily injury if otherwise covered by this policy or a section of this policy but for this exclusion;

regardless of any other contributing cause or event whenever it may occur.

### 4. Defect in design

*loss* arising from failure of, or defect or fault in, the design, specifications or materials incorporated into the *insured vehicle*.

### 5. Deliberate damage by you

if the *insured vehicle* is deliberately damaged by any person with a financial or ownership interest in the *insured vehicle* or in *your* business.

### 6. Entanglement

*loss* to any *insured vehicle* that is an agricultural implement or *machine* arising from ingestion or entry of any foreign body or object into that *insured vehicle*.

### 7. Other costs and damage

1. loss of use,
2. depreciation,
3. wear and tear, corrosion, gradual deterioration, rust, rot, mould,
4. existing defects or *damage*,
5. *damage* caused by action of light.

### 8. Theft by purchaser

*loss* arising from theft or illegal conversion by a purported or prospective purchaser.

## Applicable to part 2

There is no cover under Part 2 for liability:

### 9. Bringing of a load

in connection with the bringing of a load to the *insured vehicle* or taking away the load from it.

### 10. Death of a driver

in respect of the death or *injury* to any person who, at the time of the *loss*, was in charge of the *insured vehicle*.

### 11. Exemplary damages

in respect of any punitive or exemplary damages.

### 12. Fine and penalties

in respect of any *fine*, penalty or *reparation*.

### 13. Not being used as a vehicle

directly or indirectly caused while any *insured vehicle* or any component on the *insured vehicle* is being used or operated as a tool of trade or item of mechanically propelled plant or item of machinery and not being used or operated solely as a vehicle.

### 14. Property in care, custody or control

in connection with property that belongs to *you* or is in *your* care, custody or control.

### 15. Weight

for any property (including any road) arising from vibration caused by the *insured vehicle*, or the weight of the *insured vehicle* including the weight of the load carried by the *insured vehicle*.

## Applicable to part 1 and part 2

There is no cover under either Part 1 or Part 2 (except that exclusions 16, 17, 18, 20 and 22 below will not apply when the *insured vehicle* has been stolen or illegally converted):

### 16. Accident Compensation Act

# Commercial motor

## continued

for any costs that are recoverable (including by the victim of an offence) under the provisions of the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments, or would be recoverable but for:

1. a failure by the victim to correctly notify a claim to the Accident Compensation Corporation within the time required under the Act, or to claim any amount he or she would be entitled to under the Act for any other reason whatsoever; or
2. the decision of any authority including the Accident Compensation Corporation to decline a claim or limit its liability in whole or in part for any reason whatsoever.

### 17. Breath test refusal

if the *insured vehicle* is being used or driven by any person who following the *loss* fails to stop or leaves the scene of the *loss* when it is an offence to do so, or refuses to undergo a breath test or provide a blood sample having been lawfully requested to do so.

### 18. Driving hours

if the *insured vehicle* is being driven in breach of the legal requirements relating to driving hours.

### 19. Excluded persons

if the *insured vehicle* is being used or driven by any person who:

- (a) does not have a licence that is in full force and effect to drive the *insured vehicle* at the time and place of the *loss*; or

(b) is not complying with the conditions of their licence; or

(c) is excluded from this commercial motor section cover.

### 20. Intentional or reckless acts

for *loss* or liability arising from any intentional or reckless act or omission.

### 21. Intoxicating liquor or drug

if the *insured vehicle* is being used or driven by any person who at the time of the *loss* giving rise to a claim under this commercial motor section is under the influence of intoxicating liquor or a drug or who has a proportion of alcohol in their blood or breath higher than that allowed under New Zealand road traffic law.

It will be assumed that the proportion of alcohol in the blood or breath at the time of the *loss* was no less than the proportion of alcohol in any subsequent blood sample or breath test carried out following the *loss*.

### 22. Liability by agreement

for any liability that attaches by virtue of an agreement unless such liability would have attached in the absence of such agreement.

### 23. Non allowable use

if the *insured vehicle* is being used or driven:

- (a) other than in accordance with the description of use; or
- (b) for hire or carrying of fare paying passengers; or
- (c) for motor sport events, demonstrations, hill climbs, pace-making, racing, tests, trials, or any

similar or like activities whether organised or not; or

(d) being tested in preparation for any of the purposes in (c) above; or

(e) outside New Zealand.

### 24. Overloaded vehicle

if the *insured vehicle* is loaded or has been loaded in excess of the manufacturer's recommended specifications or loaded or operated contrary to *regulations* or statute.

### 25. Unsafe vehicle

if the *insured vehicle* is in an unsafe or damaged condition unless *you*:

- (a) can prove that such condition did not cause or contribute to the *loss*; or
- (b) can prove that *you* and the driver were unaware of such condition; and
- (c) had taken all reasonable steps to maintain the *insured vehicle* in a safe condition.

## Conditions

Refer also to the general conditions of this policy.

### 1. Care of motor vehicle

*You* must take all reasonable steps to prevent *loss* and maintain the *insured vehicle* in good repair. *We* will always have the right to examine the *insured vehicle*.

### 2. Modifications

*You* must tell *us* of any modifications that have been made to the manufacturer's standard specifications for the *insured vehicle*.



# Commercial motor

## continued

### 3. Other interested parties

If the *insured vehicle* is financially encumbered and the interested party is named in the *schedule* the proceeds of any valid claim will be payable to each such interested party in the order of their legal priorities and their receipt will be sufficient discharge, provided our total liability will be limited to such amount as would have been payable to you in the absence of this condition. Any interested party is not an *insured* under the policy and has no right to claim under the policy.

### 4. Sums insured

It is a condition of this commercial motor section that you will declare as the sum insured shown in the *vehicle schedule* the current *market value* of each *insured vehicle*. Values such as book value, depreciated cost, written down value and residual value will not be sufficient to comply with this condition.

### 5. What you need to know about making a claim

For motor claims you must also:

- obtain our approval before proceeding with repairs;
- make the *insured vehicle* available for inspection by us;
- be responsible for the payment of the excess to us or to the repairer unless we are deducting it from any claim settlement to you;
- not incur any expense or negotiate, pay, settle, repudiate or admit responsibility for any loss, *damage* or liability without our written consent;

- notify us immediately if you or any other person entitled to cover under this commercial motor section for *reparation* is charged with any offence in connection with the use of the *insured vehicle* or any other vehicle which has resulted in *loss* or *damage* to physical property or death or *bodily injury* to another person; and

- not make any offer of *reparation* (including as part of any case management conference or sentencing hearing), without our written approval.

We will be entitled at our expense and in your name to take any proceedings necessary to obtain relief from any other party, and to take over and conduct the defence and settlement of any claim against you or anyone else we insure under this policy for *damages*. You must provide all reasonable assistance and co-operation.

If any person is ordered to make *reparation* to you or anyone else we insure under this policy for *loss* or *damage* to any property for which we have paid a claim under this policy, then you must tell us. Any payments received must first reimburse our claims payment up to the amount of any *reparation* received.

If the *insured vehicle* is mortgaged or secured by any other financial agreement we may make payment for any *loss* direct to the interested party. This will meet our obligations under this commercial motor section.

If we make any payment in respect of the total loss (or constructive total loss) of any *insured vehicle*, the cover granted by this commercial motor section on such *insured vehicle* ceases entirely from the date of such *loss* and no premium will be refundable for the unexpired *period of insurance* in respect of that *insured vehicle*. The *insured vehicle* then becomes our property.

If a claim is made for total loss following theft of the *insured vehicle* we may consider allowing time for the stolen vehicle to be recovered and elect not to consider settling your claim until the expiry of a period of 30 days from the date of reporting the loss to us.

### Additional extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this commercial motor section (unless otherwise stated). If there is any conflict or inconsistency between this commercial motor section and the extension, only the extension will apply. If there is any conflict or inconsistency between extensions, only the more particular extension will apply.

#### Third party cover CMV353

When shown in the *schedule* in respect of a particular motor vehicle that third party only wording applies:

- Part 1 is limited to *loss* to the *insured vehicle* as a result of an accident caused by an uninsured

# Commercial motor

## continued

third party. Cover will only apply if we are satisfied that:

- the driver of the *insured vehicle* was completely free of blame;
- the identity of the third party who caused the *damage* is established; and
- the third party had no valid insurance.

Our liability is limited to the *market value* of the *insured vehicle* or \$5,000 whichever is the less.

- Part 2 applies and the *excesses*, including under age, shown in the *schedule* apply to Part 2.

#### Third party fire and theft cover CMV354

When shown in the *schedule* in respect of a particular motor vehicle that third party fire and theft wording applies:

- Part 1 is limited to *loss* to the *insured vehicle*:
  - by fire, theft or illegal conversion; or
  - as a result of an accident caused by an uninsured third party.

Cover will only apply if we are satisfied that:

- the driver of the *insured vehicle* was completely free of blame;
- the identity of the third party who caused the *damage* is established; and
- the third party had no valid insurance.

Our liability is limited:

- to the *market value* of the *insured vehicle*;

- to the lesser of the *market value* of the *insured vehicle* or \$5,000.

- Part 2 applies and the *excesses*, including under age, shown in the *schedule* apply to Part 2.

#### Airport / Airside risk restriction CMV355

Part 2 of this commercial motor section extends to cover you against legal liability while the *insured vehicle* is being used in designated vehicle areas of any airport used for commercial flights only.

#### Hail damaged vehicles basis of settlement CMV356

The basis of settlement clause for *market value* is deleted for these vehicles and replaced by:

The maximum amount payable under this policy is either the lesser of:

- the market value of the insured vehicle, or
- the actual purchase price of the *insured vehicle*, and any repair costs spent.

#### Repossessed vehicles CMV357

*Loss* under part 1 of this commercial motor section is limited to your legal liability to pay for any *damage* to the *insured vehicles* in the *schedule*, as a result of an accident during delivery to the finance company.

#### Truck mounted attenuators, warning signs and the like CMV359

There is no cover under this commercial motor section for *damage* to any attenuator and/or warning sign

arising from impact whilst any *insured vehicle* with an attenuator and/or a warning sign is being used for the purpose it is designed for as a safety device.

#### Named drivers (motor dealers) DMV360

We will cover any motor vehicle belonging to you or left in your care, custody or control for sale or purchase, repair, garaging or servicing while such vehicle is:

#### Named drivers

being driven by or in the charge of the person or one of persons named in the *schedule*.

#### Unnamed drivers

being driven by or in the charge of a person who has your authority to drive or be in charge of the vehicle provided such person is not you or your directors, managers, foreman or sales representative.

The limit of our liability in respect of any one person is the amount shown in the *schedule*.

#### Machinery, plant and equipment condition CMV364

It is a condition of this commercial motor section in respect of any *insured vehicle*, which is mobile plant and machinery including but not limited to cranes, fork hoists, excavators, lifting machinery/platforms, log haulers, skidders, rollers, graders and bull dozers, that:

- All persons operating such vehicles shall be fully trained and legally qualified to operate the vehicle;

# Commercial motor

## continued

- (b) All persons operating such vehicles must not use the vehicle beyond the manufacturer's operating specification or recommendation; and
- (c) All cranes including lifting machinery attached to a vehicle must comply with the Health and Safety in Employment (Pressure Equipment, Cranes, and Passenger Ropeways) Regulations 1999.

### Dual/multi lifting condition CMV365

It is a condition of this commercial motor section that if any *insured vehicle* engaged in operations involving 2 or more cranes or lifting machinery, such operations are only to be undertaken by qualified operators. Any *loss* arising from such operations shall be subject to an increased excess of \$10,000 or the policy excess, whichever is higher.

### Rental vehicles CMV366

If you do not accept the vehicle owner's offer of insurance we will cover a hired vehicle as if it is an *insured vehicle* for your liability;

- to the owner of the vehicle, against:
  - loss* under Part 1 of this commercial motor section, subject to a limit of our liability for any one vehicle of \$100,000;
  - consequential losses caused by *loss* for which a claim is payable under 1. above, subject to a limit of our liability for any one claim of \$75,000.
- to third parties as provided for under Part 2 of this commercial motor section.

### Solidification of cement exclusion CMV368

There is no cover under Part 1 of this commercial motor section for any *loss* occurring directly or indirectly from solidification of cement, concrete or any material carried by the *insured vehicle* unless such solidification occurs as a result of collision, impact or overturning of the vehicle.

### Towed Vehicle extension (on Hook extension) CMV369

Part 2 of this commercial motor section extends to cover the vehicle not belonging to you, while being towed or salvaged by the attached *insured vehicle* (as noted in the *schedule*) up to \$20,000. This cover incept from the time of immediate loading onto the carrying vehicle for the commencement of transit until the time of unloading at destination.

### Single vehicle accident Excess CMV370

For all vehicles with a *sum insured* greater than \$70,000, a \$10,000 excess applies to all claims where there is no identifiable third party or the vehicle collides with a solid or static object including parked vehicles.

### Fleet additions and deletions CMV371

Automatic extension number 1 is deleted and replaced by the following:

All vehicles you acquire during the *period of insurance* will be covered by this commercial motor section from the date of acquisition and all vehicles disposed of during the *period of insurance* will be treated as deleted from the date of disposal provided that we are advised of all acquisitions within a reasonable time after the expiry of the *period of insurance*.

The value to be declared in respect of each vehicle acquired is to be the lesser of its purchase price or \$300,000. The premium will be adjusted by calculating an additional or return premium for each vehicle acquired or disposed of at pro rata of the annual premium.

### Storage and restoration cover restriction CMV373

The indemnity provided by this commercial motor section is limited to *loss of, or damage to, the insured vehicle* and its accessories and spare parts whilst thereon, arising out of fire, or theft from a securely locked *building* or by collision or overturning whilst being conveyed which is transporting the vehicle. Cover is excluded for all additional costs relating to re-certifying the vehicle. All other cover and benefits under this commercial motor section are deleted.

### Vehicle glass cover exclusion CMV374

We will not cover you for any glass claims.

### Removal of debris condition CMV376

You must take all reasonable steps to ensure debris shall be kept clear of all parts of the insured machine including but not limited to the manufacturer's recommendations for cleaning and safe operation of the machine. Failure to comply with this condition entitles Vero to void the policy coverage.

### Deep frying equipment CMV379

If on any vehicle owned or occupied by you there is any deep frying with oil or fat you warrant that:

- each vat is fitted with a close-fitting steel lid that is shut when the vat is not in use;

# Commercial motor

## continued

- a fire blanket is installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and that the fire blanket is readily accessible for immediate use at all times during any deep frying operation;
- a fully charged wet chemical extinguisher or other similar 'F'-rated fire extinguisher complying with the New Zealand Standard NZS 4503 (Hand Operated Fire Fighting Equipment) must be installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and is accessible for immediate use at all times during any deep frying operation;
- all thermostats, pans, blankets and extinguishers are at all times maintained in good working order;
- extraction filters are cleaned weekly and extraction flues and ducting inspected monthly and cleaned as necessary;
- a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect/shut down the energy source when the temperature of the cooking liquid exceeds a safe operating temperature. Over-temperature cut out set point is manufacturer dependent (between 220°C to 235°C) but must not be higher than 246°C; and
- all cooking liquids for disposal are at all times stored in a suitable, fit for purpose container with a close

fitting lid until removal from the premises.

If you are not the occupier of the vehicle or operator of the equipment you will in writing instruct the occupier and operator to carry out the requirements in (a) to (g) above to ensure that the terms of this warranty are met at all times.

### Hired out vehicle exclusion CMV383

We will not pay for theft or non-return by hirer.

We will not pay for liability in respect of any order of *reparation*.

### Drilling machine exclusion CMV384

There is no cover for *loss* to drilling machinery plant and equipment resulting from:

- breakage
- breakdown
- failure
- inability to retrieve
- the operation of the equipment

### Buses/coaches exclusion CMV385

There is no cover for use on beaches or riverbeds.

### Refrigerated units exclusion CMV386

There is no cover under this commercial motor section for any electrical or mechanical breakdown of refrigerated units.

### Imported parts CMV387

This policy does not cover:

- freight or associated charges incurred in obtaining parts or accessories from overseas;

- any costs incurred due to the inability of any repairer to match existing paint;
- the replacement of any trim, moulding or any part that has not sustained physical loss or *damage* or is not currently available in New Zealand through the vehicle manufacturer's franchise outlet.

Our limit of liability for any part or accessory not available in New Zealand is the lesser of the last known list price in New Zealand or the price of the part's closest New Zealand equivalent.

### Loss of use CMV389

If a *loss* prevents you from using the *insured vehicle* we will cover the reasonable cost of hiring a substitute vehicle – provided:

- you have suffered a *loss* for which the claim is payable under Part 1;
- compensation for the substitute vehicle will begin when the *insured vehicle* is delivered to the repairer to start the repair or from the date of the *loss* if the *insured vehicle* is totally disabled or lost at that date;
- the substitute vehicle is of similar specification to the *insured vehicle*;
- no compensation will be paid if you have a free replacement or surplus vehicle available; and
- cash settlement will be made up to the specified daily limit only when a rental vehicle is not available. The maximum specified daily limit will be agreed to at inception of the policy.

# Commercial motor

## continued

Our liability is subject to the special limits shown in the *schedule* for:

- (a) the *excess*, being the number of days after cover under this extension begins that *you* are not covered for;
- (b) the specified daily limit;
- (c) the maximum number of days that the compensation will be paid for; and
- (d) the limit for any one claim.

### Profit commission CMV392

Subject to this policy being renewed for a further 12 month period with *us* a profit commission will be deducted from the following renewal premium on the basis of:

1. At the end of a 12-month *period of insurance* the premium will be totalled together with claims settled and appraised outstanding claims and the loss ratio calculated by comparing the net premiums (i.e. gross premiums charged less return premiums, and less commissions if applicable) to the total claims paid and outstanding;
2. Profit commission will be calculated on the difference between claims paid and outstanding and net premiums received on the following basis:
  - (a) if loss ratio 40% or less – 20% profit commission
  - (b) if loss ratio is between 41% and 50% – 15% profit commission
  - (c) if loss ratio is between 51% and 60% – 10% profit commission

### Newly licensed drivers excess CMV393

Where an *insured vehicle* is being driven by a person who has not held a current New Zealand drivers licence for at least 12 months at the time of a *loss* any *loss* under Part 1 of the commercial motor section of this policy is subject to the additional excess shown in the *schedule*.

### Exemplary damages CMV397

Part 2 of this section extends to cover *you* against legal liability for punitive or exemplary damages awarded by any New Zealand court in respect of *bodily injury* provided:

- (a) this extension will not provide cover if the claim is otherwise accepted by application of the invalidation extension;
- (b) the limit of liability is \$100,000 inclusive of all costs and expenses in respect of any one claim or claims arising from any one loss and in the aggregate any one *period of insurance*; and
- (c) cover will not apply for claims arising directly or indirectly from wilful or malicious conduct.

### Basis of settlement motor dealers CMV398

The *insured vehicle* definition also includes:

*Stock* of motor vehicles sold or supplied by *you* in the ordinary course of *your* business that *you* own or hold on trust or on commission and for which *you* are legally liable and which is not otherwise insured.

The basis of settlement clause for *Market value* is deleted for these *vehicles* and replaced by:

We will pay the lesser of the *market value* of the *insured vehicle*, or the actual purchase price of the *insured vehicle* and any subsequent reconditioning or upgrade costs expended.

We will cover *you* for any *loss* arising from theft or illegal conversion by a purported purchaser. Provided *you* obtain a copy of the purported or prospective purchaser's current drivers licence and personal details.

We will not cover *you* for any *loss* that arises from the purported or prospective purchaser failing to make any payment, or if any payment is dishonoured or in any way fraudulent.

The following conditions must be adhered to at all times:

During *business hours* no keys are to be left in any vehicle rather stored in a security cabinet or key board(s), which during the day are to be kept out of sight of the general public being stored in an office accessible only to *your* own staff.

Outside of *business hours* *insured vehicles* shall be securely locked and all keys pertaining to such *insured vehicles* to be kept in a securely locked safe or security cabinet.

### Entanglement extension CMV521

Exclusion 6 (Entanglement) of this commercial motor section is deleted.

# Broadform liability

## The indemnity

We will indemnify *you* for all amounts *you* become legally liable to pay as direct compensation consequent upon:

- (a) *personal injury*; or
- (b) *damage to property*;

happening within the *geographical limits* during the *period of insurance* as a result of an *occurrence* in connection with the *business*.

### Limit of indemnity

The total amount payable by *us* for all amounts in respect of:

- (a) one *occurrence* or series of *occurrences* as a result of or attributable to one source or original cause;
- (b) any one *period of insurance* for all claims in respect of *products*; and
- (c) any one *period of insurance* for all claims in respect of releases (including discharge, dispersal, seepage, migration and escape) of *pollutants*;

will not exceed the limit of indemnity shown in the *schedule* irrespective of the number of parties entitled to indemnity under this broadform liability section.

For the purposes of establishing the total amount payable by *us* for one *period of insurance*, it is understood that any releases of *pollutants* as a result of or attributable to one source or original cause (regardless of whether the release is continuous or intermittent) will be considered as one release.

If we accept a claim under this broadform liability section we will pay, in addition to the applicable limit of indemnity, *defence costs* for any actual or threatened legal action against any of the *persons insured*.

## Automatic extensions

These automatic extensions form part of this broadform liability section and are subject to all its provisions (unless otherwise stated). The total of all payments made under these automatic extensions will be part of and not in addition to the applicable policy limit of indemnity unless otherwise stated.

If there is any conflict or inconsistency between this broadform liability section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

### 1. Business Advice or Service

We will cover *you* for *your* legal liability in respect of *personal injury* or *damage to property* arising out of errors or omissions in:

1. advice or services rendered by *you* without charge or fee;
2. product training and demonstrations by *you* without charge or fee;
3. medical advice by persons employed by *you* to provide first aid and other medical services on the *insured's* premises.

Exclusion 13 Professional duty does not apply to this extension.

## 2. Compensation for court appearance

We will provide payment at the rate of \$250 per day for each day on which any of the *persons insured* attend as a witness in connection with a claim brought under the broadform liability section of this policy.

The total amount payable under this extension will not exceed \$7,500 in any one *period of insurance*.

## 3. Defamation

We will cover *you* for *your* legal liability for defamation or invasion of right of privacy, excluding claims arising out of defamation:

- (a) when the first publication was made before the commencement of the *period of insurance*; or
- (b) made at the direction of any of the *persons insured* with knowledge of its falsity; or
- (c) made in the course of or relating to:
  - (i) advertising, broadcasting or telecasting activities;
  - (ii) activities using the internet, intranet or the world wide web;
  - (iii) publication of newspapers, journals, books, or periodicals;
 conducted by or on behalf of any of the *persons insured*.

## 4. Employees personal effects

Notwithstanding exclusion 5 (Employees and Accident Compensation Act) of this broadform liability section we will cover *you* for *your* legal liability to pay direct

# Broadform liability

## continued

compensation as a result of *damage* to the personal effects of *your* employees.

### 5. Exemplary damages

We will cover *you* for *your* legal liability for exemplary damages awarded by any New Zealand court in respect of *personal injury* happening in New Zealand, provided that:

- (a) *our* liability to pay under this extension for any one *period of insurance* will not exceed the lesser of the limit of indemnity or \$1,000,000, inclusive of any *defence costs*;
- (b) there is no cover in respect of exemplary damages arising out of any dishonest or malicious act or omission by any of the *persons insured*; and
- (c) none of the *persons insured* has revealed the existence of terms of this cover without *our* written consent, unless legally obliged to do so.

### 6. Fire Risk Work Away

We will cover *you* for *your* legal liability to pay direct compensation for *personal injury* or *damage to property* in respect of the application of heat involving a naked flame or open heat source that takes place away from *your* premises providing the following precautions have been complied with on each occasion:

- (a) the area of the work will be cleared of combustible material for a safe distance from or beneath the place where such work is being carried out. A safe distance will be not less than six metres when welding or cutting operations are carried

out. Where such precautions are impracticable such material will be covered with fireproof blankets or similar protective equipment. Combustible parts of premises will be similarly protected;

- (b) a fire extinguisher of a type and capacity suitable for the combustible material and the premises will be kept immediately adjacent to the area of work and available for immediate use;
- (c) equipment will be lit or switched on for as short a time as possible before use and extinguished immediately after use;
- (d) lighted or heated equipment will not be left unattended;
- (e) a thorough examination for any signs of combustion will be made within or below the area in which work has been undertaken half an hour after the termination of each period of work;
- (f) before applying heat to metal built into or projecting through walls, floors or ceilings an examination will be made to ensure that the other end of the metal is not in hazardous proximity to combustible material.

### 7. Goods on Hook

We will cover *you* for *your* legal liability to pay direct compensation for *damage to property* not owned by *you* arising out of being lifted or lowered or moved by cranes or fork hoists under *your* care, custody or control.

We will pay the costs incurred for the necessary repair or replacement of property on a crane's hook or a fork hoist.

This extension will not pay for consequential loss.

The limit of *our* liability in respect of any one *period of insurance* will not exceed \$500,000.

An excess of \$2,500 will apply under this extension for each *occurrence*.

### 8. Indemnity to landlord

Notwithstanding exclusion 9 (Liability under agreement) of this broadform liability section we will cover *you* for *your* legal liability under a lease agreement to indemnify *your* lessor against third party actions, suits or demands to pay direct compensation as a result of *personal injury* or *damage to property*.

### 9. Innkeeper's Act

We will cover *you* for *your* legal liability as an innkeeper as regulated by the Innkeepers Act 1962 (or any replacement Act) and any subsequent amendments. Provided that property specifically entrusted to any of the *persons insured* as an innkeeper must be kept in a locked safe or strongroom.

*Our* liability under this extension will not exceed the lesser of the limit of indemnity of this broadform liability section of the policy or \$250,000 unless an alternative limit is shown in the *schedule*.

### 10. Landlord's liability

We will cover *you* for *your* legal liability to pay direct compensation as a result of *personal injury* or *damage to property* arising in connection with *your* legal ownership, but not physical occupation, of any premises.

# Broadform liability

## continued

### 11. Lost Keys and Access Control Devices

We will cover *you* for *your* legal liability to pay direct compensation for *damage to property* arising out of loss of keys or access control devices under *your* care, custody or control.

We will pay the costs incurred for the necessary replacement or alteration of the locks at third party premises.

This extension will not pay for consequential loss.

The limit of *our* liability in respect of any one *period of insurance* will not exceed \$500,000.

An excess of \$1,000 will apply under this extension for each *occurrence*.

### 12. Mechanical plant and machinery

We will cover *you* for *your* legal liability to pay direct compensation as a result of *personal injury* or *damage to property* arising in connection with any tool of trade or item of mechanically propelled plant or item of machinery that is being operated as such, independent of any *vehicle* whether or not it is attached to a *vehicle*, and not operated solely as a *vehicle*.

Exclusion 16 (Vehicles) does not apply to this extension.

### 13. Motor and watercraft repair

We will cover *you* for *your* legal liability caused by or arising out of the repair, renovation, maintenance, installation or servicing by any of the *persons insured* of any:

- (a) *vehicle*;
- (b) *watercraft* not exceeding 10 metres in length;

- (c) internal combustion engines; or
- (d) accessories or fittings of either of the above;

where such items are or have been in the care, custody or control of, but are not owned, hired, leased, rented or borrowed by, any of the *persons insured*.

However, cover is not provided for *your* legal liability to pay the cost of performing, completing, correcting or improving any work done or undertaken or rectifying defective work. This exclusion will not apply to legal liability for resultant *damage* to other separate property or parts that any of the *persons insured* have not been working on.

*Our* liability to cover *you* under this extension:

- (a) for the item under repair, renovation, installation or servicing will not exceed for any one *occurrence* \$500,000 unless an alternative limit is shown in the *schedule* for motor and watercraft repair; and
- (b) in total under this extension will not exceed the limit of indemnity applicable to this broadform liability section.

An excess of \$1,000 will apply under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*.

We will not cover *you* under this extension for *your* legal liability for *personal injury* or *damage to property* that occurs while any *vehicle* or *watercraft* is being driven, sailed

or navigated by any of the *persons insured* who:

- (a) does not have a valid licence that authorises them to drive the *vehicle* at the time of the accident;
- (b) at the time of the accident giving rise to a claim under this extension is under the influence of intoxicating liquor or a drug or who has a proportion of alcohol in their blood or breath that is higher than that allowed under New Zealand traffic law; or
- (c) fails to stop or leaves the scene of the accident when it is an offence to do so or refuses to undergo a breath test or provide a blood sample having been lawfully requested to do so.

Exclusions 14 (Property in Care, Custody or Control) and 16 (Vehicles) do not apply to this extension.

### 14. Product recall

We will contribute to those costs *you* are legally liable to pay for physically recalling or withdrawing *products* that have already given rise to a claim covered by the broadform liability section of this policy, if we agree that such recall or withdrawal is necessary to prevent similar claims arising.

*Our* contribution will be limited to 80% of the costs in excess of the first \$2,500. Subject to a maximum contribution by *us* of \$100,000 in respect of all such costs incurred in respect of all such recalls or withdrawals in any one *period of insurance* unless an alternative limit is shown in the *schedule*.

# Broadform liability

## continued

### 15. Property in care, custody or control

We will cover you for your legal liability to pay direct compensation as a result of *damage to property* held in trust by or in the care, custody or control of any of the *persons insured*.

However we will not be liable under this extension for *damage to property*:

- (a) in respect of which and to the extent that any of the *persons insured* has agreed to provide insurance;
- (b) owned, leased, rented or hired by any of the *persons insured* or under any hire purchase or conditional agreement;
- (c) being land or *buildings* including their fixtures and fittings;
- (d) being *vehicles* or *watercraft* held for service or repair; or
- (e) being property in storage and in the care, custody or control of any of the *persons insured* while they store the property as a bailee for reward.
- (f) being property covered under the Goods on hook automatic extension and the Lost keys and access devices automatic extension.

Our liability under this extension will not exceed \$500,000 in any one *period of insurance* unless an alternative limit is shown in the *schedule*.

An excess of \$1,000 will apply under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*.

Exclusion 14 (Property in Care, Custody or Control) does not apply to this extension.

### 16. Reparation

Notwithstanding exclusion 6 (Fines and Penalties) of this broadform liability section, we will cover you for your legal liability to pay an award of *reparation* in respect of *personal injury* or *damage to property* happening within the *geographical limits* during the *period of insurance* as a result of an *occurrence* in connection with the *business*.

Provided that:

- (a) you notify us immediately if you or any other person entitled to cover under this broadform liability section for liability to pay *reparation* is charged with any offence in connection with the *business* which has resulted in *personal injury* to another person or *damage to property*;
- (b) you do not make any offer of *reparation* (including as part of any case management conference or sentencing hearing) without our written approval.

Our liability for Sentencing Act Reparation claims will not exceed the limit of indemnity shown in the *schedule* or \$10,000,000, whichever is the lesser, irrespective of the number of parties entitled to indemnity under this policy.

Cover for *defence costs* does not apply to a claim under this extension. We will not pay *defence costs* in relation to an offence or where your liability is to pay *reparation*.

This extension does not cover *reparation* arising from prosecution of an offence under the Health and Safety at Work Act 2015 (or any replacement Act) and any subsequent amendments.

### 17. Tenant's liability

Notwithstanding exclusion 14 (Property in Care, Custody or Control) of this broadform liability section we will cover you for your legal liability to pay direct compensation as a result of *damage* to premises (including their fixtures and fittings) leased or rented by you or in your custody or control but not owned by you, or for *damage to property* in *business* premises that you temporarily occupy, but excluding legal liability arising in connection with the failure of you or the *persons insured* to arrange insurance on the property.

### 18. Vibration or weakening of support

Notwithstanding exclusion 17 (Vibration or Weakening of Support) of this broadform liability section we will cover you for all amounts that you become legally liable to pay as direct compensation as a result of *personal injury* or *damage to property* caused by vibration or the withdrawal or weakening of support of any structure or land. Our liability under this extension will not exceed \$500,000 in any one *period of insurance* unless an alternative limit is shown in the *schedule*.

An excess of \$5,000 will apply to claims under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*.

# Broadform liability

## continued

### Exclusions

Refer also to the general exclusions of this policy.

We will not be under any obligation to indemnify you or any other insured under this broadform liability section for legal liability for *personal injury* or *damage to property*:

#### 1. Aerial device products

Directly or indirectly caused by *products* intended specifically for, and installed in or on, any *aerial device*, or directly or indirectly caused by or arising in connection with *products* which any of the *persons insured* knew would be so installed where such *products* are essential to the operation or navigation of any *aerial device*.

#### 2. Asbestos

Directly or indirectly caused by or arising out of or in connection with:

- (a) the inhalation of;
- (b) exposure to;
- (c) fears of the consequences of inhalation of or exposure to;
- (d) cleaning up, removal of; or
- (e) *damage* to or loss of use of any property arising out of;

asbestos, asbestos fibres or any derivatives of asbestos.

#### 3. Building defects and mould

In respect of any *building* or structure directly or indirectly caused by or arising in connection with:

- (a) the action or effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar or like forms; or

- (b) the failure of any *building* or structure to comply with or perform to the requirements of any building code or to meet the level of performance, quality, fitness or durability of its intended purpose; or

- (c) the failure of any *building* or structure to contain or incorporate materials, a design, a system or a standard of work which effectively prevents or manages the presence or penetration of moisture or water to which the *building* or structure might reasonably be subjected.

In addition, we will not be liable to indemnify you for any costs or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralising, remediating or disposal of, or in anyway responding to or assessing the effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar or like forms.

This exclusion will not exclude any indemnity for *personal injury* or *damage to property* that is caused by or arises out of leakage of internal water pipes, cisterns or sewerage systems.

#### 4. Defective work

Where your liability is for the cost of performing, completing, correcting or improving any work done or undertaken by any of the *persons insured*.

This exclusion will not apply to legal liability for resultant *damage* to other separate property or parts that any

of the *persons insured* have not been working on.

### 5. Employees and Accident Compensation Act

To or of:

- (a) any *employee* other than (b) and (c) of the *employee* definition; or
- (b) any person where the *personal injury* falls within the scope of cover provided by the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments or any liability imposed by the provisions of any workers compensation legislation or any accident compensation legislation or any industrial award or agreement or determination, or would fall within the scope of cover but for:

1. a failure by the victim to correctly notify a claim to the Accident Compensation Corporation within the time required under the Act, or to claim any amount he or she would be entitled to under the Act for any other reason whatsoever; or
2. the decision of any authority including the Accident Compensation Corporation to decline a claim or limit its liability in whole or in part and for any reason whatsoever.

### 6. Fines and penalties

In respect of any fines, penalties, *reparation*, exemplary, aggravated or liquidated *damages*.

# Broadform liability

## continued

### 7. Fraudulent or criminal intent

Directly or indirectly caused by any act or omission having fraudulent, dishonest, criminal or malicious intent.

### 8. Intentional or Reckless Acts

Arising directly or indirectly from any intentional or reckless act or omission.

### 9. Liability under agreement

Arising out of or in connection with liability assumed under an agreement unless such liability:

- (a) would have attached in the absence of such agreement;
- (b) is assumed by any of the *persons insured* under a warranty of fitness or quality, or is implied by law, in respect of *products*;

but this extension of cover does not apply to *damage to property* which is the subject of the agreement.

### 10. Loss of use

Or loss of use of tangible property that has not been physically *damaged* or destroyed resulting from:

- (a) a delay in or lack of performance by or on behalf of any of the *persons insured* of any contract or agreement; or
- (b) the failure of *products* or work performed by or on behalf of any of the *persons insured* to meet the level of performance, quality, fitness or durability warranted or represented by any of the *persons insured*.

This exclusion does not apply to loss of use of other tangible property resulting from the sudden and *accidental* physical *damage* to or destruction of *products* or work performed by or on

behalf of any of the *persons insured* after such *products* or work have been put to their intended use by any person or organisation other than a *person insured*.

### 11. Pollutants

Directly or indirectly caused by or arising out of *pollutants* unless caused by or arising out of an identifiable and sudden *accidental* and unexpected release (including discharge, dispersal, seepage, migration and escape) of *pollutants* that takes place in its entirety at a specific time and place.

### 12. Product repair or replacement

In respect of any amount payable for the cost of recalling withdrawing replacing or repairing *products* or of making any refund on the price paid for *products*, provided that this exclusion does not apply to liability for physical loss or *damage to products* caused by other *products* if they were physically independent at the time of such physical loss or *damage*.

### 13. Professional duty

Arising out of a breach of the duty owed in a professional capacity by any of the *persons insured*, but this exclusion does not apply to services rendered by members of *your* own first aid or ambulance services.

### 14. Property in care, custody or control

Owned, occupied or held in trust by or in the care, custody or control of any of the *persons insured* other than:

- (a) premises that are not owned or rented by any of the *persons insured* but at which any of the *persons insured* is undertaking

work in connection with the *business*;

- (b) property in *your* custody or control in any free car park operated by *you*.

### 15. Underground services

Consisting of underground services, pipes or cables or legal liability arising out of that *damage* regardless of how the *damage* is caused unless the *person insured* has taken all reasonable steps immediately prior to the commencement of the work to establish the position of such services and has taken all reasonable steps to avoid *damage* in which case a \$5,000 excess for Underground Services will apply to all such valid claims.

### 16. Vehicles

Caused by the ownership, possession, or use by any of the *persons insured* of any *vehicle* which is or should have been registered or is otherwise insured in respect of the same liability.

However if the *person insured* is not entitled to indemnity under any other policy this exclusion will not apply to claims arising from:

- (a) the loading or unloading of a *vehicle* or the bringing to or taking away of a load from a *vehicle*; or
- (b) the use of the *vehicle* as a tool of trade and not use as a motor vehicle.

### 17. Vibration or weakening of support

Directly or indirectly caused by vibration or by the withdrawal or weakening of support of any structure or land.

# Broadform liability

## continued

### 18. Watercraft and aircraft

Directly or indirectly caused by the ownership, possession, operation, repair, maintenance or use by any of the *persons insured* of any:

- (a) *aerial devices*;
- (b) *watercraft* exceeding 10 metres in length.

### Conditions

Refer also to the general conditions of this policy.

#### 1. Change of business

If any change occurs in the *business* that increases the risk of insuring *you*, then *you* will give written notice to *us* within a reasonable period of becoming aware of such change.

#### 2. Contribution to costs

Where the amount paid to settle any liability claim against *you* or any *insured* exceeds the limit of indemnity for this broadform liability section *our* obligation to pay *defence costs* under this broadform liability section is limited to a proportion of the *defence costs* that is equivalent to the proportion that the limit of indemnity bears to the total amount paid.

This condition only applies when we have not exercised *our* right under the payment of limit of indemnity condition.

#### 3. Cross liability

Any claim made by a *person insured* against any other *person insured* will be treated as though the party so claiming is not a *person insured*. Where more than one party is described as an *insured* each such

party will constitute a separate *person insured* for the purpose of this clause.

Provided that nothing contained in this condition:

- (a) will operate to increase the limit of indemnity shown in the *schedule*;
- (b) overrides the provisions of General Condition 9 (Joint Insurance).

#### 4. Duty of care

The *persons insured* will take reasonable precautions to prevent *personal injury* and *damage to property* and to:

- (a) comply with all obligations and *regulations* set out in any legislation applicable or imposed by any authority;
- (b) maintain premises and plant and everything used in the *business* in proper repair; and
- (c) at their own expense remedy any defect or eliminate any danger that may give rise to *personal injury* or *damage to property*.

#### 5. Excess

The claim will be adjusted net of the *excess* shown in the *schedule* which *you* must contribute as the first amount of any claim arising from each and every *occurrence* inclusive of *defence costs*.

#### 6. Jurisdiction

This insurance will not apply to any judgement delivered by a court outside New Zealand (or any judgement, registration or order obtained in New Zealand to enforce that same judgement) where the *persons insured* are represented in a country outside New Zealand by or through any:

- (a) branch;
- (b) trading division;
- (c) subsidiary;
- (d) associated company or companies; or
- (e) *employee* or company holding a power of attorney on behalf of any of the *persons insured*.

This condition does not apply to the activities of the *persons insured* who have a normal place of residence in New Zealand and are away from New Zealand for a short time in connection with the incidental performance of clerical, managerial, marketing or sales responsibilities but not the performance of actual assembly, construction, dismantling, farming, manufacture, renovation or repair work and not involving the performance of any other physical work of a manual nature or in respect of a trade.

#### 7. Payment of limit of indemnity

We may at any time pay to *you*, or at *our* discretion to any of the *persons insured* claiming to be indemnified, the appropriate limit of indemnity (after deduction of any amounts already paid) or any lesser amount for which a claim or claims can be settled. Following payment under this condition we will relinquish control of the claim or claims and we will be under no further liability in connection with it, except for costs and expenses incurred before the date of the payment.

#### 8. Premium adjustment

If any part of the premium or renewal premium is based on estimates furnished by *you*, *you* will keep

# Broadform liability

## continued

an accurate record containing all relative particulars and will allow *us* to inspect such record. *You* will within a reasonable period of the expiry of each *period of insurance* furnish such information as *we* may require. The premium or renewal premium will be adjusted and the difference paid by or allowed to *you*.

### Additional extensions and memoranda

Each of the following extensions or memoranda will have no effect unless there is a statement in the *schedule* that the particular extension or memorandum will apply. They are subject to all the provisions of the policy and of this broadform liability section (unless otherwise stated). If there is any conflict or inconsistency between this broadform liability section and the extension or memorandum only the extension or memorandum will apply. If there is any conflict or inconsistency between extensions or memoranda only the more particular extension or memorandum will apply.

#### Additive products PLB500

We will not cover *you* under this section in respect of *damage* to or loss of any mixture of which any product supplied by any of the *persons insured* is a constituent.

#### Burning in the open air PLB502

It is a condition of this section that when *you* burn in an open air location that the following precautions will be complied with on each occasion:

- (a) fires to be in a cleared area and at a distance of at least nine metres from any property;

- (b) fires not to be left unattended at any time;
- (c) a suitable fire extinguisher to be kept available for immediate use; and
- (d) fires to be extinguished at least one hour before leaving the site.

#### Concrete products PLB504

We will not cover *you* under this section for *your* legal liability for *damage* to any *building* or other structure incorporating concrete products supplied by any of the *persons insured* where the *damage* is caused by those products.

#### Deep frying equipment PLB507

If on any premises owned or occupied by *you* there is any deep frying with oil or fat *you* warrant that:

- (a) each vat is fitted with a close-fitting steel lid that is shut when the vat is not in use;
- (b) a fire blanket is installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and that the fire blanket is readily accessible for immediate use at all times during any deep frying operation;
- (c) a fully charged wet chemical extinguisher or other similar 'F'-rated fire extinguisher complying with the New Zealand Standard NZS 4503 (Hand Operated Fire Fighting Equipment) must be installed in a highly visible location in the vicinity of, but at a safe distance away from, the frying operation and is accessible for immediate use at all times during any deep frying operation;

- (d) all thermostats, pans, blankets and extinguishers are at all times maintained in good working order;
- (e) extraction filters are cleaned weekly and extraction flues and ducting inspected monthly and cleaned as necessary;
- (f) separate non-adjustable manual reset thermostat is fitted to it and set to disconnect/shut down the energy source when the temperature of the cooking liquid exceeds a safe operating temperature. Over-temperature cut out set point is manufacturer dependent (between 220°C to 235°C) but must not be higher than 246°C; and
- (g) all cooking liquids for disposal are at all times stored in a suitable, fit for purpose container with a close fitting lid until removal from the premises.

If *you* are not the occupier of the premises or operator of the equipment *you* will in writing instruct the occupier and operator to carry out the requirements in (a) to (g) above to ensure that the terms of this warranty are met at all times.

#### Drugs clinical trials PLB508

We will not cover *you* under this section for *your* legal liability for *personal injury* arising in connection with clinical trials.

#### Paints and cladding products PLB515

We will not cover *you* under this section for *your* legal liability for *damage* to any surface to which any *product* supplied by any of the *persons insured* is applied.

# Broadform liability

## continued

#### Hairdressers and beauty therapists treatment risk PLB516

We will cover *you* for *your* legal liability for direct compensation as a result of *personal injury* to customers arising in connection with treatment prescribed or administered by or on behalf of any of the *persons insured* provided that:

- (a) *our* liability will not exceed \$100,000 in respect of any one *occurrence* or series of *occurrences* as a result of or attributable to one source or original cause and limited in total in any one *period of insurance* to that amount; and
- (b) no claims will be admitted for any *personal injury* sustained or alleged to be sustained or becoming evident more than 30 days after treatment; and
- (c) no claims will be admitted for any *personal injury* sustained arising from surgical beauty treatments or the use of ultraviolet (UV) or any similar radiation.

An excess of \$1,000 will apply under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*.

#### New Zealand jurisdiction PLB521

The jurisdiction condition is deleted and replaced by the following:

The cover under this section will only apply to judgements that are delivered by or obtained from a court within New Zealand. In addition, the insurance will not apply in respect of any judgement or order obtained in New Zealand for the enforcement of a judgement obtained elsewhere.

#### Non-efficacy PLB522

We will not cover *you* under this section for *your* legal liability for *personal injury* or *damage to property* directly or indirectly caused by or alleged to be caused by the failure of any *products* manufactured or supplied by any of the *persons insured* to correctly perform their intended function.

#### Non-efficacy installation PLB523

We will not cover *you* under this section for *your* legal liability for *personal injury* or *damage to property* directly or indirectly caused by or alleged to be caused by the failure of any *products* installed, serviced or repaired by any of the *persons insured* to correctly perform their intended function where the failure arises from such installation, servicing or repair.

#### Faulty packing PLB524

We will not cover *you* under this section for *your* legal liability for *personal injury* or *damage to property* directly or indirectly caused by inadequate or incorrect packing.

#### Advice design, formula or specification exclusion PLB525

We will not cover *you* under this section for *your* legal liability arising in connection with error or omission in:

- (a) advice, directions, instructions, markings or warnings given or omitted to be given; or
- (b) design, formula or specification.

#### Electromagnetic radiation exclusion PLB526

We will not cover *you* under this section for *your* legal liability for *personal*

*injury* or *damage to property* directly or indirectly caused by exposure to or contact with electromagnetic radiation.

For the purposes of this exclusion electromagnetic radiation includes but is not limited to magnetic energy, waves, fields or forces generated, produced, distributed, transmitted or maintained by charges, currents, frequencies, energy or forces of electricity.

#### Amended pollutants exclusion PLB527

The *pollutants* exclusion 11 of this broadform liability section is deleted and replaced by the following:

Directly or indirectly caused by or arising out of *pollutants* unless caused by or arising out of an identifiable, unexpected and accidental release (including discharge, dispersal, seepage, migration and escape) of *pollutants* which commences during any *period of insurance* and is:

- (a) detected within 7 days of its commencement; and
- (b) reported to *us* within 7 days of its being detected.

The commencement of any intermittent release shall be deemed to be at the start of the first release of the series.

#### Clean up costs exclusion PLB528

We will not be under any obligation to indemnify *you* or any other insured for any costs arising out of any obligation on any of the *persons insured* to test for, monitor, clean up, remove, contain, treat, detoxify or neutralise or in any way respond to or assess the effects of *pollutants* on structures, premises, sites or land currently or previously

# Broadform liability

## continued

owned, occupied, used by or under the control of any of the *persons insured* where the obligation arises out of such ownership, occupancy, use or control by any of the *persons insured*.

### USA and Canada exports PLB531

The *geographical limits* definition 2 (b) is amended to read:

- (b) *products* supplied from New Zealand.

The following is added to the Limit of indemnity clauses:

Notwithstanding the provision for the payment of *defence costs* for any actual or threatened legal action against any of the *persons insured* the Limit of indemnity will be inclusive of *defence costs* in respect of any *personal injury or damage to property* happening in the United States of America or its territories or possessions or in Canada.

### Australian operations PLB533

With the exception of the extension for Exemplary damages (if it is included in this section) the words "New Zealand" are replaced by the words "New Zealand and Australia" wherever else they appear in this section. This change does not in any way alter the provisions of General Condition 7 (Governing Law) in the Introduction section of this policy.

### Competitors exclusion PLB534

We will not cover *you* under this section for *your* legal liability for *personal injury or damage to property* to or of any competitor or participant directly or indirectly caused by participation in or practice or preparation for any

performance, game, contest, race or display.

### Computer services PLB535

We will not cover *you* under this section for *your* legal liability arising in connection with the supply of computer software which does not correctly perform its intended function or which causes *personal injury or damage to property*.

### Bailees liability PLB537

Exclusion 15(e) in the Property in Care Custody or Control extension is deleted. The limit of indemnity and the *excess* to apply in respect of this deletion is the same as for that extension unless an alternative amount for Bailees Liability is shown in the *schedule*.

### Treatment risk PLB538

We will not cover *you* in respect of *personal injury* arising out of treatment given and/or *products* sold, prescribed or administered by or on behalf of any of the *persons insured*.

### Genetic modification PLB539

We will not cover *you* under this section for *your* legal liability for *personal injury or damage to property* directly or indirectly caused by:

- the presence on any premises of or the production of or the supply of any genetically modified organism or any other material that has been genetically modified where liability may be directly or indirectly attributed to the genetic characteristics of such organism or material;
- the spread of or the threat of spread of any genetically modified organism characteristics into the

environment or any change to the environment arising from research into, testing of or production of genetically modified organisms or other material.

### Warrant of Fitness PLB552

We will cover *you* for *your* legal liability to pay direct compensation for any negligent act, error or omission occurring within the *period of insurance* arising from *your* inspection and certification of *vehicles* for the purpose of issuing Warrants of Fitness, other inspection certificates, *vehicle* appraisal services and pre purchase reports.

Provided that;

- this extension will not apply to *your* liability in connection with the valuation of any *vehicle*;
- this extension will not apply to *your* liability in connection with Certificates of Fitness;
- you* are licensed and qualified to issue Warrants of Fitness; and
- you* hold any required license or qualification to issue other inspection certificates or pre-purchase reports, or to offer any *vehicle* appraisal services.

*Our* liability to cover *you* under this extension will not exceed the figure specified in the *schedule* in any one *period of insurance* including claimants' costs and expenses.

The following *excesses* will apply under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*:

\$1,000 for Warrants of Fitness.

# Broadform liability

## continued

\$2,500 for pre purchase reports, *vehicle* appraisal services and other inspection certificates.

### Warrant of Fitness and Certificate of Fitness PLB553

We will cover *you* for *your* legal liability to pay direct compensation for any negligent act, error or omission occurring within the *period of insurance* arising from *your* inspection and certification of *vehicles* for the purpose of issuing Warrants of Fitness, Certificates of Fitness, other inspection certificates, *vehicle* appraisal services and pre purchase reports.

Provided that;

- this extension will not apply to *your* liability in connection with the valuation of any *vehicle*;
- you* are licensed and qualified to issue Warrants of Fitness or Certificates of Fitness; and/ or
- you* hold any required license or qualification to issue other inspection certificates or pre-purchase reports, or to offer any *vehicle* appraisal services.

*Our* liability to cover *you* under this extension will not exceed \$1,000,000 unless an alternative limit is shown in the *schedule*, in any one *period of insurance* including claimants' costs and expenses.

The following *excesses* will apply under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*:

\$1,000 for Warrants of Fitness and Certificates of Fitness.

\$2,500 for pre purchase reports, *vehicle* appraisal services and other inspection certificates.

### Defective workmanship PLB554

We will cover *you* for *your* legal liability to pay direct compensation (including liability for resulting loss of use) consequent upon *accidental damage* to property on which *you* are or have been working, where the *damage* is caused by *your* defective workmanship, providing that:

- the defective workmanship is done or undertaken by any of the *persons insured* during the *period of insurance*; and
- the *damage* to property happens within the *geographical limits*.

Exclusions 4 (Defective work) and 12 (Product repair or replacement) do not apply to this extension.

We will also cover *you* under this extension for *your* legal liability that would have been covered by automatic extensions 13 (Motor and watercraft repair) and 15 (Property in care, custody or control) of this Broadform liability section but for the exclusion from cover for *your* legal liability to pay the cost of performing, completing, correcting or improving any work done or undertaken or rectifying defective work, providing that all requirements for cover under this extension are also met and *your* liability would have been covered under this extension but for exclusion 14 (Property in care, custody or control).

*Our* liability under this extension will not exceed \$100,000 unless an alternative limit is shown in the *schedule*, in any one *period of*

*insurance* inclusive of any *defence costs*.

An *excess* of \$1,000 will apply to claims under this extension for each *occurrence* unless an alternative amount is shown in the *schedule*.

Except as expressly stated, nothing in this extension overrides any exclusion including exclusions 3 (Building defects and mould) and 13 (Professional duty).

*Workmanship* means work done in the process of manufacturing, constructing, erecting installing, servicing, repairing or treating property.

### Wine Makers liability including defective workmanship PLB 555

We will cover *you* for *your* legal liability for *damage* occurring during the *period of insurance* to grapes, grape juice or wine not owned by *you*.

Cover is limited to the value of the grapes, grape juice or wine when the *damage* occurred, not including any processing or bottling fee.

Provided that:

- this extension will not apply to claims in respect of:
  - unsatisfactory quality, flavour, bouquet or colour of wine, where the winemaker or bottler adhered to the standard winemaking or bottling process;
  - damage* for which indemnity is available (or would be available except for the application of any excess) under a material damage policy, or liability for which cover is available under the broadform liability section;



# Broadform liability

## continued

- c) *damage*, however caused, where any contract or agreement requires that insurance shall be effected by *you*;
- d) *damage* caused by gradual deterioration or inherent vice;
- e) loss of use or market or delays or consequential losses of any description;
- f) *damage* caused by change of temperature, resulting from the breakdown or total or partial destruction of any refrigeration or cooling apparatus from any cause;
- g) *damage* or gradual deterioration due to faulty corks whether supplied by *you* or by another party.

It is warranted that any blending of wine or the addition of chemical additives during the winemaking process will be done under the direct supervision of a qualified winemaker.

Exclusions 4 (Defective work), 11 (Pollutants) and 14 (Property in care, custody and control) do not apply to this extension.

Our liability to cover *you* under this extension will not exceed the amount shown in the *schedule* in any one *period of insurance* inclusive of any *defence costs*. The *excess* shown in the *schedule* will apply to claims under this extension for each *occurrence*.

Except as expressly stated, nothing in this extension overrides any exclusion.

### Wine Making liability PLB 556

We will cover *you* for your legal liability for *damage* occurring during the

*period of insurance* to grapes, grape juice or wine not owned by *you*.

Cover is limited to the value of the grapes, grape juice or wine when the *damage* occurred, not including any processing or bottling fee.

Provided that:

1. this extension will not apply to claims in respect of:

- a. unsatisfactory quality, flavour, bouquet or colour of wine, where the winemaker or bottler adhered to the standard winemaking or bottling process;
- b. *damage* for which indemnity is available (or would be available except for the application of any *excess*) under a material *damage* policy, or liability for which cover is available under the broadform liability section;
- c. *damage*, however caused, where any contract or agreement requires that insurance shall be effected by *you*;
- d. *damage* caused by gradual deterioration or inherent vice;
- e. loss of use or market or delays or consequential losses of any description;
- f. *damage* caused by change of temperature, resulting from the breakdown or total or partial destruction of any refrigeration or cooling apparatus from any cause;
- g. *damage* or gradual deterioration due to faulty corks whether supplied by *you* or by another party.

2. It is warranted that any blending of wine or the addition of chemical additives during the winemaking process will be done under the direct supervision of a qualified winemaker.

Exclusions 11 (Pollutants) and 14 (Property in care, custody and control) and control do not apply to this extension.

Our liability to cover *you* under this extension will not exceed the amount shown in the *schedule* in any one *period of insurance* inclusive of any *defence costs*. The *excess* shown in the *schedule* will apply to claims under this extension for each *occurrence*.

Except as expressly stated, nothing in this extension overrides any exclusion including exclusion 4 (Defective work).

# Employers liability

## The indemnity

We will indemnify *you* for *defence costs* and all sums that *you* become legally liable to pay as *damages* arising from *claims* resulting from any *employee* sustaining *personal injury* in New Zealand arising out of or in the course of their employment in the *business* shown in the *schedule*, provided that:

- (a) *you* first become aware of the *claim* during the *period of insurance*; and
- (b) the *claim* is notified to us during the *period of insurance* or within 30 days after the end of the *period of insurance*; and
- (c) the *personal injury* occurred on or after the *retroactive date*.

## Automatic extensions

These extensions form part of this policy and are subject to all its provisions (unless otherwise stated). The total of all payments made under these automatic extensions will be part of and not in addition to the limits of indemnity for this employers liability section unless otherwise stated. Any reference to *claim* in these extensions will mean any *claim notified to us* during the *period of insurance* or within 30 days after the end of the *period of insurance*.

If there is any conflict or inconsistency between this employers liability section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

## 1. Advancement of defence costs

We will advance *defence costs* to *you* as and when they are incurred before the final disposition of the *claim*. Such payments will be repaid to us by *you* severally, according to *your* respective interests, in the event and to the extent that the *claim* is in fact determined not to be covered or is resolved on terms or in a manner that excludes it from cover under this employers liability section.

## 2. Continuous cover

Notwithstanding exclusion 8 (Prior claims and known circumstances) of this employers liability section, where:

- (a) *you* first became aware of any *claim*, or fact or circumstance as described in condition 6 (Notification of circumstance), after the *continuity date* and before the *period of insurance*; and
  - (b) *you* do not notify us of such *claim*, or fact or circumstance, until a date during the *period of insurance* or within 30 days after the *period of insurance*;
- then:
- (i) in the absence of fraudulent non-compliance with the duty of disclosure or fraudulent misrepresentation by any of *you* in respect of such *claim*, fact or circumstance; and
  - (ii) provided that we have continuously been *your* employers liability insurer from and after the *continuity date*;

we will accept notification of such *claim*, or any *claim* arising from such

facts or circumstances, during the *period of insurance*.

The cover provided will be in the terms of this policy except that the applicable limit of indemnity and *excess* will be as they were at the date when *you* first became aware of the *claim* or facts or circumstances.

## Optional Extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this employers liability section (unless otherwise stated). If there is any conflict or inconsistency between this employers liability section and the extension only the extension will apply. If there is any conflict or inconsistency between extensions only the more particular extension will apply.

### Defence costs 565

In the event of any *claim* under the statutory liability or employers liability sections of this policy which is subject to a charge under Section 9 of the Law Reform Act 1936 and as a consequence of which *defence costs* cannot be paid under these sections then the policy is extended to indemnify *defence costs* up to a limit of \$250,000 unless an alternative limit is shown in the *schedule*, for any one *claim* and in the aggregate;

- (a) during the *period of insurance*; and
- (b) over both sections.

# Employers liability

## continued

### Exclusions

Refer also to the general exclusions of this policy.

We will not be liable for:

#### 1. Accident Compensation Act cover

compensation for *personal injury* in respect of which the claimant is entitled to compensation to any extent under the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments, or would be so entitled had a *claim* been lodged under such *Acts*, or if *you* were not an exempt employer under such *Acts*.

#### 2. Asbestos

any *claims* directly or indirectly caused by or arising out of or in connection with:

- the inhalation of;
- exposure to;
- fears of the consequences of inhalation of or exposure to;
- cleaning up, removal of; or
- damage* to or loss of use of any property arising out of;

asbestos, asbestos fibres or any derivatives of asbestos.

#### 3. Building defects and mould

or fulfil any obligation in respect of any *claim* (including *defence costs* or any other costs) or *personal injury* that is directly or indirectly caused by or contributed to, or arises in connection with:

- the action or effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar

or like forms, in any *building* or structure; or

- the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralising, remediating or disposal of, or in anyway responding to or assessing the effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar or like forms, in any *building* or structure.

#### 4. Deliberate or wilful non-compliance

any liability arising directly or indirectly from, or in any way connected with any *claim* that arises from:

- your* deliberate or wilful breach of or failure to comply with or disregard for the provisions of any Act;
- your* deliberate or wilful failure to comply with or disregard for any lawful notice or order issued by any regulatory authority under any Act;
- your* deliberate or wilful obstruction, hindrance or resistance to any person exercising their powers under any Act.

#### 5. Employment contract

*claims* arising directly or indirectly out of the unjustifiable dismissal of any *employee* or other personal grievance arising out of a contract of employment.

#### 6. HSE notices

any *claim* arising directly or indirectly out of any failure by *you* to comply with any improvement, prohibition or suspension notice issued to *you* or

any *employee* under The Health and Safety at Work Act 2015 or equivalent notices issued under any replacement Act.

#### 7. Other than usual business

any *employee* not directly employed to carry out the normal activities of the *business* unless *you* give prior notice of such employment to *us* and *we* confirm *our* agreement in writing.

#### 8. Prior claims and known circumstances

- any *claim* made, threatened or intimated against *you* before the *continuity date*;
- any *claim* arising directly or indirectly from any facts or circumstances:
  - notified under any insurance that was in force before the inception of the employers liability section of this policy; or
  - known to *you* before the *continuity date* and which might reasonably be expected to give rise to a *claim*.

#### 9. Prior injury

any *personal injury* sustained before the *retroactive date* shown in the *schedule*.

#### 10. Third party exclusion

any liability arising directly or indirectly from, or in any way connected with any *claim* that arises from, the acts or omissions of any third party contracted by *you* in accordance with *your business*.

# Employers liability

## continued

### Conditions

Refer also to the general conditions of this policy.

#### 1. Authority

The *entity* agrees to act on *your* behalf with respect to:

- giving notice of a *claim*;
- the payment of premium and the receipt of any refund of premium that may become due;
- the negotiation and receipt of any endorsement.

#### 2. Conduct of claim

We will be entitled to take over and conduct in *your* name, the defence of any claims or the prosecution of any claim, in *your* name, for *your* benefit. If we choose to do so, we will have full discretion in the conduct of the proceedings.

#### 3. Election to settle

We may settle any *claim* with *your* consent, or where settlement is recommended by a senior counsel in accordance with condition 7 (Senior counsel) of this employers liability section.

If however consent to such settlement is still withheld by *you* our liability for the *claim* will not exceed the amount for which the *claim* could have been settled plus *defence costs* incurred with *our* consent up to the date such settlement was recommended.

#### 4. Excess

The *claim* will be adjusted net of the *excess* shown in the *schedule* which *you* must contribute as the first amount of any *claim*.

A single *excess* will apply to all *claims* alleging a *single personal injury*.

#### 5. Limits of indemnity

The total amount payable in any one *period of insurance* by *us* under this employers liability section (including automatic extensions and endorsements) on *your* behalf in respect of all *damages* and *defence costs* arising out of all *claims* will not exceed the limits of indemnity shown in the *schedule* for this employers liability section of the policy.

#### 6. Notification of circumstance

If during the *period of insurance* any of *you* become aware of any facts or circumstances that may give rise to a *claim* against *you*, and such facts or circumstances are *notified to us* during the *period of insurance*, any *claim* that may subsequently arise out of those facts or circumstances will be deemed to have been first made against *you* during the *period of insurance* and *notified to us* during the *period of insurance* in which the facts or circumstances were *notified*.

#### 7. Senior counsel

If *you* and *we* disagree as to whether a *claim* should be settled or defended, a senior counsel (to be mutually agreed upon by *you* and *us*) will be appointed to recommend whether to settle or defend the *claim*. The senior

counsel will take into consideration the economics of the matter, costs that are likely to be recovered by the prosecuting authority, the likely *defence costs* and the prospects of *you* successfully defending the action. The cost of the senior counsel's opinion will be paid by *us* and will be payable in addition to the limits of indemnity shown in the *schedule* for this employers liability section.

#### 8. Severability and non-imputation of proposal and policy

The proposal or submission will be construed to be a separate application for cover by each of *you*.

For the purpose of determining the availability of cover with respect to *claims* made against any of *you*, no fact pertaining to, no statement or declaration made in the proposal or submission, no state of mind or knowledge possessed and no failure to comply with the general and *claims* conditions by one of *you* will be imputed to any other of *you*.

#### 9. Take-over

If, during the *period of insurance* a *take-over* occurs the cover provided under this employers liability section of this policy is amended to apply only to *personal injuries* occurring before the effective date of the *take-over*.

# Statutory liability

## The indemnity

### Insuring clause A – Entity liability

We will pay on *your* behalf any *fine* under an Act and *defence costs* arising out of a *claim* made against *you*, provided that:

- you* first become aware of the *claim* during the *period of insurance*; and
- the *claim* is notified to *us* during the *period of insurance* or within 30 days after the end of the *period of insurance*; and
- the *occurrence* took place on or after the *retroactive date*; and
- the *fine* and *defence costs* do not arise from an *excluded Act*.

### Insuring clause B – Entity reimbursement

We will pay on *your* behalf any *fine* under an Act and *defence costs* for which *you* are lawfully permitted or required to indemnify, and have agreed to so indemnify, an *insured person* arising out of a *claim* made against an *insured person*, provided that:

- the *entity* and/or the *insured person* first becomes aware of the *claim* during the *period of insurance*; and
- the *claim* is notified to *us* during the *period of insurance* or within 30 days after the end of the *period of insurance*; and
- the *occurrence* took place on or after the *retroactive date*; and
- the *fine* and *defence costs* do not arise from an *excluded Act*.

### Insuring clause C – Insured person liability

We will pay on behalf of the *insured person* any *fine* under an Act and *defence costs* arising out of a *claim* made against the *insured person*, provided that:

- the *insured person* and/or *entity* first becomes aware of the *claim* during the *period of insurance*; and
- the *claim* is notified to *us* during the *period of insurance* or within 30 days after the end of the *period of insurance*; and
- the *occurrence* took place on or after the *retroactive date*; and
- the *fine* and *defence costs* do not arise from an *excluded Act*.

However, we will not pay any *fine* or *defence costs* arising out of any *claim* to the extent that the *entity* has indemnified an *insured person* for the *fine* or *defence costs*.

### Automatic extensions

These extensions form part of this statutory liability section and are subject to all its provisions (unless otherwise stated). The total of all payments made under these automatic extensions will be part of and not in addition to the limits of indemnity for this statutory liability section unless otherwise stated. Any reference to *claim* in these extensions will mean any *claim notified to us* during the *period of insurance* or within 30 days after the end of the *period of insurance*.

If there is any conflict or inconsistency between this statutory liability section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

#### 1. Acquittal

No *excess* will apply and we will reimburse any *defence costs* paid by *you* including where it was alleged that *you* intentionally, knowingly, or wilfully committed an *occurrence*, in the event of:

- an *acquittal* of all of *you*; or
- a dismissal or a withdrawal of the prosecution of the offence without the payment of any *fine* by any one of *you*.

Provided however that in the case of (b) above such reimbursement will occur 90 days after the date of dismissal or agreement to withdraw the prosecution as long as no *claim* alleging the same or any related *occurrence* is again brought within that time. Reimbursement will also be subject to an undertaking by *you* in a form acceptable to *us* that such reimbursement will be paid back by *you* to *us* in the event that a *claim* alleging the same or related *occurrence* is brought after the 90-day period.

# Statutory liability continued

## 2. Advancement of defence costs

We will advance *defence costs* to *you* as and when they are incurred before the final disposition of the *claim*. Such payments will be repaid to *us* by *you* severally, according to *your* respective interests, in the event and to the extent that the *claim* is in fact determined not to be covered or is resolved on terms or in a manner that excludes it from cover under this statutory liability section.

## 3. Continuous cover

Notwithstanding exclusion 7 (Prior claims and known circumstances) of this statutory liability section, where:

- you* first became aware of any *claim*, or fact or circumstance as described in Claims Condition 3, after the *continuity date* and before the *period of insurance*; and
- you* do not notify *us* of such *claim*, or fact or circumstance, until a date during the *period of insurance* or within 30 days after the *period of insurance*;

then:

- in the absence of fraudulent non-compliance with the duty of disclosure or fraudulent misrepresentation by *you* in respect of such *claim*, fact or circumstance; and
- provided that *we* have been *your* statutory liability insurer continuously from and after the *continuity date*;

*we* will accept notification of such *claim*, or any *claim* arising from such

facts or circumstances, during the *period of insurance*.

The cover provided will be in the terms of this policy except that the applicable limit of indemnity and excess will be as they were at the date when any of *you* first became aware of the *claim* or facts or circumstances.

## 4. Preservation of indemnity

In the event and to the extent that the *entity* is permitted or required to indemnify any *insured person*, but for whatever reason fails or refuses to do so, *we* will pay on behalf of the *insured person* the *fine* and *defence costs* in accordance with insuring clause C. In such event the *excess* shown in the *schedule* applicable to insuring clause B will be paid by the *entity* to *us*. In the event of the *entity* being placed in liquidation (other than voluntary liquidation), no *excess* will apply.

## Optional Extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this statutory liability section (unless otherwise stated). If there is any conflict or inconsistency between this statutory liability section and the extension only the extension will apply. If there is any conflict or inconsistency between extensions only the more particular extension will apply.

### Defence costs 565

In the event of any *claim* under the statutory liability or employers liability sections of this policy which is subject

to a charge under Section 9 of the Law Reform Act 1936 and as a consequence of which *defence costs* cannot be paid under these sections then the policy is extended to indemnify *defence costs* up to a limit of \$250,000 unless an alternative limit is shown in the *schedule*, for any one claim and in the aggregate;

- during the *period of insurance*; and
- over both sections.

## Exclusions

Refer also to the general exclusions of this policy.

*We* will not be liable for:

### 1. Asbestos

any *claims* directly or indirectly caused by or arising out of or in connection with:

- the inhalation of;
- exposure to;
- fears of the consequences of inhalation of or exposure to;
- cleaning up, removal of; or
- damage* to or loss of use of any property arising out of;

asbestos, asbestos fibres or any derivatives of asbestos.

### 2. Building defects and mould

or fulfil any obligation in respect of any *claim* (including *defence costs* or any other cost) that is directly or indirectly caused by or contributed to, or arises in connection with:

# Statutory liability

## continued

- (a) the action or effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar or like forms, in any *building* or structure; or
- (b) the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralising, remediating or disposal of, or in anyway responding to or assessing the effects of *micro-organisms*, mould, fungi, mildew, rot, decay, gradual deterioration, bacteria, protozoa or any similar or like forms, in any *building* or structure; or
- (c) the failure of any *building* or structure to meet or perform to the requirements of the New Zealand Building Code contained in the first *schedule* to the Building Regulations 1992 (or any amendment or substitution thereof) in respect of:
- (i) external water or moisture; or
- (ii) either durability or protection from external water or moisture entering that *building* or structure, or the effects thereof.

### 3. Continuing offence

that part of a *fine* for a continuing offence under any Act which is imposed for a period of time after which *you* knew, or should have known, that an offence was being committed.

### 4. Handling materials

the handling or disposal of materials by any person or organisation acting on *your* behalf unless *you* have taken

all reasonable steps to ensure that the materials will be handled or disposed of in a lawful manner.

### 5. Intentional breach

any *occurrence* which has arisen out of any intentional, knowing, or wilful breach by *you* of any provision or provisions of any Act.

### 6. Intentional failure to comply

any *occurrence* which has arisen out of *your* intentional, knowing, or wilful failure to comply with any lawful abatement notice or enforcement order, improvement notice, prohibition notice or suspension notice, *building* notice, notice to rectify, compliance *schedule*, gazetted notice, or order made by a commission, tribunal, or standards review board, or lawful consent, determination, memorandum, notice, order, or *schedule* issued under any Act.

### 7. Prior claims and known circumstances

- (a) any *claim* made, threatened or intimated against any one of *you* before the *continuity date*;
- (b) any *claim* arising directly or indirectly from any facts or circumstances:
- (i) notified under any insurance that was in force before the inception of the statutory liability section of this policy; or
- (ii) known to any one of *you* before the *continuity date* and which might reasonably be expected by *you* to give rise to a *claim*;

- (c) any *claim* arising directly or indirectly from any litigation with respect to any *occurrence* committed or alleged to have been committed by any one of *you* before the *continuity date*, whether or not disclosed to *us*.

## Claims conditions

### 1. Conduct of claim

We will be entitled to take over and conduct in *your* name, with full discretion in the conduct of the proceedings, the defence of any *claims* or the prosecution in *your* name for *your* own benefit any *claim*. If *you* do not agree with *our* decision to settle a *claim* the terms of Claims 4 (Senior Counsel) will apply.

### 2. Election to settle

We may settle any *claim* with *your* consent, or where settlement or a guilty plea is recommended by a senior counsel in accordance with Claims Condition 4 (Senior Counsel).

If, however, consent to such settlement or entry of a guilty plea is still withheld by *you*, *our* liability for the *claim* will not exceed the amount for which the *claim* could have been settled plus *defence costs* incurred with *our* consent up to the date the settlement or entry of a guilty plea was recommended.

### 3. Notification of circumstances

If during the *period of insurance* any one of *you* become aware of any facts or circumstances that may give rise to a *claim* against any one of *you*, and such facts or circumstances are *notified to us* during the *period*

# Statutory liability

## continued

of *insurance*, any *claim* that may subsequently arise out of those facts or circumstances will be deemed to have been first made against any one of *you* during the *period of insurance* and *notified to us* during the *period of insurance* in which the facts or circumstances were *notified*.

### 4. Senior counsel

If *you* and *we* disagree as to whether a *claim* should be settled or defended, a senior counsel (to be mutually agreed upon by *you* and *us*) will be appointed to recommend whether to settle or defend the *claim*. The senior counsel will take into consideration the economics of the matter, the *fine* and costs that are likely to be recovered by the prosecuting authority, the likely *defence costs* and *your* prospects of successfully defending the action. The cost of the senior counsel's opinion will be paid by *us*, and will be payable in addition to the limits of indemnity shown in the *schedule* for this statutory liability section.

## Conditions

Refer also to the general conditions of this policy.

### 1. Authority

The *entity* agrees to act on *your* behalf with respect to:

- (a) giving notice of a *claim*;
- (b) the payment of premium and the receipt of any refund of premium that may become due;
- (c) the negotiation and receipt of any endorsement.

### 2. Confidentiality

*You* will not disclose the existence of this policy, its limits of indemnity, the nature of the insurance or the premium payable under it to any person or *entity* who is not an *insured* except where and to the extent:

- (a) *you* are required to do so by law; or
- (b) *we* give *our* prior written consent to such disclosure.

### 3. Excess

The *claim* will be adjusted net of the excess shown in the *schedule* which *you* must contribute as the first amount of any *claim*.

A single excess amount will apply to all *claims* alleging a *single occurrence*.

### 4. Limits of indemnity

The total amount payable in any one *period of insurance* by *us* under this policy (including automatic extensions and endorsements) on *your* behalf in respect of all *finer* and *defence costs* arising out of all *claims* will not exceed in the aggregate the limit of indemnity shown in the *schedule* for this statutory liability section.

### 5. Non-accumulation

Any payment provided under the terms of this policy will be non-cumulative with any cover provided under any other policy issued by any member company of Suncorp Group Limited.

### 6. Severability and non-imputation of proposal and policy

The proposal or submission will be construed to be a separate application for cover by each of *you*.

For the purpose of determining the availability of cover with respect to *claims* made against any of *you*, no fact pertaining to, no statement or declaration made in the proposal or submission, no state of mind or knowledge possessed and no failure to comply with the general and *claims* conditions by any one of *you* will be imputed to any other of *you*.

### 7. Take-over

If, during the *period of insurance* a *take-over* occurs, the cover provided under the statutory liability section of this policy is amended to apply only to *occurrences* taking place before the effective date of the *take-over*.

# Machinery breakdown

## The indemnity

We will indemnify you for *damage* to *machinery* that occurs during the *period of insurance*.

The insurance will only provide indemnity while the *machinery* is:

- (a) working or at rest; or
- (b) being dismantled, moved, reassembled, or reinstalled for the purpose of cleaning, inspection, adjustment, repair, overhaul or relocation;

within the boundaries of the *situation*, and will only commence after completion of a successful initial commissioning of the *machinery* at the *situation*.

Subject to the reinstatement of amount of insurance condition *our* liability will not exceed the sum insured; or where more than one item is insured will not exceed in respect of each item the sum insured applicable to that item.

## Sum insured

The sum insured for each item at the commencement of this insurance or any subsequent renewal must not be less than the *new replacement value*.

If in respect of any item the sum insured declared is less than the correct amount, the amount recoverable by you under this machinery breakdown section will be reduced in such proportion as the sum insured bears to the *new replacement value*.

## Basis of indemnity

At *our* option we will provide indemnity to you by payment or by repair or by replacement of the *damaged machinery* and by payment of any insured costs.

1. Where *damage* to an insured item can be repaired we will pay all expenses necessarily incurred to restore the *damaged* item to its state of serviceability immediately before the *damage*. If the repairs are executed by *your* own staff we will only pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable allowance to cover overhead charges.

If any parts are unprocurable *our* liability for these parts will be limited to the manufacturer's or supplier's latest list price.

2. Where an insured item is totally destroyed we will at *our* option:
  - (a) pay the actual value of the item immediately before the *damage* which is calculated by deducting reasonable depreciation from the *new replacement value* of the item; or
  - (b) supply an equivalent replacement item similar in type, capacity and condition to the insured item immediately before the *damage* and pay any costs for ordinary freight and installation.

An insured item will be deemed to be totally destroyed if the cost of repairs permitted by paragraph 1 equals or exceeds the actual value

of the insured item immediately before the *damage*.

3. In the event of *damage* to a motor which has a capacity under 5.6kw (7.5hp) and on which a repair is either not practicable or not carried out depreciation will be deducted from the sum insured applicable at the rate of 15% per annum for each year, or part of a year, elapsed in excess of two years.

For the purpose of this paragraph a motor includes any associated or ancillary items (such as but not limited to pumps, fans, compressors, control panels) forming an integral part of a *machine* if such items are more than two years old.

However:

- (a) the maximum deduction will not exceed 80% of the applicable sum insured; and
- (b) no deduction will be made for any insured costs incurred for labour or freight.

## Automatic extensions

These automatic extensions form part of this machinery breakdown section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this machinery breakdown section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

# Machinery breakdown continued

## 1. Express freight costs

In respect of *damage* to *machinery* and notwithstanding exclusion 1(c) (Alterations or repairs) of this machinery breakdown section we will cover costs incurred for delivery of any part by express freight, including airfreight by a regular scheduled airline service, within New Zealand.

*Our* liability will not be more than the lesser of one and a half times the normal freight costs or \$2,000.

## 2. Labour overtime costs

In respect of *damage* to *machinery* and notwithstanding exclusion 1(c) (Alterations or repairs) of this machinery breakdown section we will cover overtime costs necessarily and reasonably incurred to expedite the repairs.

*Our* liability will not be more than one and a half times the normal hourly rates.

## 3. Refrigerant gas

Notwithstanding exclusion 5(e) (Property) we will cover the addition to, or replacement of, refrigerant gas up to \$10,000, that is necessitated by *damage* for which indemnity is provided under this machinery breakdown section.

However, we will not be liable for:

- (a) the additional cost of altering or modifying any part of any refrigeration or air conditioning plant to enable the *machinery* to operate with a more ozone friendly refrigerant in accordance with the Ozone Layer Protection Act 1996 (or any replacement Act) and any subsequent amendments; or

- (b) loss or *damage* to any part of any refrigeration or air conditioning plant where the loss or *damage* is attributable to any alteration or modification made to enable the plant to operate with a more ozone friendly refrigerant in accordance with the Ozone Layer Protection Act 1996 (or any replacement Act) and any subsequent amendments.

Proviso (b) will not apply to any *machinery* in respect of which the alteration or modification has been *notified to us* and we have agreed in writing to continue the insurance notwithstanding that alteration or modification.

## Exclusions

Refer also to the general exclusions of this policy.

### 1. Alterations or repairs

We will not pay the cost of any:

- (a) alterations, additions, improvements, overhauls, or maintenance;
- (b) provisional repairs unless such repairs constitute part of the final repairs and do not increase the total repair cost; or
- (c) extra charges incurred for overtime work or work performed on public holidays, express freight, or air freight.

### 2. Consequential loss

This machinery breakdown section does not cover consequential loss of any kind or description.

### 3. Defects or process

This machinery breakdown section does not cover *damage*:

- (a) caused by any faults or defects existing at the time of commencement of this insurance or any subsequent renewal of the insurance and known to you or your representatives and not disclosed to us;
- (b) resulting from experiments or overload or similar tests requiring the imposition of abnormal conditions; or
- (c) resulting from the direct application of any tool or process in the course of maintenance, inspection, repair, alteration, modification or overhaul.

### 4. Material damage perils

This machinery breakdown section does not cover any *damage* directly or indirectly caused by or resulting from:

- (a) fire, smoke, soot, chemical or dust explosion of any kind, lightning;
- (b) wind, storm, flood, hail, snow, frost, ice, water, *accidental* leakage or spillage of gas, vapour or liquid;
- (c) aircraft or other *aerial devices* or articles dropped from them;
- (d) impact by animals, land borne vehicles, or waterborne craft;
- (e) riot, civil commotion, strike, locked out workers, vandalism, malicious acts;
- (f) burglary and theft or any attempt at that;

# Machinery breakdown

## continued

- (g) earthquake, hydrothermal activity, subterranean fire or volcanic eruption;
- (h) subsidence, landslip, erosion, settling, cracking or movement of the land; or
- (i) any peril insured by the material damage section of this policy.

### 5. Property

This machinery breakdown section does not cover:

- (a) foundations and masonry;
- (b) exchangeable and replaceable parts including but not limited to shear pins, bits, drills, knives, saw blades;
- (c) dies, moulds, patterns, blocks, stamps, punches, coatings or engravings on cylinders and rolls, parts made of glass, rubber, textile or synthetics;
- (d) parts that by their use or nature suffer a high rate of wear or depreciation including but not limited to crushing surfaces, balls, hammers, screens and sieves, wear plates, elevator and conveyor belts or bands, chains, flexible pipes, jointing and packing materials, filter cloths, grinding wheels, ropes, belts, straps, cables other than electrical conductors, fuses, brushes, batteries, tyres, refractory material, grate bars, burner jets; or
- (e) operating media such as fuels, chemicals, catalysts, filter substances, heat transfer media, cleansing agents or lubricants.

### 6. Wear and tear

In respect of the *machinery* or part immediately affected, this machinery breakdown section does not cover:

- (a) scratching of painted or polished surfaces;
- (b) wasting or wearing away or wearing out of any part caused by or naturally resulting from ordinary use or working;
- (c) gradual deterioration, erosion or corrosion; or
- (d) direct consequences of progressive or continuing influences of atmospheric or chemical action; but we will be liable for other *damage* covered by this machinery breakdown section and resulting from such causes.

### Conditions

Refer also to the general conditions of this policy.

#### 1. Alteration of risk

If any change occurs that increases the risk of insuring *you* or the risk of *damage* to *machinery* you must give *us* notice in writing as soon as possible. *You* will take at *your* own expense prudent precautions to minimise the risk of any claim arising under this machinery breakdown section as a result of the alteration of risk and comply with any reasonable directions or requirements *we* require. *We* may change the terms and charge additional premium due to the alteration of risk.

### 2. Diligence

*You* will make reasonable endeavours to ensure that:

- (a) the *machinery* is in good working order;
- (b) statutory or other *regulations* relating to the *business* and the operation of *machinery* are observed;
- (c) any monitoring devices installed to detect temperature changes are maintained in good working order; and
- (d) all things reasonably practicable are done to minimise or to diminish any circumstance that may result in a loss.

If *we* are prejudiced by *you* not complying with this condition *we* will have the right to decline the claim.

### 3. Excess

The claim will be adjusted net of the *excess* shown in the *schedule* which *you* must contribute as the first amount of any claim in respect of each occurrence of *damage*. If more than one item covered by this machinery breakdown section is *damaged* by one event *you* will only be liable for the highest *excess*.

### 4. Inspection

*You* will allow *our* authorised representatives to inspect the *machinery* at any reasonable time and will provide such information as may reasonably be required.

If at the time of inspection any new facts of a nature likely to increase the risk of *damage* are observed *you* will at *our* request restore the risk

# Machinery breakdown

## continued

to normal in the least possible time, failing which *we* reserve the right to suspend the insurance in respect of the *machines* concerned, making a proportionate return of premium.

### 5. Misdescription

This machinery breakdown section is voidable in the event of any misrepresentation, misdescription or non-disclosure of any *material fact*. However, this insurance will not be prejudiced by:

- (a) any innocent and inadvertent misdescription of *machinery*; or
- (b) any act whereby the risk of *damage* to *machinery* is increased without *your* authority or knowledge;

provided *we* are given notice immediately *you* become aware of any of the above happenings. *You* also agree to pay an appropriate additional premium if required.

### 6. Reinstatement of amount of insurance

In the event of *damage* for which a *claim* is payable under this machinery breakdown section, and in the absence of written notice by *us* or *you* to the contrary, the amount of insurance cancelled by such *damage* will be automatically reinstated from the date of the *damage*.

*You* undertake to pay such pro-rata premium at the applicable rate as may be required following such reinstatement of any of the sums insured.

### 7. Salvage

Where *machinery* covered by this machinery breakdown section is *damaged*, *we* may:

- (a) enter any premises where the *damage* has occurred and take and keep possession of the *damaged machinery*; and
- (b) deal with the salvage in any reasonable manner;

however *you* are not entitled to abandon any *machinery* to *us*.

### Additional extensions

Each of the following extensions will have no effect unless there is a statement in the *schedule* that the particular extension will apply. They are subject to all the provisions of the policy and of this machinery breakdown section (unless otherwise stated). If there is any conflict or inconsistency between this machinery breakdown section and the extension, only the extension will apply. If there is any conflict or inconsistency between extensions, only the more particular extension will apply.

#### Overseas airfreight charges MBD251

In respect of *damage* to *machinery* and notwithstanding exclusion 1(c) (Alterations or repairs) of this machinery breakdown section *we* will cover costs incurred for delivery of any part by overseas airfreight on a regular scheduled airline service.

*Our* liability will not exceed \$5,000.

# Personal Income

## The indemnity

We will pay the benefit you are covered for if you sustain an *injury* or suffer an *illness* during the *period of insurance* causing a result shown in the *schedule*.

## Automatic extensions

These automatic extensions form part of this personal income section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this personal income section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

### 1. Overseas travel

We will cover the *insured person* while anywhere in the world but you must advise us of any intention of the *insured person* to travel away from New Zealand for any one period longer than 3 months in which case we will be entitled to make any variation to the terms and conditions of this personal income section that we feel necessary.

### 2. Regular payments

We will pay the benefit under results B, C or D on a regular basis if you provide us with medical proof of continuing *disablement* as required by us and in the form required by us for the period involved.

## Exclusions

Refer also to the general exclusions of this policy.

There is no cover for:

### 1. Imprisonment

any *injury* sustained or any *illness* arising while the *insured person* is imprisoned

### 2. Suspension of benefit

any *injury* or *illness* for any period during which the *insured person* is imprisoned.

### 3. Uninsured activities

any *injury* or *illness* in connection with the *insured persons* engaging in:

- (a) air travel other than as a bona fide fare-paying or ticket-holding passenger in an aircraft fully licensed for the carriage of passengers for hire or reward and operated by a regular airline or established charter service;
- (b) any professional sport or professional racing of any kind whether training, coaching or participating; or
- (c) a criminal or illegal act.

### 4. Uninsured causes

any *injury* or *illness* to the *insured person* resulting directly or indirectly from:

- (a) suicide or any attempted suicide of the *insured person* or intentional self *injury* to the *insured person*;
- (b) psychiatric or psychological conditions (including mental stress);

(c) any sexually transmitted disease;

(d) human immuno deficiency virus (HIV);

(e) any HIV related *illness* including Acquired Immune Deficiency Syndrome (AIDS) and/or any other variations of this *illness* however arising;

(f) the normal effects of pregnancy or childbirth; or

(g) asbestos, asbestos fibres, any derivatives of asbestos or any material containing asbestos or any exposure to the existence of asbestos.

### 5. Under the influence

any result in any way connected with or directly or indirectly caused by being under the influence of intoxicating liquor or a drug, other than a drug taken or administered by and in accordance with the advice of a qualified medical practitioner.

### 6. Existing conditions

any *injury* or *illness* that the *insured person* was aware of, or should reasonably have been aware of, before the commencement date of this cover or before renewal. However nothing contained in this exclusion affects our right to avoid this policy for non-disclosure.

### 7. Quarantinable Disease

any *loss*, claim, cost, expense or other sum, directly or indirectly arising out of, contributing to, attributable to any of the following quarantinable diseases, or the fear or threat (whether actual or perceived) of any of the following quarantinable diseases:

# Personal Income continued

- (i) Highly Pathogenic Avian Influenza in humans;
- (ii) COVID-19;
- (iii) any quarantinable infectious disease as defined in or declared under the Health Act 1956.

## Conditions

Refer also to the general conditions of this policy.

### 1. Changes in occupations or pursuits

You must tell us and obtain our written consent if the *occupation* or any pursuit of the *insured person* changes.

We may wish to restrict this cover or ask you to pay an extra premium.

### 2. Excess

The claim will be adjusted net of the first 7 days of *disablement* under results B, C or D. If you select a voluntary *excess*, or if any additional *excess* applies, this will be in addition to the 7 days.

### 3. Health

Before each renewal of this policy you must tell us of all *material information* including any physical defect, infirmity, medical condition, *injury*, *illness* or change in health which the *insured person* has become aware of during the past *period of insurance* and obtain our written acknowledgement of that *material information*.

We may wish to restrict this cover or ask you to pay a different premium or decline to renew the policy.

### 4. Medical certificates

You must at your own expense supply medical certificates and any other information or evidence that we may reasonably ask for to support your claim as and when required by us and in the form required by us.

### 5. Medical examination

The *insured person* must have a medical examination, at our expense, at any time we ask. If you refuse to do so we will not pay any benefit from the date of our request and until the *insured person* undergoes the medical examination.

If the *insured person* dies we may have a post-mortem examination carried out at our expense.

### 6. Medical treatment

The *insured person* must obtain independent medical treatment from a registered doctor or hospital as soon as possible after an *injury* or *illness* occurs, and continue to seek and follow any medical advice or treatment given. If the *insured person* refuses to seek and follow any medical advice or treatment we may at our discretion decline to pay you any benefits.

### 7. Other insurance

You must tell us and obtain our written consent if you or the *insured person* takes out any other policy covering the *insured person* for *injury* or *illness*.

You do not need to tell us about any policy covering death only, *medical expenses* or travel insurance.

### 8. Presumed death

Death will not be presumed by the disappearance of the *insured person* unless the *insured person* has disappeared for more than one year in circumstances where it can be reasonably assumed that the disappearance is due to the *insured person's* death by *injury*.

In the event of the *insured person's* subsequent re-appearance, you are obliged to return any payments to us.

# Personal Income

## continued

### Insured results

Result	Benefit
A. Death and schedule benefits	
(1) Death caused by an <i>injury</i>	The sum insured shown in the <i>schedule</i>
Permanent disability (as listed below) caused by <i>injury</i> and occurring within 24 months of that <i>injury</i>	The percentage for each listed disability of the sum insured shown in the <i>schedule</i>
(2) Total and permanent loss of all sight of both eyes	100%
(3) Total and permanent <i>loss of use</i> of both hands	100%
(4) Total and permanent <i>loss of use</i> of both feet	100%
(5) Total and permanent loss of one hand and one foot	100%
(6) Permanent and incurable <i>disablement</i> for all further work	100%
(7) Permanent and incurable paralysis of two or more limbs	100%
(8) Total and permanent <i>loss of use</i> of one arm or of the greater part of one arm	90%
(9) Total and permanent <i>loss of use</i> of one leg above the knee	90%
(10) Total and permanent loss of all sight of one eye together with the serious diminution of the sight of the other eye	90%
(11) Total and permanent <i>loss of use</i> of one hand or 5 fingers of one hand or the lower part of one arm	80%
(12) Total and permanent <i>loss of use</i> of one foot or one leg below the knee	80%
(13) Total and permanent loss of hearing	75%
(14) Total and permanent loss of speech	75%
(15) Total and permanent loss of all sight of one eye	60%
(16) Total and permanent loss of the lens of one eye	50%
(17) Total and permanent <i>loss of use</i> of one thumb	30%
(18) Total and permanent <i>loss of use</i> of one forefinger	20%
(19) Total and permanent loss of hearing in one ear	15%
(20) Total and permanent <i>loss of use</i> of one joint of a thumb	15%
(21) Total and permanent <i>loss of use</i> of two joints of one forefinger	12.5%
(22) Total and permanent <i>loss of use</i> of one little finger	12.5%
(23) Total and permanent <i>loss of use</i> of one big toe	10%
(24) Total and permanent <i>loss of use</i> of two joints of one little finger	10%
(25) Total and permanent <i>loss of use</i> of one middle or of one ring finger	9%
(26) Total and permanent <i>loss of use</i> of two joints of one middle or one ring finger	6.5%
(27) Total and permanent <i>loss of use</i> of one toe other than a big toe or of one joint of a finger	5%
B. <i>Disablement</i> caused by <i>injury</i>	At the rate of the sum insured shown in the <i>schedule</i> for each full week of <i>disablement</i> caused by <i>injury</i> .
C. <i>Partial disablement</i> caused by <i>injury</i>	At the rate of 25% of the sum insured shown in the <i>schedule</i> for each full week of <i>disablement</i> caused by <i>injury</i> .
D. <i>Disablement</i> caused by <i>illness</i>	At the rate of the sum insured shown in the <i>schedule</i> for each full week of <i>disablement</i> caused by <i>illness</i> .
E. <i>Medical expenses</i>	The actual <i>medical expenses</i> incurred up to the amount shown in the <i>schedule</i> over any consecutive 24-month period.

# Personal Income

## continued

### Insured results restrictions

- If the *insured person* suffers more than one result that arises from the same *injury* the most that we will pay is the result with the highest percentage.
- If the *insured person* becomes entitled to a benefit under results A. (1) to result A. (7) this personal income section will cancel in respect of that *insured person*.
- We will not pay for more than one of results B, C or D for the same period of *disablement*.
- If the *insured person* has a recurrence of results B, C or D within 6 months of the end of the previous period of *disablement*, arising from the same *injury* or *illness* for which we have already paid a benefit, we will treat it as the same claim.
- We will not pay for result E *medical expenses*:
  - where the *medical expenses* are recoverable by *you* or the *insured person* under the Accident Compensation Act 2001 (or any replacement Act) and any subsequent amendments, or any other policy of insurance, or from any other source; or
  - to support a claim under any other insurance.
- In respect of result B and C, if *your* period of disability exceeds 8 weeks and you are entitled to receive Accident Compensation we may at *our* discretion and after considering the circumstances

of *your disablement* and any additional expenses *you* may have to incur reduce the amount we pay under these results by an amount up to the amount of Accident Compensation *you* receive.

#### Time limitations

We will not pay under results B, C or D more than 104 weeks benefit in total for any *disablement* for any one *injury* or *illness*.

The 104 weeks will be reduced by the amount of the *excess*.

#### Waiting period

No claim will be paid for result D for any *illness* that the *insured person* suffers within 14 days of the beginning of the first *period of insurance*.

#### Memoranda

Each of the following extensions or memoranda will have no effect unless there is a statement in the *schedule* that the particular extension or memorandum will apply. They are subject to all the provisions of the policy and of this personal income section (unless otherwise stated). If there is any conflict or inconsistency between this personal income section and the extension or memorandum only the extension or memorandum will apply. If there is any conflict or inconsistency between extensions or memoranda only the more particular extension or memorandum will apply.

#### Back injury IP052

No benefit is payable under this policy in respect of any result attributable wholly or in part to a strained back and/or prolapsed intervertebral disc

and/or degenerative changes of any part of the spine.

#### Heart condition IP053

No benefit is payable under this policy in respect of any result attributable wholly or in part to hypertension, coronary thrombosis or any heart disease, condition or defect.

#### Non-working hours only IP057

No benefit is payable under this policy in respect of *injury* (as defined in the *schedule* as the event) arising out of and in the course of the *insured person's* business or occupation.



# Employee fraud

## The indemnity

We will indemnify you for loss of money or goods belonging to or held in trust by you in connection with your business resulting from an act of dishonesty of any employee.

The act of dishonesty must have been committed during any period of insurance after the commencement date applicable to the employee and during the continuation of this employee fraud section (irrespective of how many times the section has been renewed) and any replacement employee fraud insurance issued by us to you, and discovered not later than twelve months after the termination of:

- (a) the insurance in respect of such employee; or
  - (b) this section;
- whichever occurs first.

## Interlocking cover

We will cover you in respect of any act of dishonesty discovered during the continuation of this employee fraud section but committed during the continuation of the superseded insurance if the loss arising is not recoverable under the superseded insurance solely because the period allowed for discovery has expired; provided that:

- (a) such superseded insurance had been continuously in force from the time the act of dishonesty was committed until the inception of this employee fraud section;

- (b) the loss would have been covered by this employee fraud section had it been in force at the time of the loss;
- (c) we will not be liable in respect of any act of dishonesty committed more than three years before the discovery of it; and
- (d) our liability will not exceed whichever is the lesser of:
  - (i) the amount recoverable under the superseded insurance; or
  - (ii) the limit of indemnity applicable under this employee fraud section.

## Limit of indemnity

The total amount payable by us:

- (a) will not exceed the specific limit of indemnity applicable to any one employee at the time of the initial loss, except that if the limit of indemnity applicable to any one employee is greater than \$10,000 our liability for computer or funds transfer fraud will not be more than \$100,000; and
- (b) will not exceed in respect of any one period of insurance the aggregate limit of indemnity for all acts of dishonesty during such period of insurance, except that if the aggregate limit of indemnity for any one period of insurance is greater than \$100,000 our liability for computer or funds transfer fraud will not be more than \$100,000.

For the purposes of interpreting paragraphs (a) and (b) above any act of dishonesty committed before the inception of this employee fraud section but indemnifiable under the terms of the interlocking cover will be regarded as having been committed during the first period of insurance.

In addition, we will pay for fees and costs incurred by you with our written consent solely to substantiate the amount of one claim.

## Automatic extensions

These automatic extensions form part of this employee fraud section and are subject to all its provisions (unless otherwise stated).

If there is any conflict or inconsistency between this employee fraud section and the extension, only the extension will apply. If there is any conflict or inconsistency between the extensions, only the more particular extension will apply.

### 1. Ex-employees

We will cover you following any act of dishonesty committed during any period of insurance by any former employee within 30 days of the termination of the employee's employment with you.

Provided that:

- (a) the employee has not ceased to be employed by you due to any circumstances tending to cast doubt on the honesty of the employee; and

# Employee fraud continued

- (b) upon termination of employment you will have taken all reasonable security precautions to prevent any act of dishonesty being committed by the employee.

### 2. Social club

We will cover you for loss of money belonging to or held in trust by any social or sporting club formed for the benefit of your employees and with your consent, directly caused by any act of dishonesty committed during any period of insurance by any social or sporting club member.

### 3. Temporary staff

The definition of employee will be extended to include any person furnished by a staff or employment agency working for you on a temporary or part time basis to perform the functions and duties of an employee entirely under your control or direction.

We will not be liable for any loss caused by such person if such loss is also covered by any insurance or guarantee for your benefit held by the staff or employment agency providing the person concerned.

## Exclusions

Refer also to the general exclusions of this policy.

We will not be liable for any loss:

1. Interest or consequential loss of interest or consequential loss of any kind.

## 2. Loss arising from the following circumstances

- (a) caused by an employee you knew or reasonably ought to have known was dishonest;
- (b) shown only by an inventory count or profit and loss analysis; or
- (c) resulting directly from any intentional act by anyone with an ownership interest in your business.

### 3. Salaries and other benefits

in respect of any improper financial gain obtained by any employee in the form of salaries, fees, commission or other benefits earned in the normal course of employment.

## Conditions

Refer also to the general conditions of this policy.

### 1. Excess

The claim will be adjusted net of the excess shown in the schedule which you must contribute as the first amount of any claim.

### 2. Loss reduction and recovery

You will, whether our liability will have been ascertained or not, give all reasonable assistance to enable us to obtain by legal proceedings or otherwise the reimbursement of any loss by the employee or by the employee's estate or recovery of the loss from any other source.

The following will be deducted from any amount otherwise payable as

indemnity under this employee fraud section:

- (a) any money of the employee held by you; and
- (b) any money which but for the employee's dishonesty would have been due to the employee from you.

You and we will share any other recovery made by either on account of any loss in the proportion that the amount of the loss borne by each bears to the total amount of the loss.

### 3. Premium adjustment

If any part of the premium or renewal premium is based on estimates furnished by you, you will keep an accurate record containing all relevant particulars and will allow us to inspect such record. You will within one month after the expiry of each period of insurance furnish such information as we may require. The premium or renewal premium will thereupon be adjusted and the difference paid by or allowed to you.

### 4. Your duties

You will:

- (a) at all times comply with the system of check declared in the proposal or submission and with any subsequent change to the system of check that has been advised to and accepted in writing by us;
- (b) advise us immediately of:
  - (i) any material change in the nature of your business; and

# Employee fraud

## continued

- (ii) any change to the system of check declared in the proposal or submission; and in the absence of such advice and written acceptance by *us* of the change we will not be liable for any subsequent loss that otherwise would have been indemnifiable under this employee fraud section whether or not such change caused or contributed to the loss;
- (c) not continue to entrust an *employee* with money or goods after having knowledge of any *material fact* tending to cast doubt on the honesty of such *employee*;
- (d) take references in respect of each *employee* in accordance with *your* criteria declared in the proposal or submission or as otherwise agreed in writing by *us*. References are not required for *employees* as defined under the temporary staff extension;
- (e) ensure that every *employee* responsible for money, goods, accounts, computer operations or computer programming takes an uninterrupted period of leave of at least two weeks in each calendar year during which they perform no duties and are required to stay away from their place of work; and
- (f) exercise dual control over all investments and investment documents designed to ensure that no one person will be authorised to complete a transaction from beginning to end and *you* will instruct any bankers/stockbrokers to this effect.

### Memoranda

Each of the following memoranda will have no effect unless there is a statement in the *schedule* that the particular memorandum will apply. They are subject to all the provisions of the policy and of this employee fraud section (unless otherwise stated). If there is any conflict or inconsistency between this employee fraud section and the memorandum, only the memorandum will apply. If there is any conflict or inconsistency between the memoranda, only the more particular memorandum will apply.

#### Petrol and fuel pump checks FGT003

Independently of the *employees* responsible for stocks or operation of pumps:

- (a) the meter for each petrol or fuel pump will be checked daily and the total amount delivered will be recorded;
- (b) petrol and fuel tanks will be measured and checked at least weekly and before and after bulk delivery into them; and
- (c) at least weekly the amount of fuel delivered the level of such stock and the totals of cash receipts and vouchers will be reconciled against each other.

# General definitions

Where headings or margin references are used in this policy the headings or references are purely descriptive in nature and are not to be used for interpretative purposes.

Whenever the following words are used in *italics* in this policy this is what they mean:

#### Accident

an unforeseen and unintended happening or event occurring anywhere within New Zealand. Accidental refers to accident as defined.

#### Accountant

an accountant or adjuster whose qualifications are acceptable to and who is appointed by both *you* and *us*.

#### Acquittal

an adjudication of not guilty obtained in favour of all *insureds*, after the exhaustion of all appeals. The term acquittal does not apply to a *claim* against an *insured* for which settlement has occurred.

#### Act of fraud or Dishonesty

in respect of employee fraud any act of fraud or dishonesty committed by any *employee* with the clear intent of obtaining an improper financial gain for themselves or for any other person or organisation intended by the *employee* to receive such gain.

#### Act of terrorism

an act including but not limited to the use of force or violence and/or the threat of that, including the intention to influence any government or to put in fear the public or any section

of the public which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s).

#### Aerial devices

any type of aircraft, hovercraft, spacecraft or other craft or thing made or intended to float on or in or travel through air or space.

#### Agreed value

the value of the *insured vehicle* *you* and *we* have agreed at the time of insuring or at any renewal. This agreed value will be inclusive of GST.

#### Alternative period

the portion of the *indemnity period* beginning with the commencement of the *indemnity period* and ending not later than the number of weeks thereafter shown in the *schedule*.

#### Annual rent receivable

the *rent receivable* during the twelve months immediately before the date of the *damage* subject to any *standard adjustments*.

#### Annual turnover

the *turnover* during the twelve months immediately before the date of the *damage* subject to any *standard adjustments*.

#### Bodily injury

bodily injury, disability, disease, *illness*, shock, fright, mental anguish and mental injury.

#### Buildings

1. buildings, other structures, permanent fixtures and fittings, pipes and cables located in or on the building(s), fixed signs and lettering.
2. pipes and cables not located in or on the building(s), tanks, poles, power lines and their supports, walls, gates, fences, gardens, roads, paths and yards.

In respect of the items listed in Buildings definition 2 the maximum amount that *we* will pay for all items in total and as part of the total sum insured for that *building* or buildings is 5% of the individual *building* sum insured or \$25,000 per *building* whichever is the lesser amount.

This limitation will not apply to any of these items that are clearly identified as included within a reinstatement valuation that is no more than 18 months old at the inception of the current *period of insurance* and which is provided by a valuer approved by *us*.

#### Business

the business described in the *schedule* and includes:

- (a) the ownership, repair and maintenance of *your* own property; and
- (b) the provision and management of canteen, social, sports and child care facilities, or welfare organisations for the benefit of *your employees* and *your* own fire, first aid and ambulance services.

# General definitions

## continued

### Business hours

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

### Claim (only in respect of employers liability)

any threatened or actual legal proceedings, investigation or inquiry as a result of any *employee* sustaining *personal injury* in New Zealand arising out of or in the course of their employment in the *business* shown in the *schedule* and which may give rise to *damages* and the incurring of *defence costs*. Any *claim* arising out of, based upon or attributable to a *single personal injury* will be considered a *single claim* for the purposes of this policy.

### Claim (only in respect of statutory liability)

any threatened or actual legal proceedings, investigation or inquiry regarding an *occurrence* in respect of the *business* of the *entity* and which may give rise to the imposition of *finer* and the incurring of *defence costs*. Any *claim* arising out of, based upon or attributable to a *single occurrence* will be considered a *single claim* for the purposes of this policy.

### Computer system

any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), electronically controlled equipment (including but not limited to *data processing*), server, cloud or

microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.

### Company

Vero Insurance New Zealand Limited.

### Computer or funds transfer fraud

the theft of *your*:

- assets by manipulation of computer hardware, software programs or systems; or
- funds from an account maintained by *you* at a financial institution following fraudulent instructions by any means to debit such account and to transfer, pay or deliver funds from such account and which instructions appear as if they have come from *you* or a person authorised by *you* to issue such instructions, but which are a forgery or are false with the intent to deceive or are fraudulently transmitted, issued, or fraudulently altered by another person.

### Contents

- contents of *buildings*, chattels in the open or under shelter, motor vehicles and other mechanically or electrically propelled *vehicles* that are not registered for use on the road and only while situated at *your* premises shown in the *schedule*, *tenant's* improvements and all other tangible property not more specifically described for *buildings*, *stock* and *specified items*; and

- glass and other landlord's fixtures and fittings if *you* are responsible for insuring them and if their value is not included in the sum insured under *buildings*.

### Continuity date

the date shown in the *schedule*, which is the date from which *you* have maintained uninterrupted cover with *us*, or such other date as agreed in writing by *us*.

### Cyber act

an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any *computer system*.

### Damage (only in respect of machinery breakdown)

physical damage, unintended and unforeseen by *you*, that necessitates immediate repair or replacement of the *machinery* before it can resume normal working, provided that such loss or damage is not otherwise excluded.

### Damage (except for machinery breakdown)

physical loss or damage unintended and unforeseen by *you*, and not the subject of a policy or section exclusion.

### Damage to property (only in respect of broadform liability)

physical loss of or *damage* to tangible property including resultant loss of use and also loss of use of tangible property that has not been physically

# General definitions

## continued

damaged or destroyed provided such loss of use is caused by an *occurrence*.

### Damages

amounts payable in accordance with judgement against *you* and/or settlements negotiated by *us*, including the other party's costs where applicable, and includes interest on any judgement that accrues after entry of the judgement and before we have paid, tendered or deposited in court that part of the judgement that does not exceed the appropriate limit of liability, limit of indemnity or sum insured shown in the *schedule*.

Damages do not include fines, penalties, *reparation*, or any other form of criminal sanction, non-pecuniary relief, taxes or any payment deemed to be unlawful to insure against.

### Data

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

### Defence costs (except for statutory liability)

all reasonable legal costs and expenses for expert assistance (other than *your wages*, salaries, lost earnings or fees) incurred by *you* or on *your* behalf with *our* consent which will not be unreasonably withheld in defending, investigating, monitoring, settling, or appealing any claim made against *you*.

### Defence costs (only in respect of statutory liability)

all reasonable legal costs and expenses for expert assistance (other than *your wages*, salaries, lost earnings or fees) incurred by *you* or on *your* behalf with *our* consent which will not be unreasonably withheld in defending, investigating, monitoring, settling, or appealing any claim made against *you* except where it is alleged that *you* intentionally, knowingly, or wilfully committed any act giving rise to an *occurrence*.

### Disablement

the complete and continuous inability of the *insured person*, directly resulting from the *injury*, or *illness*, to engage in, perform, or attend the *insured person's* usual *occupation* or any other *occupation* for which the *insured person* is or may become qualified or experienced in.

### Employee (only in respect of employee fraud)

any person normally resident within New Zealand who *you* have the right at all times to govern, control and direct in the performance of his or her work in *your business* and who is described in the *schedule* by name, category of employee or position.

### Employee (except for employee fraud and employers liability)

any:

- person under a contract of service or apprenticeship with any of the *persons insured*;
- person hired or borrowed by any of the *persons insured*;

(c) labour only sub-contractor; while working for any *person insured* in connection with the *business*.

### Employee (only in respect of employers liability)

any person directly employed by *you* in the *business* and from whose remuneration *you* make PAYE tax deductions.

### Entity

the *insured* shown in the *schedule* and all its *subsidiaries*.

### Excess

the first amount of any claim that *you* must pay.

Where a single event causes liability, loss or *damage to property* or items under more than one section or extension of this policy only one *excess* will apply.

The amount of the *excess* will be the highest *excess* of any *excess* applied by any of the sections or extensions.

### Excluded acts

the following *Acts* of the New Zealand Parliament and any amendment to, re-enactment or substitution of, regulation of, or other subordinate legislation made under, such *Acts*:

- Anti-Money Laundering and Countering Financing of Terrorism Act 2009;
- Arms Act 1983*;
- Aviation Crimes Act 1972;
- Commerce Act 1986;
- Crimes Act 1961;

# General definitions

## continued

- Criminal Investigations (Bodily Samples) Act 1995;
- Employment Relations Act 2000;
- Financial Advisors Act 2008;
- Financial Service Providers (Registration Dispute Resolution) Act 2008;
- Hazardous Substances and New Organisms Act 1996 but only as it relates to new organisms;
- Misuse of Drugs Act 1975;
- Criminal Proceeds (Recovery Act) 2008;
- Summary Offences Act 1981;
- Land Transport Act 1998;
- any other *Act* shown in the *schedule* as an *excluded Act*.

### Expected turnover

*turnover* that would have been achieved during the relevant period(s), but for the *damage*.

### Fine

any monetary penalty or other monetary fine or costs and disbursements assessed that may be payable by the *insured* as a result of a conviction for an offence under an *Act* arising out of an *occurrence*, except where it has been established that the *insured* has intentionally, knowingly, or wilfully committed the *occurrence*.

Fine does not include the following:

- the cost or payment of any enforcement order, remedial order or compliance order;
- any tax (including any fine or penalty resulting from the failure

to pay any tax), rate, duty, or interest on such tax, rate, or duty, except GST as provided in General Condition 5;

- any *damages*, restitution, compensation or *reparation* except *reparation* ordered as a result of a prosecution under the Health and Safety at Work Act 2015 (or any replacement *Act*) and any subsequent amendments to the extent that such *reparation* is not deemed to be unlawful to insure against;
- the value of any property subject to confiscation or forfeiture;
- a fine, penalty or infringement fee paid or which becomes due to be paid under the Health and Safety at Work Act 2015 (or any replacement *Act*) and any subsequent amendments on or after 5 May 2003;
- any other monetary payment, penalty or fine deemed to be unlawful to insure against.

### Geographical limits (only in respect of broadform liability)

- New Zealand; or
- elsewhere in the world but only in respect of *personal injury* or *damage to property* that arises out of:
  - the activities of any *person insured* whose normal place of residence is in New Zealand but who is away for a short time in connection with the incidental performance of clerical, managerial, marketing or sales responsibilities but not the performance of actual assembly,

construction, dismantling, farming, manufacture, renovation or repair work and not involving the performance of any other physical work of a manual nature or in respect of a trade; or

- products* supplied from New Zealand but the indemnity granted for such *products* will not apply to claims happening in the United States of America or its territories or possessions and/or Canada if to the knowledge of any of the *persons insured* such *products* have been or will be supplied to a person, company or organisation within those areas whether or not in their original form.

### Gross profit

the amount by which the sum of the *turnover* and the amount of the closing *stock* will exceed the sum of the amount of the opening *stock* and the amount of the uninsured working expenses.

Note: The amount of the opening and closing stocks will be arrived at in accordance with your normal accounting methods, due provision being made for depreciation. The words and expressions used will have the meaning usually attached to them in *your* books and accounts including uninsured working expenses listed in the *schedule*.

### Illness

illness, sickness, disease or debilitating or degenerative condition that is not an *injury*.

### Indemnity period

The *indemnity period* means the continuous period beginning with:

# General definitions

## continued

- the date of *occurrence* of the *damage*; or
- the date to which *you* have deferred the commencement of the *indemnity period* in accordance with automatic extension 6. Deferral of indemnity period;

and ending not later than the expiry of the number of months shown on the *schedule* during which the results of the *business* are affected in consequence of the *damage*.

### Initial period

the portion of the *indemnity period* beginning with the commencement of the *indemnity period* and ending not later than the number of weeks thereafter shown in the *schedule*.

### Injury

external or internal *bodily injury* caused, independently of any other cause, solely and directly by violent, accidental, external, and visible means (including exposure to the elements or by inhaling water or gas) or by medical misadventure extends to include (in respect of personal income insurance only) occupational overuse syndrome.

### Insured

the *insured* named in the *schedule*, the *entity* named in the *schedule*, or any *subsidiary company* of either domiciled in New Zealand or the *insured person* named in the *schedule*.

In respect only of the commercial motor section of this policy *insured* also includes any driver authorised by the *insured* named in the *schedule* to drive the *insured vehicle* at the time and

place of an *accident* and any other person claiming a benefit under this section of the policy.

### Insured person (only in respect of personal income)

the person named as the *insured person* in the *schedule*.

### Insured person (except for personal income)

any natural person who is:

- a former, current or future director, officer or *employee* of the *entity*; or
- deemed to be a former, current or future director, officer or *employee* of the *entity* by virtue of any applicable legislation; or
- a former, current or future trustee of a superannuation fund established for the benefit of the *employees* of the *entity*; or
- a former, current or future partner or *employee* of the partnership *insured* named in the *schedule*; or
- the person, or former, current or future *employee* of the person named in the *schedule* when acting in that capacity.

It does not mean any liquidator, external auditor, receiver, official assignee, statutory manager, administrator including voluntarily appointed administrators, mortgagees in possession, or any *employee* of such person.

### Insured property

tangible property of every description not expressly excluded, at the premises, all being *your own*, or

held by *you* jointly, or in trust, or on commission and for which *you* are legally responsible within the following categories:

- buildings*
- contents*
- stock*
- specified items*

For determining, where necessary, the category under which any property is insured, we agree to accept the designation under which the property is entered in *your* records.

### Insured vehicle

any vehicle shown in the *schedule* or acquired and advised in accordance with the additions and deletions extension including all accessories, spare parts and load securing equipment while thereon. Mobile telephones are not regarded as accessories unless permanently fitted to the insured vehicle.

### Insurer

Vero Insurance New Zealand Limited.

### Labour disturbance

- an act of any person taking part together with others in any disturbance of the peace (whether in connection with a strike or lock-out or not);
- the action of any lawfully constituted authority in suppressing or attempting to suppress any such disturbance or in minimising the consequence of any such disturbance;

# General definitions

## continued

3. the wilful act of any striker or locked-out worker done in furtherance of a strike or in resistance to a lock-out; or

4. the action of any lawfully constituted authority in preventing or attempting to prevent any such act or in minimising the consequence of any such act.

### Loss (only in respect of commercial motor)

sudden physical loss, *damage* or destruction as a result of an *accident*.

### Loss of use (only in respect of personal income)

physical severance of a part of the *insured person's* body or loss of use that is incurable.

### Machine

any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

### Machinery (only in respect of machinery breakdown)

those items described as being insured in the *schedule* including all integral parts of them, other than those parts or items specifically excluded.

### Market value

the reasonable retail value, or value at which the same item can be purchased, of the *insured vehicle* or any other *insured property* immediately prior to the loss.

### Material fact, and material information

any information which might influence the decision we make as to whether or

not to provide insurance or to continue to provide insurance and if so on what terms and at what premium.

### Medical expenses

any medical, surgical, hospital or nursing home expenses for in-patient or out-patient treatment resulting from the *injury* or *illness* for which we have accepted a claim under results A, B, C or D. of the personal income section.

### Micro-organisms

living things such as amoeba, bacteria, fungi, mould, protozoa, and any similar or like forms.

### Money

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

### Natural Disaster

- earthquake, tsunami, volcanic activity, hydrothermal activity, geothermal activity, or subterranean fire; or
- fire occasioned by, through or in consequence of any perils shown in (a).

### Natural Disaster Damage

- damage* directly or indirectly caused by or resulting from *natural disaster*;
- damage* occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to reduce the consequences of, any such *damage* but (except

for the purposes of the business interruption section) does not include any *damage* for which compensation is payable under any Act of Parliament or the *regulations* under any *Act*.

### New replacement value

the cost of replacement of the insured item by a new item of the same kind and capacity including packing, freight, customs duties and dues if any, and installation charges.

### Notify / notified to us

notify / notified in writing to the *company*.

### Occupation

the *insured person's* occupation shown in the *schedule*.

### Occurrence (except for statutory liability)

an event, including continuous or repeated exposure to substantially the same general conditions, that results in *personal injury* or *damage to property* neither expected nor intended by *you* the *insured* or *entity* or any of the *persons insured*. All occurrences of a series as a result of or attributable to one source or original cause will be deemed one *occurrence*.

### Occurrence (only in respect of statutory liability)

any act or omission that results in, or may result in, an allegation of the commission of an offence under any *Act*.

### One claim

all claims or series of claims as a result of or attributable to one source or original cause.

# General definitions

## continued

### Our

Vero Insurance New Zealand Limited.

### Outstanding debit balances

the total amount of debit balances in customers' accounts due to *you* and outstanding as at the date of the *damage* adjusted for:

- bad debts; and
- any abnormal condition of trade that had or could have had a material effect on the *business*;

so that the figures thus adjusted will represent as nearly as reasonably practicable those that would have been obtained at the date of the *damage* had the *damage* not occurred.

### Partial disablement

the inability of the *insured person* to perform a substantial part of the normal duties of the *insured person's occupation* and who is not engaging in any other *occupation* for financial reward.

### Payroll

the gross salaries, wages, and charges relating to payroll calculated on a "per capita" or percentage of payroll basis for all *employees* engaged in the activities of the *business*.

### Period of insurance

the period shown in the *schedule* commencing on the 'From' date and expiring at 4.00pm on the 'To' date.

### Personal injury (only in respect of broadform liability)

- bodily injury*, death, disability, disease, *illness*, shock, fright, mental anguish or mental injury; or
- the effects of:
  - false arrest, wrongful detention, false imprisonment, wrongful eviction, malicious prosecution, malicious humiliation, wrongful entry, wrongful prevention of access;
  - assault or battery not committed by or at the direction of any of the *persons insured* unless committed for the purpose of preventing or eliminating danger to any person or property.

### Personal injury (only in respect of employers liability)

*bodily injury*, disability, disease or *illness* including death as a result of any of these, shock, fright, mental anguish or mental injury but does not include *personal injury*:

- sustained by an *employee* before the *retroactive date* shown in the *schedule*; or
- caused by or arising out of sexual harassment or sexual abuse.

For the purposes of this employers liability section of the policy *personal injury* will be sustained when the *employee* is first exposed to conditions in New Zealand out of which the *personal injury* arose.

### Persons insured

- the *insured*, and any *subsidiary company* (whether or not in

existence at the commencement of this policy) domiciled in New Zealand;

- any partner, director, executive officer of the *insured* or any *employee*, when acting in their capacity as such, but only for liability in respect of which the *insured* would have been entitled to indemnity under this section if the claim had been made against the *insured*;
- the officers, committees and members of the *insured's* own canteen, social sports and child care facilities or welfare organisations, first aid, fire and ambulance services and pension fund management and administrative committees in their respective capacities as such;
- any *principal* of any of the persons insured, in respect of the liability of such *principal* arising out of the performance by such person insured of any contract or agreement for the carrying out of work or services in connection with the *business*, but only to the extent required by such contract or agreement;

- but only in respect of the broadform liability section any partner, director or senior executive of the *insured* in respect of private work undertaken by any *employee* for such partner, director or senior executive, and any such *employee* while undertaking such work.

# General definitions

## continued

### Pollutants

any solid, liquid, gaseous or thermal irritant or contaminant including but not limited to smoke, vapour, soot, fumes, acids, alkalis, *micro-organisms*, bacteria, chemicals, sewage and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

### Pressure vessel

a vessel that, in normal use, is subject to generated or applied fluid pressure.

### Principal

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

### Production process

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

### Products

anything including any packaging or container (other than a vehicle) supplied, sold, distributed, grown, extracted, manufactured, constructed, erected, installed, serviced, repaired or treated by any of the *persons insured* in the course of the *business* after it has ceased to be in the possession of or under the control of any of the *persons insured*, and also includes, in respect of broadform liability only:

- (a) the design formula or specification of such products;
- (b) directions, markings, instructions, warnings or advice given or omitted to be given in connection with such products.

### Rate of gross profit

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

### Rate of payroll

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

### Rate of wages

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

### Regulations

any Act of Parliament or regulations made under or framed in accordance with any Act of Parliament, or regulation or bylaw of any local authority.

### Rent receivable

the amount of rent received or receivable and payments for services provided in respect of letting the property situated at the premises shown in the *schedule*.

### Reparation

An amount ordered by a New Zealand Court under section 32 of the Sentencing Act 2002 or any subsequent amendment to be paid to the victim of an offence. Reparation does not include:

- (a) *damages*, court costs, fines, penalties, any other form of

criminal sanction, non-pecuniary relief, taxes, any payment deemed to be unlawful to insure against; or

- (b) *your defence costs* in relation to an offence.

### Retroactive date

the date shown in the *schedule*. If instead of a date the word "unlimited" appears the policy responds, subject to its terms, in respect of a *personal injury* or *occurrence* irrespective of when it occurred.

### Schedule

the most recently dated *schedule* issued by *us*. This includes any *schedule* that is issued at inception or any Expiry Notice or Endorsement Notice issued to renew or endorse this policy.

### Shortage in turnover

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

### Single occurrence

an *occurrence* or any related or continuous or repeated *occurrences* committed or alleged to have been committed by *you* individually or jointly and whether directed to or affecting one or more than one person or legal entity.

### Single personal injury

a *personal injury* or any related, continuous, or repeated *personal injuries* sustained or alleged to have been sustained by the *employee*.

# General definitions

## continued

### Site Sum Insured

the total sum insured for all property located at each *situation* which is insured under the material damage section of this *policy*. In the event that the total sum insured for the property which applies in the event of *natural disaster damage* is different to that applying in the event of *damage* other than by *natural disaster*, the site sum insured will be the total sum insured applying to *damage* other than by *natural disaster*.

### Situation (except for machinery breakdown)

the situation or location shown in the *schedule*.

### Situation (only in respect of machinery breakdown)

the premises owned, leased, occupied or used by *you* at which the *machinery* is used for the purpose of the *business*.

### Specified items

other property as particularly described in the *schedule*.

### Standard adjustments

any adjustments necessary to provide for:

- (a) the trend of *your business*; and
- (b) variations in *your business*; or
- (c) other special circumstances affecting *your business*;

that occur before or after the *damage*, or would have affected *your business* had the *damage* not occurred.

The final adjusted figures will represent as nearly as may be reasonably practicable the results that would have been obtained during the relative period after the loss but for the insured *damage*.

### Standard rent receivable

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

### Standard turnover

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

### Stock

stock and materials in trade.

### Subsidiary company or subsidiary

1. any *entity* that, at the inception of the *period of insurance*, by virtue of any applicable legislation, was or is deemed to be a subsidiary of the *entity* or of the insured named in the *schedule*;
2. any *entity* in which the *entity* named in the *schedule*:
  - (a) owns or controls more than fifty percent of the issued share capital;
  - (b) controls the composition of the board of directors;

- (c) exercises effective management and control, either directly or through one or more of its subsidiary companies; or

3. any other *entity* whose accounts are consolidated into those of the *entity* named in the *schedule* in accordance with the relevant New Zealand Accounting Standard.

Cover in respect of *subsidiaries* will only be provided in respect of an *occurrence*, an event, loss, *damage* or *personal injury* as specifically provided for by the relevant section of this policy occurring or alleged to have occurred while the *entity* was a subsidiary of the *entity* named in the *schedule* unless otherwise agreed to by *us* in writing.

### Superseded insurance

a fidelity or employee fraud insurance immediately superseded by cover under this section.

### Take-over

any one of the following events:

- (a) the *insured* consolidates with, merges with, or sells all or substantially all of its assets to, another person, *entity* or group of persons and/or entities acting in concert; or
- (b) the *insured* becomes a *subsidiary* of another *entity* by virtue of any applicable law.

**Temporarily removed**

*insured property* that is permanently located in *your* premises and 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.

**Tenants**

the person or persons renting the *building(s)* from *you* under a tenancy agreement or commercial lease for not less than 90 days.

**Terrorism**

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

**Turnover**

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

**Undamaged**

not damaged physically and directly by an insured event.

**Us**

Vero Insurance New Zealand Limited

**Vehicle**

any type of *machine* on wheels or on self laid tracks made or intended to be propelled by other than manual power and any trailer made or intended to be drawn by any such *machine* while attached to it.

**Vehicle Schedule**

the most recently dated schedule of vehicles provided by you. This includes any changes to this schedule provided in writing.

**Wages**

the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all *employees* other than those whose remunerations are treated as salaries in *your* books of account.

**Water apparatus**

water systems including sprinkler installations, tanks, pipes, roofs, roof gutterings and downpipes.

**Watercraft**

any type of craft, vessel or thing made or intended to float on or in or travel through water.

**We**

Vero Insurance New Zealand Limited.

**You, your (except for employers liability and statutory liability)**

the *entity, insured, insured person, person, persons or persons insured* named in the *schedule*.

**You, your (only in respect of employers liability and statutory liability)**

the *entity* or person named in the *schedule*.




If you need to make a claim, or have a claim enquiry, contact your Broker or Adviser, or call us.

The Vero Claims Centre is available seven days a week, 24 hours a day on 0800 800 134.

For general enquiries call us on 0800 808 508 or email us at [contact@vero.co.nz](mailto:contact@vero.co.nz)

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