



MATERIAL DAMAGE POLICY WORDING



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Introduction

Welcome

Welcome to Ando Insurance Group. Thank you for selecting **us** to provide your insurance.

About this policy

Your Material Damage Policy ('policy') consists of:

1. this document, and
2. the **schedule**, and
3. any endorsements or warranties that **we** apply, and
4. the information **you** have provided in the **application**.

About Steadfast

Steadfast NZ Ltd (Steadfast) is part of Steadfast Group Ltd, an Australian Stock Exchange listed company. It includes a network of insurance brokerages who operate in New Zealand as Steadfast Brokers. This policy is available exclusively to you through a Steadfast broker.

Steadfast does not issue, guarantee or underwrite this policy.

Your duty of disclosure

When **you** apply for insurance, **you** have a legal duty of disclosure. This means **you** or anyone acting on **your** behalf must tell **us** everything **you** know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding:

1. to accept or decline **your** insurance, and/or
2. the cost or terms of the insurance, including the excess.

You also have this duty every time **your** insurance renews and when **you** make any changes to it. If **you** or anyone acting on **your** behalf breaches this duty, **we** may treat this policy as being of no effect and to have never existed. Please ask **us** if **you** are not sure whether **you** need to tell **us** about something.

Examples

We have used examples and comments to make parts of this policy document easier to understand. These examples and comments are printed in *italics* and do not affect or limit the meaning of the section they refer to.

Headings

The headings in this policy document are for reference only and do not form part of it. They must not be used when interpreting the policy.

Defined words

If a word is shown in **bold**, it has a specific meaning. There is a list of these words and what they mean at the back of this policy in the section 'DEFINITIONS'.

Insurance agreement

Our agreement

You agree to pay **us** the premium and comply with this policy. In exchange, **we** agree to insure **you** as set out in this policy.

What you are covered for

Damage to insured property

You are insured for any sudden and **accidental loss** to **insured property** at the **situation**.

Automatic policy extensions

In addition to the cover under 'What You Are Covered For - Damage to Insured Property' above, **we** also provide the following Automatic Policy Extensions.

Unless expressly stated otherwise, any amounts payable under these Automatic Extensions are included within 'What We Will Pay – Maximum Amount Payable'. They are not additional.

Alternative residential accommodation

If the **insured property** is a **residential unit** that is owned and occupied by **you**, or any of **your** directors or employees and it cannot be lived in due to sudden and **accidental loss** to the **residential unit**, where that **loss**:

1. is covered by this policy, or
 2. would have been covered by this policy, but is covered by the **EQC Act** instead,
- then **you** are insured for the reasonable additional costs of temporary accommodation that is of a similar standard to the **residential unit** for:
- (a) **you**, or any of **your** directors or employees, and
 - (b) **your**, or any of **your** director's or employee's, domestic pets.

The most **we** will pay for any **event** is \$25,000 per **residential unit**, (unless a different amount per **residential unit** is shown in the **schedule**) up to a total of the sum insured shown in the **schedule** for Alternative Accommodation. However, in all cases **we** will not pay more than 12 months' rent for any **event**.

Payment under this extension is in addition to 'What We Will Pay - A. Maximum Amount Payable'.

If **you** have alternative accommodation cover under any other policy with **us**, then the most **we** will pay under all policies in total per **residential unit** for any **event** is the highest applicable limit.

Burglary cover

You are insured for sudden and **accidental loss** to **insured property**:

1. at the **situation**, or
2. during the **period of insurance** the **insured property** is covered by:
 - (a) Automatic Policy Extension Portable Electronic Equipment, or
 - (b) Automatic Policy Extension Temporary Removal Cover, or
 - (c) Automatic Policy Extension Transit Cover, or
 - (d) Automatic Policy Extension Unspecified Locations,caused by theft or attempted theft
 - (i) accompanied by threat of violence, or actual violence, to any person, or
 - (ii) involving physical evidence of violent and forcible entry to, or exit from, an enclosed building (or part of an enclosed building), or
 - (iii) involving physical evidence of violent and forcible entry to, or exit from a securely locked motor vehicle or **storage container**, or
 - (iv) of a permanently attached part of the building by the forcible removal of it.

Where we provide cover under any of the Automatic Policy Extensions referred to in 2 (a), (b), (c) or (d) above, any sub-limit detailed in that extension also applies to the cover under this extension.

Capital additions cover

You are insured for:

1. sudden and **accidental loss** to a **building** or **contents**, located in New Zealand, that **you** acquire during the **period of insurance**, provided **you** own or are responsible for that property, and
2. appreciation in value of a **building** or **contents** that results solely from a physical:
 - (a) alteration, or
 - (b) addition, or
 - (c) improvement,

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

Once **you** have notified **us**:

- (i) **we** may charge **you** additional premium, and
- (ii) any increased value of the property will be added to **your** sum insured.

The most **we** will pay under this extension during any **annual period** is:

- (a) 10% of the sum insured for the **building** and 10% of the sum insured for the **contents**,
or
- (b) \$100,000 in total for both,
whichever is the lesser.

Difference in conditions

This policy covers **loss** to **insured property** not covered by this policy that would have been covered by the Insurer's standard Material Damage policy wording subject to the Special Provisions below.

All the relevant exclusions, automatic extensions and terms and conditions of the Insurer's policy wording will apply.

Special Provisions:

1. This clause does not increase the maximum amount payable under this policy.
2. This clause does not apply to any cover that the Insured has elected not to take under this policy that corresponds to an automatic benefit under the Insurer's branded standard Material Damage policy wording.
3. This clause does not apply where any imposed or special terms endorsed on to this policy would have excluded such cover if the property had been insured under the Insurer's standard branded Material Damage policy wording with the same imposed or special terms endorsed.

Docks, piers, wharves and road bridges

You are insured for **accidental loss** to docks, piers, wharves or road bridges owned by **you** that form part of **your insured property** and are at the **situation** shown in the **schedule**, subject to a combined limit of \$100,000 at any one **situation**, unless specified for a greater amount in the **schedule**.

Policy Exclusions Types of Property Not Covered - 4 (f) road bridges and 4 (h) docks, piers, or wharves do not apply to this Automatic Policy Extension.

Electric motors cover

You are insured for sudden and **accidental loss** to:

1. electric motors and starters not exceeding 7.5 hp or 5.6KW, and
 2. distribution switchboards and permanently installed electric reticulation,
- at the **situation** provided that the damage is **fusion immediately preceded by:**
1. the failure of electrical insulation, or
 2. an identifiable abnormal electric current fluctuation from any power supply network, or
 3. electrically induced self-heating.

Electronic data and software

You are insured for the **loss** of **electronic data** and **software** resulting from electronic equipment insured by this policy suffering sudden and **accidental loss** covered by this policy. The most **we** will pay under this extension is \$20,000 any one **event**.

Please also read 'How We Will Pay: Basis of settlement: certain types of property- 'Electronic Data' and 'Software'.

Employee effects cover

You are insured for sudden and **accidental loss** to the clothing, personal effects and tools of trade of **your** directors and employees (but not **your** contractors). **We** will cover this property as if it were **contents**, provided that:

1. the property is at the **situation**, or
2. the property is being worn, carried or used by **your** directors or employees while they are acting in the course of their directors' duties or employment, anywhere in New Zealand.

The most **we** will pay under this extension:

1. is \$5,000 for any **event**, per person, and
2. in total during the **annual period** is the sum insured shown in the **schedule** for **contents**.

Expediting costs cover

You are insured for the reasonable costs of express freight and overtime to expedite the repair or replacement of **insured property** following a **loss** covered under this policy.

You must have **our** prior approval before incurring any costs.

Our approval will be based on the economic benefit gained.

Fire fighting equipment

You are insured 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 **loss** covered under this policy, or immediate and imminent threat of **loss**, provided that the **loss** would be covered under this policy if it did occur.

The most **we** will pay under this extension in total during any **annual period** is \$10,000.

Hazardous substance emergency

You are insured for any charge the New Zealand Fire Service is authorised to impose on **you** in respect of any Hazardous Substance Emergency at the **situation** during the **period of insurance**.

We will pay these costs where there is **loss** covered under this policy, or where there is an immediate and imminent threat of **loss**, that would be covered under this policy if it did occur.

'Hazardous Substance Emergency' is as defined in the Fire Service Act 1975.

The most **we** will pay under this extension is \$50,000 for any **event**.

Hazardous substance emergency expense

This policy covers Additional Expenses incurred for the clean-up, repair, replacement or disposal of **insured property** where a substance pollutes or contaminates **insured property** during the period of insurance subject to the following provisions:

1. The pollution or contamination is caused by a peril that is not excluded under this policy.
2. A government authority has declared the substance to be hazardous to health.
3. The pollution or contamination arises from a sudden and unexpected event from one identifiable cause.

Our liability for such charges will not exceed the special limit shown in the **schedule**.

"Additional Expenses" means expenses reasonably incurred beyond those recoverable under any other insurance.

Hidden gradual damage

You are insured for:

1. **hidden gradual damage** to any **insured property** that happens and that **you** discover during the **period of insurance**, and
2. any other part of any **insured property** that is not directly affected but must be removed, damaged or destroyed to locate the cause of the **hidden gradual damage**, provided that **we** have first given **our** permission.

The most **we** will pay during any **annual period** is:

1. \$10,000 for each **event**, and
2. \$30,000 for all **events**.

Illegal substances

You are insured for **accidental loss** to the **building** and or **contents** within the **building** shown in the **schedule**, in connection with the manufacture, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975, if:

- (a) the **building** is tenanted, and
- (b) **you** or the person who manages the tenancy on **your** behalf has met the landlord obligations.

The most **we** will pay under this extension is \$50,000 any one **event**, up to a maximum of \$250,000 in the **period of insurance**. However for **accidental loss** resulting from fire or explosion the most **we** will pay is the sum insured declared in the **schedule**.

For the purpose of this extension "landlords obligations" means **you** or person who manages the insured property on **your** behalf must:

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

Inventory

You are insured for the costs reasonably incurred by **you** in taking an inventory to establish the value of lost or damaged **insured property** following a **loss** covered by this policy.

Landslip and subsidence

You are insured for sudden and **accidental loss** to **insured property** at the **situation** caused by landslip or subsidence.

The most **we** will pay under this extension for any one **situation** in any **annual period** is \$500,000 unless a different amount for Landslip and Subsidence is shown in the **schedule**.

An excess of \$10,000 applies for each **event** under this extension, unless a higher excess for Landslip and Subsidence which is shown in the **schedule**.

This extension does not include landslip or subsidence caused by earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

Money cover

You are insured for sudden and **accidental loss** of **money**, provided that the **loss** occurs in any of the circumstances outlined below:

Money Section A

1. **money** in transit, or
2. **money** at the **situation** during **business hours**, or
3. **money** at the **situation** in a securely locked safe or strong room outside **business hours**.

Money Section B

1. **money** at the **situation** outside **business hours** and not in a securely locked safe or strong room, or
2. **money** at residential premises occupied by **you** or any director, employee, or agent, authorised to have possession of the **money**.

This extension does not provide cover for **loss** of **money**:

1. caused by errors in receiving it or paying it out, or
2. occurring while the **money** is entrusted to any person other than:
 - (a) **you** or any director or executive officer of **yours**, or
 - (b) any employee or agent of **yours**, or
 - (c) any professional **money** carrier, or
3. resulting from payment of **money** in exchange for any cheque that is subsequently dishonoured, or
4. occurring while the **money** is in an unlocked and unoccupied vehicle, or
5. caused by theft or fraud by any of **your** employees, unless the **loss** is discovered within three consecutive **business days** of the act of theft or fraud, or
6. through electronic means.

The most **we** will pay under this extension is:

1. \$20,000 or the 'Special Carry' sum insured (during the months specified) for any **event** under Money Section A, and
 2. \$ 5,000 for any **event** under Money Section B,
- unless a different amount for Money Section A or Money Section B is shown in the **schedule**.

Payment under this extension is in addition to 'What We Will Pay - Maximum Amount Payable'.

Portable electronic equipment cover

You are insured for **accidental loss** to **portable electronic equipment**, while away from the **situation** and whilst in transit and located anywhere in New Zealand or Australia.

The most **we** will pay under this extension is \$25,000 in total for any one **event**.

An **excess** of \$1,000 applies for each **event** under this extension, unless a different amount is shown in the **schedule**.

Property under construction

You are insured for sudden and **accidental loss** to any **building** and **contents** at the **situation** during the course of:

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

provided that:

- (i) the property is owned, will be owned or will be occupied by **you**, and
- (ii) the completed value of contract works does not exceed \$250,000.

Protection costs cover

You are insured for reasonable costs **you** incur to temporarily protect **insured property** by preventing or minimising an imminent and **accidental loss**, provided that the **loss** would be covered under this policy if it did occur.

Redundant foundations

You are insured for **undamaged** foundations that are made redundant, where the **insured property** resting on them has been **destroyed** as a result of a **loss** covered by this policy. Where the redundant and **undamaged** foundations are not demolished, and the presence of them increases the market value of the **site** to which they are fixed, the amount of the market value increase will be deducted from the amount payable for **your** claim.

Redundant plant and stock

You are insured for any of the following provided it is also **insured property**:

1. **stock** rendered redundant as a result of **loss** covered by this policy to other **insured property**.
2. (a) plant which is interdependent with **insured property**, and/or
(b) spare parts held exclusively for **insured property**, rendered redundant as a result of **loss** covered by this policy to its respective **insured property** in (a) or (b) above.

Regardless of any Basis of Settlement shown in the **schedule**, **we** will only ever pay **you** the indemnity value of the redundant plant and/or spare parts.

Refrigerated goods

You are insured 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 **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 **loss** 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 a minimum of 24 hour prior notice of the disconnection has been given at the time of damage.

The most **we** will pay under this extension is \$10,000 for any one **event** unless a different amount for Refrigerated Goods is shown in the **schedule**.

Rewards cover

You are insured for a reward that **you** offer and pay to successfully secure the return of **insured property** that suffers a **loss**, provided that:

1. the **loss** is covered under this policy, and
2. **you** have **our** prior approval to offer the reward.

Smoke damage

For the avoidance of any doubt where adjoining or adjacent premises that are not owned by or occupied by **you** or in **your** care custody or control are damaged by fire any damage to **insured property** by smoke or by water or other material used in the extinguishing of the fire is deemed to be fire damage to the **insured property**.

Policy Exclusion - Loss Not Covered 3 (c) fumes, gas, dust, smoke or soot, does not apply to this clause.

Social club cover

You are insured for sudden and **accidental loss** to property and **money** of any:

1. social club, and/or

2. sports club or similar body,

provided that the clubs' activities are principally for the benefit of **your** employees.

We will cover:

(i) this property as if it were **contents**, and

(ii) **money** on the same basis as provided by Automatic Extension Money Cover.

Stolen keys cover

You are insured for the reasonable costs to:

1. open a safe or strong room, and

2. alter or replace locks, keys and combinations that give access to **your insured property**, provided that the costs are incurred because the keys or combinations are:

1. stolen, or

2. believed on reasonable grounds to have been duplicated without proper authority, during the **period of insurance**.

The most **we** will pay under this extension during the **annual period** is \$20,000 unless a different amount for Stolen Keys Cover is shown in the **schedule**.

Temporary removal cover

You are insured for sudden and **accidental loss** to **contents** while **temporarily removed** from the **situation** to another location within New Zealand [including while in transit].

The most **we** will pay under this extension for **portable electronic equipment** and portable tools of trade is \$25,000 in total for any **event**.

Tenanted premises

You are insured for sudden and **accidental loss** to:

1. glass, and

2. doors and windows, and

3. light fittings and power points, and

4. floor coverings,

that are not owned by **you** at the **situation**, provided that:

(i) **you** are responsible to arrange and bear the cost to repair them under the terms of **your** lease agreement, and

(ii) the provisions of sections 268 to 272 of the Property Law Act 2007 (or any relevant amendments) do not release **you** from this responsibility.

The most **we** will pay under this extension during the **annual period** is \$50,000 unless a different amount for Tenanted Premises is shown in the **schedule**.

Theft cover

You are insured for sudden and **accidental loss** to **insured property** caused by theft occurring:

1. at the **situation**, and
2. when the **insured property** is covered by:
 - (a) Automatic Policy Extension Portable Electronic Equipment, or
 - (b) Automatic Policy Extension Temporary Removal Cover, or
 - (c) Automatic Policy Extension Transit Cover, or
 - (d) Automatic Policy Extension Unspecified Locations.

An excess of \$2,500 applies for each **event** under this extension, unless a higher excess for Theft Cover is shown in the **schedule**.

Transit cover

You are insured for sudden and **accidental loss** to **contents** and/or **stock** during any transit beginning and ending within New Zealand.

We will include **your** liability for general average and salvage charges where the contract of carriage or governing law and practice make **you** liable for such payments.

No cover is provided under this extension for:

- (a) **contents** while **temporarily removed**, or
- (b) **contents** and/or **stock** otherwise insured.

The most **we** will pay under this extension is \$25,000 in total for any **event**, unless a different amount for Transit Cover is shown in the **schedule**.

Unharmed property cover

You are insured for the reasonable cost to:

1. damage, demolish or remove, and
2. subsequently repair, replace or reassemble,

insured property that has not suffered **loss**, if this action becomes necessary to repair or replace **insured property** that has suffered a **loss** which is covered by this policy.

We will pay these costs provided that they are not being incurred solely to comply with any **regulations**.

Unspecified locations

You are insured for sudden and **accidental loss** to **contents** and/or **stock** while situated at any unspecified location in New Zealand away from the **situation**.

This extension does not apply to:

1. **contents** and/or **stock** that are **temporarily removed**, and
2. any **portable electronic equipment**, and
3. any portable tools of trade.

The most **we** will pay under this extension is:

1. \$50,000 for any **event**, or
2. the sum insured for **contents** and/or **stock**,

whichever is the lesser, unless a different amount for Unspecified Locations is shown in the **schedule**.

Working from home

You are insured for sudden and **accidental loss** to **office equipment while situated** at the residence in New Zealand of any of **your** employees for the purpose of working from home.

The most **we** will pay under this extension is:

1. \$10,000 for any **event**, or
2. the sum insured for **contents**,

whichever is the lesser, unless a different amount is shown in the **schedule**.

Optional policy extensions

These optional extensions only apply where specified in the **schedule**.

Unless stated otherwise, Optional Extensions are included within 'What We Will Pay - A. Maximum Amount Payable'. They are not additional.

Machinery breakdown

You are insured for **accidental loss** of any machine from mechanical or electrical breakdown, derangement or failure.

The most we will pay under this extension is \$100,000 any one **event**, and in total during the **period of insurance**. This sub-limit applies to the combined Material Damage and Business Interruption **loss**.

This extension does not provide cover for **loss** to lighting or heating elements, fuses or protective devices, or electrical contacts where sparking or arcing occurs as part of its normal function.

For the purpose of this extension the following definitions apply:

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.

breakdown

The actual stopping or failing of the machine due solely to internal stress or a fault in the machinery whilst in use and not by any cause external to the affected machine.

Natural disaster cover

You are insured for **natural disaster damage** to **insured property**.

The excess that will apply in each **region** named to the aggregate of:

1. all **natural disaster damage** claims under this policy, and
2. all **natural disaster damage** claims under the **business interruption policy** (if applicable), arising from any one **event** at each **common site**, is shown in the policy **schedule**.

Where the **insured property** that suffers **natural disaster damage** has been **temporarily removed**, the **site sum insured** excess applicable will be that of the **insured property's** original **situation**.

Where **insured property** is covered wholly or in part by the **EQC Act**, the following apply:

1. What we will pay if EQC Cover applies

If EQC Cover applies:

- (a) this policy only pays in excess of the maximum cover under the **EQC Act**, and
- (b) the most **we** will pay for **loss** to **insured property** from any **event** is the difference between **your EQC entitlement** (whether or not that is actually paid to **you**) and the Maximum Amount Payable under this policy for that **loss**.

2. Excess

The **natural disaster damage** excess is reduced by any payment made by the Earthquake Commission except for payments for land.

Seasonal stock adjustments

Where **stock** has suffered a **loss** covered by the policy, the maximum amount payable for **stock** is increased by 20% for the months of October, November and December, unless another period for the Seasonal Stock Increase is shown in the **schedule**.

Payment under this extension is in addition to 'What We Will Pay –Maximum Amount Payable'.

Sustainable rebuilding costs

You are insured for the reasonable costs **you** incur to upgrade the **building** with **sustainable products** following a **loss** covered by this policy, provided that:

1. the **building** is **destroyed**, and
2. the 'Basis of Settlement – Reinstatement' applies to the **building**, and
3. **you** replace the **building**, and
4. the **sustainable products** are first approved by **us**.

The most **we** will pay under this extension for any **event** is:

1. 5% of the actual cost to replace the **building**, or
2. \$250,000 in total,

whichever is the lesser, unless a different amount for Sustainable Rebuilding Costs is shown in the **schedule**.

Payment under this extension is in addition to 'What We Will Pay – Maximum Amount Payable'.

Exclusions

Types of property not covered

This policy does not insure:

1. any **insured property** during:
 - (a) demolition, or
 - (b) installation, construction or erection, or
 - (c) testing and commissioning following 1. (b) above,
 other than cover provided by Automatic Policy Extension Property under Construction.

2. jewellery, precious stones, furs, precious metals or bullion, except if any of these items are:
 - (a) **stock** of **your** business, or
 - (b) a component of any plant or machinery that is insured under this policy as **contents**.

3. any of the following (including plant attaching to, or accessories in or on any of them):
 - (a) any vehicle or trailer that is required to be registered or licensed to travel on a public road,
 - (b) any mechanically or electrically propelled vehicles that is required to be registered or licensed to travel on a public road, (including railway locomotives and rolling stock),
 - (c) watercraft of any kind,
 - (d) aircraft of any kind,
 except if any of these items are **stock** of **your** business, and at the time of the **loss** they are at the **situation** and are:
 - (i) stationary, or
 - (ii) not in operation, or
 - (iii) not being used.

4. any of the following property:
 - (a) standing timber or growing crops,
 - (b) live plants including any trees, shrubs, hedges or grass, other than those forming part of **landscaping**,
 - (c) livestock,
 - (d) any living creature,
 - (e) dams, canals, or reservoirs,
 - (f) road bridges or road tunnels,
 - (g) railways, railway bridges or railway tunnels,
 - (h) docks, piers, or wharves,
 - (i) mining property located below ground level,
 - (j) any land, earth or fill (including topsoil and backfill),
 - (k) communication, transmission and distribution lines not located at the **situation**,
 - (l) artificial turf, swimming pools or tennis courts,
 - (m) property located outside New Zealand (other than cover provided by Automatic Policy Extension P. Portable Electronic Equipment Cover),
 except if the item of property is specifically listed in the **schedule** as being insured.

5. **money**, other than cover provided by Automatic Policy Extension Money Cover.

6. **insured property** that is in transit away from the **situation**, other than cover provided by:
- Automatic Policy Extension Money Cover,
 - Automatic Policy Extension Portable Electronic Equipment Cover,
 - Automatic Policy Extension Temporary Removal Cover,
 - Automatic Policy Extension Transit Cover.

Losses not covered

This policy does not insure:

- any of the following types of damage to **insured property**:
 - slowly developing deformation or distortion,
 - marring or scratching,
 - gradual deterioration,
 - rot or mildew,
 - wear and tear, corrosion or rust.
- loss immediately preceded by** any of the following:
 - interruption of the supply of water, gas, electricity or any fuel to the **situation**, other than cover provided by Automatic Policy Extension Refrigerated Goods,
 - total or partial stoppage of work, or interruption or cessation of any process,
 - a change in artificially controlled temperature or atmosphere, other than cover provided by Automatic Policy Extension Refrigerated Goods.
- loss** caused by or arising from any of the following:
 - action of micro-organisms, vermin or pests,
 - action of light, or inherent nature of the property (including shrinkage, evaporation, loss of weight, change of flavour or colour or texture or finish),
 - fumes, gas, dust, smoke or soot,
 - maintenance of **insured property** including servicing, cleaning and subsequent testing,
 - spontaneous combustion,
 - spontaneous fermentation.

This exclusion only applies to the **insured property**, or to the part of the **insured property** (as applicable), directly affected. It does not apply to any resultant sudden and **accidental loss** to separate **insured property**, or to other parts of the same **insured property** (as applicable).

- loss** that is:
 - only evidenced by an unexplained disappearance,
 - only revealed by the taking of an inventory,
 - due to clerical or accounting errors.
- loss** caused by any of the following:
 - theft or attempted theft, other than cover provided by:
 - Automatic Policy Extension Burglary Cover,
 - Automatic Policy Extension Money Cover,
 - Automatic Policy Extension Stolen Keys Cover,
 - Automatic Policy Extension Theft Cover,
 - any fraudulent scheme or device, or false pretence practised on **you** or any other person,
 - theft, attempted theft or fraud by **you** or an employee of **yours** other than cover provided by Automatic Policy Extension Money Cover.
- loss** following any of these events:

- (a) exposure to weather conditions if the property is not designed to be left in the open (unless reasonable precautions have been taken to protect the property from those conditions),
- (b) landslip or subsidence, other than cover provided by Automatic Policy Extension Landslip and Subsidence and Optional Extension Natural Disaster Damage,
- (c) erosion or expansion of the ground,
- (d) normal settlement, normal shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements.
- (e) settling, warping or cracking caused by earth or other movements, other than cover provided by Optional Extension A: Natural Disaster Cover.

Building defects

This policy does not insure **loss** in connection with a building or structure being affected by:

- 1. moisture or water build-up or the penetration of external moisture or water, or
- 2. the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms,

that is caused directly or indirectly by:

- (i) non-compliance with the New Zealand Building Code, or
- (ii) faulty design or faulty specification, including but not limited to faulty sequence, procedure or programme, or
- (iii) faulty materials, or
- (iv) faulty workmanship,

when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to **loss** that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

Confiscation

This policy does not insure **loss** in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority (unless the order is given to control any immediate and imminent threat of **loss** provided that the **loss** would be covered by this policy if it did occur).

Consequential financial loss

This policy does not insure any kind of consequential financial loss (*e.g. financial loss that occurs as a direct or indirect result of the loss of insured property*), including the following:

- 1. delays,
- 2. loss of market,
- 3. penalties,
- 4. rates, taxes, duties, development charges,
- 5. other charges or assessments arising out of capital appreciation, that are payable to comply with any **regulations**,
- 6. loss of use of any property, other than cover provided by:
 - (a) Automatic Policy Extension Expediting Costs Cover,
 - (b) Automatic Policy Extension Redundant Foundations,
 - (c) Automatic Policy Extension Redundant Plant and Stock.

Costs not insured

This policy does not insure the cost of:

1. repairing or replacing faulty materials, or
2. fixing faulty workmanship, or
3. fixing any work performed to a faulty:
 - (a) design plan, or
 - (b) design specification, or
4. altering or modifying any part of any refrigeration or air conditioning plant to enable the plant to operate with a more ozone friendly refrigerant.

This exclusion does not apply to any resultant sudden and **accidental loss** to separate **insured property** or to other parts of the same **insured property** arising from the above.

Damage to machinery

This policy does not insure any **machinery breakdown** of a **machine**. This does not apply:

- (a) where sudden and **accidental loss** covered under this policy (or that would have been covered if the property was insured under this policy) occurs completely outside the **machine** resulting in the **machinery breakdown** occurring. However, this proviso does not apply to **machinery breakdown** resulting directly or indirectly from any:
 - (i) error in setting, programming or operating the **machine**, or
 - (ii) **stock** or part of the **machine** being drawn into the **machine**, or
 - (iii) failure to service or maintain the **machine** correctly, or
- (b) to resultant sudden and **accidental loss** to other parts of the **machine** that is not **machinery breakdown**, or
- (c) to the cover provided by Automatic Policy Extension Electric Motors Cover, or
- (d) to the cover provided by Automatic Policy Extension Refrigerated Goods.

Damage to boilers and pressure vessels

This policy does not insure the cost of repairing or replacing any part of a boiler or **pressure vessel** that suffers **loss** through:

1. explosion, overheating, rupture, bursting or collapse (but not pressure caused by chemical explosion), or
2. cracking or leaking.

This exclusion does not apply to any resultant sudden and **accidental loss** to other parts of the boiler or **pressure vessel** arising from the above.

Electronic data and software

This policy does not insure **loss** to **electronic data** and **software**, from any cause whatsoever including, but not limited to, a **computer virus**.

This includes loss of use, reduction in functionality or any other associated loss or expense in connection with **electronic data** and **software**.

This exclusion does not apply to:

1. any sudden and **accidental loss** to other parts of the **insured property**, that occurs as a result of the **loss** to **electronic data** and **software**, or
2. cover provided by Automatic Policy Extension Electronic Data and Software.

Infectious diseases

This policy does not insure **loss**, liability, cost or expense of whatever nature directly or indirectly arising from:

- a) highly pathogenic avian influenza in humans; or
- b) any disease(s) determined to be a quarantinable disease as defined and stated in the Health Act 1956 (New Zealand) s2(1), or any subsequent amendment, replacement or successor legislation of the Commonwealth of New Zealand, including delegated legislation; or
- c) any mutation of the diseases described in a) to b) inclusive, including any fear or threat thereof (whether actual or perceived) or action taken by a competent public authority in controlling, preventing or suppressing such disease.

For the avoidance of doubt, **loss**, liability, cost or expense includes any cost to clean-up, decontaminate, disinfect, remove, replace, monitor or test:

- (i) for any such diseases; or,
- (ii) any property insured hereunder that is affected by or suspected to be affected by such disease.

Natural disaster

This policy does not insure **natural disaster damage** other than cover provided by Optional Policy Extension Natural Disaster Cover.

Nuclear

This policy does not insure any **loss** in connection with:

1. ionising radiation or contamination by radioactivity from:
 - (a) any nuclear material, fuel, or waste, or
 - (b) combustion or fission of nuclear fuel or waste where the combustion is a self-sustaining nuclear process.
2. nuclear weapons material.

Production processes

This policy does not insure **loss** to **insured property** while undergoing any **production process** where any part of that **production process** (including any **accidental** modification of the process), causes or contributes towards the **loss** in any way.

Seepage, pollution and contamination

This policy does not insure **loss** in connection with seepage, pollution or contamination except if the seepage, pollution or contamination results from sudden and **accidental loss to insured property**, which is otherwise covered under this policy.

Terrorism

This policy does not insure any **loss** in connection with an **act of terrorism**, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an **act of terrorism**.

War

This policy does not insure any **loss** in connection with any of the following, including controlling, preventing or suppressing any of the following:

War, invasion, act of foreign enemy, hostilities or war like operations (whether war is declared or not), civil war, confiscation or requisition, expropriation, martial law, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power, and nationalisation or destruction of or damage to property by or under the order of any government or public/local authority. How we will pay

Basis of settlement: reinstatement

Where the **schedule** shows any item(s) of **insured property** is insured for reinstatement, **we** will indemnify **you** as follows:

1. where **insured property** is lost or **destroyed**: by paying **you** the cost to replace the **insured property** to a condition substantially the same as its condition when new, or
2. where **insured property** is physically damaged but not lost or **destroyed**: by paying **you** the cost to repair the **loss** to the damaged part of the **insured property** to a standard that is reasonably equivalent to its condition and relative quality when new, but without necessarily reproducing it exactly.

Circumstances Where Reinstatement Does Not Apply

'How We Will Pay – B. Basis of Settlement: Indemnity' will apply in the following circumstances, regardless of any basis of settlement shown in the **schedule** to the contrary:

1. if **you** do not repair or replace the **loss** to the **insured property**, or
2. repair or replacement of the **loss** to the **insured property** is not started within a reasonable period of time, or
3. until the actual costs of repair or replacement of the **loss** to the **insured property** are incurred, or
4. if the **insured property** is awaiting demolition or disposal at the time of the **loss**, or
5. either of the following apply:
 - (a) repair or replacement of the damaged, lost or **destroyed insured property** is not permissible under any **regulations**, or
 - (b) repair or replacement of the damaged, lost or **destroyed insured property** is not permissible because of the **undamaged** portion of the property.

Basis of settlement: indemnity

Where the **schedule** shows any item(s) of **insured property** is insured for indemnity, **we** will indemnify **you** using whichever of the following options **we** choose:

1. where **insured property** is lost or **destroyed**: pay **you** the cost to replace the **insured property** with property of a similar condition, age and specification, as it was in, immediately prior to the **loss**, or

2. where **insured property** is physically damaged but not **destroyed**: pay **you** the cost to repair the **loss** to the damaged part of the **insured property**, as nearly as possible, to the condition it was in immediately prior to the **loss**, or
3. pay **you** an amount equal to the indemnity value of the damaged part of the **insured property**.

Additional costs you are covered for

Where **insured property** has suffered a **loss** covered by this policy, then included in 'What We Will Pay - Maximum Amount Payable' for the **insured property** are:

Costs of Compliance

Necessary and reasonable costs incurred in complying with **regulations** in order to repair or replace **loss** to the damaged, lost or **destroyed** part of **insured property**, except costs incurred:

1. for work that **you** have already been ordered to carry out, or
2. solely for the purpose of seismically strengthening the **insured property** to a performance level greater than its performance level before the **loss**.

We will repair your building to the same structural performance level it had before the loss.

3. in connection with **undamaged** property, or **undamaged** parts of property.

This applies even if the **undamaged** property comprises a separate building, structure or item of plant or equipment.

Demolition Costs

Necessary and reasonable costs incurred to:

1. demolish or dismantle **insured property**, and/or
2. temporarily shore or prop **insured property**, and/or
3. remove debris from the **situation** (including any kind of solid, liquid or gas), and/or
4. clear, clean and repair gutters, drains and the like, and/or
5. recover, defend, safeguard, remove, temporarily store, and return **insured property**, whether damaged or **undamaged**, and/or
6. temporarily repair and secure **insured property** to make it comply with safety rules and regulations suitable for continued use,

provided that the costs arise from a **loss** covered by this policy.

Where any costs are in connection with the removal of asbestos, the maximum **we** will pay for any **event** is:

- (a) 5% of the **site sum insured**, or
- (b) \$50,000,

whichever is the lesser.

Fees and Other Costs

Necessary and reasonable costs incurred for:

1. architect's, engineer's, surveyor's, building consultant's fees, and/or
2. consents and associated legal fees, and/or
3. training consultants and IT technicians,

to repair or replace the damaged, lost or **destroyed insured property** following a **loss** covered by this policy.

Claims Preparation Costs

Necessary and reasonable costs incurred to assess or prepare a claim following a **loss** covered by this policy.

You are not insured for any costs incurred to investigate or negotiate a claim made under this policy.

Location of replacement

Where **we** pay to replace damaged, lost or **destroyed insured property**, **you** may choose to replace the property at:

1. the **situation**, or
2. any alternative site that **you** provide in New Zealand.

Where **you** choose to use an alternative site **we** will not pay more than the cost to replace the damaged, lost or **destroyed insured property** at the **situation** in accordance with the terms of this policy.

Method of repair or replacement

We will pay the reasonable cost to repair or replace **insured property** based on current industry accepted building materials and construction methods.

Basis of settlement: certain types of property

The method of indemnity for the following types of **insured property** will be as follows, regardless of any basis of settlement shown in the **schedule** to the contrary.

Stock

For **loss** to **stock** that is not **customers' goods**, **we** will indemnify **you** by using one of the following methods:

1. for raw materials, supplies and other merchandise not manufactured by **you**:
 - (a) the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time,
 - or if this property is not replaced,
 - (b) the market value of it at the time and place of the **loss**.
2. for materials in the process of manufacture: the replacement cost of the raw materials and the cost of labour and other overhead charges expended at the time of the **loss**.
3. for finished goods: the replacement cost of the raw materials and the cost of labour and other overhead charges expended before any allowance for profit, or the cost of re-stocking these goods, whichever is the lesser.

For **loss** to **stock** that is **customers' goods**, **we** will at **our** option pay:

1. the indemnity value of the **customers' goods**, or
2. the cost to repair the **customers' goods**, as near as reasonably possible, to the condition they were in immediately prior to the **loss**.

Works of Art

For **loss** to a **work of art**, **we** will at **our** option pay:

1. the indemnity value of the **work of art**, or
2. the cost to repair the **work of art**, as near as reasonably possible, to the condition it was in immediately prior to the **loss**.

Electronic Data

For **loss to electronic data we** will pay the cost of blank media plus the cost of copying the **electronic data** from back-up or from originals of a previous generation.

These costs will not include research and engineering, nor any costs of recreating, gathering or assembling the **electronic data**.

If the media is not repaired, replaced or restored, **we** will pay the cost of blank media. However, **we** do not cover the value of the **electronic data to you**, even if the **electronic data** cannot be recreated, gathered or assembled.

Software

For **loss to software, we** will pay the reasonable cost of, restoring, re-setting or re-programming the **software** that is necessary to operate any electronic equipment or **machine** insured under this policy.

Portable electronic equipment

For **loss to portable electronic equipment** more than 3 years old **we** will at **our** option pay:

1. the indemnity value of the **portable electronic equipment**, or
2. the cost to repair the **portable electronic equipment**, as near as reasonably possible, to the condition it was in immediately prior to the **loss**.

Limited Lifetime construction materials

For **loss to**:

1. cladding, roofing or skylights, where they are made of plastic, polycarbonate, acrylic or PVC materials, and/or
2. any textile awnings or shade sails,

we will at **our** option pay:

- (a) the indemnity value of the materials, or
- (b) the cost to repair the materials , as near as reasonably possible, to the condition they were in immediately prior to the **loss**.

The indemnity value of the materials will be depreciated over the lifetime of the product based upon the manufacturer's UV rating.

Office Equipment Upgrade

For **loss to office equipment, we** will pay the cost for **you** to replace the equipment with an alternative model(s) of **office equipment**, provided that:

1. the alternative model has more energy-efficient features, and
2. the alternative model has otherwise comparable features and capabilities, and
3. the **office equipment** is **destroyed**, and

we approve the upgrade.

What we will pay

Maximum amount payable

1. The most **we** will pay in total during an **annual period** for a **building** (or group of **buildings**) at a specified location in the **schedule** is the corresponding sum insured noted in the **schedule** for that **building** (or group of **buildings**).
2. The most **we** will pay in total during an **annual period** for **contents** is the corresponding sum insured for **contents** in the **schedule**. If there is a separate sum insured for **contents** at a specified location, the most **we** will pay during an **annual period** for **contents** at that location is the corresponding sum insured for that location in the **schedule**.
3. The most **we** will pay in total during an **annual period** for **stock** is the corresponding sum insured for **stock** in the **schedule**. If there is a separate sum insured for **stock** at a specified location, the most **we** will pay during an **annual period** for **stock** at that location is the corresponding sum insured for that location in the **schedule**.
4. The most **we** will pay in total during an **annual period** for any other item of **insured property** that is individually specified in the **schedule** with a corresponding sum insured is that sum insured.

However, the most **we** will pay for all **insured property** in total during an **annual period** is the Total Sum Insured shown in the **schedule**, subject always to clauses Increased-maximum amount payable, Reinstatement of sum insured once repaired and Sum insured adjustment on renewal for unrepaired items.

Increased maximum amount payable

The amount referred to in 'What We Will Pay - A. Maximum Amount Payable' is increased as follows:

The most **we** will pay in total during an **annual period**:

1. for all **contents** at a **situation** shown in the **schedule** is the sum insured for **contents** at that **situation** plus:
 - (a) 10%, or
 - (b) \$100,000,
 whichever is the lesser.
2. for all **stock** at a **situation** shown in the **schedule** is the sum insured for **stock** at that **situation** plus:
 - (a) 10%, or
 - (b) \$100,000,
 whichever is the lesser.

Provided that:

1. these increases for **contents** and **stock** do not apply to cover provided by Optional Policy Extension Natural Disaster Cover, and
2. the most **we** will pay in total during an **annual period** at all **situations** for all **contents** and all **stock** remains unchanged

Reinstatement of sum insured once repaired

The sum insured will only be reinstated as follows:

If the **insured property**:

1. is automatically covered under this policy during its repair or replacement, the amount reduced will be progressively added back to the sum insured at the rate that the **insured property** that suffered the **loss** is progressively repaired or replaced.
2. is not automatically covered under this policy during its repair or replacement, the amount reduced will only be added back to the sum insured once the repair or replacement of the **insured property** that suffered the **loss** has been completed.

The sum insured will not reinstate following **natural disaster damage** unless **we** have agreed to the reinstatement in writing.

We may ask **you** to pay an additional premium for any reinstatement of the sum insured.

Sum insured adjustment on renewal for unrepaired items

The sum insured for any item of **insured property** that has suffered **loss** in any previous **annual period** and that has not been repaired or replaced at the start of the current **annual period** is:

1. the maximum amount payable for that item, less
2. the estimated cost of remedying the existing unrepaired or unreplaced **loss**.

The sum insured will only be reinstated to its pre-loss level as follows:

If the **insured property**:

1. is automatically covered under this policy during its repair or replacement, the amount reduced will be progressively added back to the sum insured at the rate that the **insured property** that suffered the **loss** is progressively repaired or replaced.
2. is not automatically covered under this policy during its repair or replacement, the amount reduced will only be added back to the sum insured once the repair or replacement of the **insured property** that suffered the **loss** has been completed.

The sum insured will not reinstate following any claim arising from **natural disaster damage** unless **we** have agreed to the reinstatement in writing.

We may ask **you** to pay an additional premium for any reinstatement of the sum insured.

Sub limits

If any sub limit in this policy is higher than the Maximum Amount Payable for the applicable **insured property** as shown in the **schedule**, the sub limit does not apply and the most **we** will pay is the maximum amount payable.

Items of insured property with limited cover

The amount **we** will pay for some items of **insured property** is limited as follows:

Customers' goods

The most **we** will pay for **customers' goods** in total during an **annual period** is \$20,000 unless a different amount for **customers' goods** is shown in the **schedule**.

Site Improvements

The most **we** will pay for **site improvements** at the **site** in total during any **annual period** is:

1. 10% of the maximum amount payable for **building(s)** at that **site**, or
 2. \$500,000,
- whichever is the lesser, unless a different amount for **site improvements** is shown in the **schedule**.

Landscaping

The most **we** will pay for **landscaping** at the **site** in total during any **annual period** is:

1. 5% of the maximum amount payable for **building(s)** at that **site**, or
 2. \$50,000,
- whichever is the lesser, unless a different amount for **landscaping** is shown in the **schedule**.

Works of Art

The most **we** will pay for any individual **work of art** for any **event** is \$25,000 unless a different amount for that **work of art** is shown in the **schedule**.

Excess

The applicable excess shown in this Material Damage Policy will be deducted from the amount payable for each **event**.

Where an **event** occurs over a period of more than 72 consecutive hours, one excess will be deducted for every 72 consecutive hour period.

One excess

If a single **event** causes sudden and **accidental loss** to tangible property that **you** insure with **us** under this or any other policy only one **excess** will apply being the highest applicable individual policy excess. This does not apply to **natural disaster damage**.

GST

Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:

1. all sums insured exclude GST, and
 2. all sub limits exclude GST, and
 3. all excesses include GST, and
- GST will be added, where applicable, to claim payments.

How to claim

What you must do

If anything happens that may lead to a claim under this policy, **you** must:

1. do what **you** can to take care of the **insured property** to prevent any further **loss**, expense or liability, and
2. tell **us** as soon as possible, and
3. notify the police as soon as possible if **you** think any **loss** was caused by an illegal act, and
4. allow **us** to examine the **insured property** before any repairs are started, and
5. not destroy or dispose of anything that is or could be part of a claim, and
6. send to **us** as soon as possible anything **you** receive from anyone about a claim or possible claim against **you**, and
7. give **us** any information or help that **we** ask for, and
8. consent to **your** personal information, in connection with the claim, being:
 - (a) disclosed to **us**, and
 - (b) transferred to the Insurance Claims Register Limited.

What you must obtain our agreement to do

You must obtain **our** agreement before **you**:

1. incur any expenses in connection with any claim under this policy, or
2. negotiate, pay, settle, admit or deny any claim against **you**, or
3. do anything that may prejudice **our** rights of recovery.

Dishonesty

If **your** claim is dishonest or fraudulent in any way, **we** may:

1. decline **your** claim either in whole or in part, and/or
2. declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist from the date of the dishonest or fraudulent act.

This is at **our** sole discretion.

Actions we may take

1. Subrogation

Once **we** have accepted any part of **your** claim under this policy, **we** may assume **your** legal right of recovery.

If **we** initiate a recovery **we** will include **your** excess, and any other uninsured **losses** suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your** excess first.

You must fully co-operate with any recovery process. If **you** do not, **we** may recover from **you** the amount paid in relation to the claim.

2. Recoveries

If any property that **we** have paid a claim for is later found or recovered, **you** must tell **us** immediately and hand it over to **us** if **we** request it.

We have the right to keep any property that **we** have paid a claim for under this policy, including any proceeds if it is sold.

3. Reparation

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

4. Branded Stock

For salvage that is branded goods or merchandise, **we** will not dispose of these items by sale unless **you** agree. If **you** do not agree, the value of the salvage will be deducted from any claim payment.

General conditions

How we will administer this policy

1. Cancellation

BY YOU

You may cancel this policy at any time by notifying **us**. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the used portion of the **period of insurance**.

BY US

We may cancel this policy by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. **Your** policy will be cancelled from 4pm on the 30th day after the date of the notice. **We** will refund **you** any premium that is due to **you** based on the unused portion of the **period of insurance**.

2. Change of Terms

We may change the terms of this policy (including the excess) by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. Unless otherwise specified in this policy the change in terms will take effect from 4pm on the 30th day after the date of the notice.

3. Other Insurance

You must notify **us** as soon as **you** know of any other insurance policy that covers **you** for any of the risks covered under this policy.

This policy does not cover **your loss** at all if it is insured to any extent under any other insurance policy. **We** will not contribute towards any claim under any other insurance policy.

This does not apply to cover provided by Automatic Policy Extension F: Employee Effects Cover or Automatic Policy Extension W: Tenanted Premises, or to cover for **customers' goods**.

4. Interests of Other Parties

If **we** are advised of any party having a financial interest over **your insured property**, **we** may pay part or all of any valid claim proceeds to that party to the extent of their interest. This will form part of **our** obligations to **you** under this policy.

You consent to **us** transferring **your** relevant personal information to that party.

Any party, who is recorded as having a financial interest under this policy, is not covered by this policy and does not have rights to claim under this policy.

5. Separate Insurance

If more than one person or entity is named as 'Insured' in the **schedule**, then all the parties are insured separately (as though a separate policy had been issued to each person/entity).

However, the sum insured and any sublimit in this policy will apply to the aggregate of all amounts payable to all insureds for any **event**.

6. Premium Adjustments

If the premium for this policy has been calculated based on estimated figures, then the premium is only a provisional premium for the **annual period**.

Within 3 months of the expiry of the **annual period**, **you** must tell **us** what the actual figures are. **We** will re-calculate **your** actual premium based on the actual figures.

The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending on the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

7. Stock Declarations

Where **stock** is insured on a Stock Declaration basis, the premium charged on the item **stock** is provisional and represents 75% of the full premium payable for that item. At the end of each **annual period** **we** will adjust it as follows:

1. **you** must give **us** a declaration of the actual value of the **stock you** held on the last business day of each month for the **annual period**. This must be received by **us** within six weeks from the end date of the **annual period**,
2. if a monthly declaration exceeds the sum insured then **we** will adjust it back to the sum insured for the purpose of calculating **your stock** averages,
3. if no declaration is received for any one month, the **stock** sum insured will apply for that month,
4. the average of the monthly declarations will be calculated at the end of the **annual period** and the final premium payable will be based on the greater of:
 - (a) that average, or
 - (b) one half of the sum insured on **stock**,
5. **we** will re-calculate **your** actual premium based on the actual figures. The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending upon the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

Laws and acts that govern this policy

1. Governing Law and Jurisdiction

The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.

2. Legislation Changes

Any reference to any Act of Parliament or subordinate rules referred to in this policy included any amendments made or substitutions to that law.

3. Insurance Law Reform Acts

The exclusions and conditions in this policy are subject to **your** rights under the Insurance Law Reform Acts 1977 and 1985.

4. Currency

Any amounts shown in this policy and in the **schedule** are in New Zealand dollars.

Your obligations

1. **Breach of Any Condition**

If:

1. **you**, or
2. any other person or entity **we** cover under this policy, or
3. anyone acting on **your** behalf,

breaches any of the terms and/or conditions of this policy, **we** may:

- (a) decline **your** claim either in whole or in part, and/or
- (b) declare either this policy or any or all insurance **you** have with **us** to be of no effect and to no longer exist.

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

Provided that notice is given to **us** as soon as practicable once **you** become aware of any such breach and **you** agree to pay an appropriate additional premium if required.

2. **True Statements and Answers**

True statements and answers must be given, whether by **you** or any other person, when **you**:

- (a) apply for this insurance, and/or
- (b) notify **us** regarding any change in circumstances, and/or
- (c) make any claim under this policy, and provide any further communication regarding the claim.

3. **Reasonable Care**

You must take reasonable care at all times to avoid circumstances that could result in a claim.

Your claim will not be covered if **you** are reckless or grossly irresponsible.

4. **Change in Circumstances**

You must notify **us** immediately if, after **we** have accepted **your application** for this policy, there is a material:

1. increase in the risk covered, or
2. alteration of the risk covered.

We may change the terms of this policy in response to any material change in circumstances **you** or anyone else advises **us** of. The change in terms will be effective from the date of the change in circumstances.

Information is 'material' where we would have made different decisions about either:

- (a) accepting your insurance, or
- (b) setting the terms of your insurance, if we had known that information.

If in any doubt, notify us anyway.

The 'risk covered' refers to both:

- (a) the actual property or liabilities insured, and
- (b) you or other persons covered by this policy.

Repairs or reinstatement by the insured

We will allow **you** to undertake any repair or replacement work in relation to the **loss** covered under this policy and due allowance shall be made for a reasonable margin of profit provided that:

1. **we** are satisfied **you** have the required qualifications and capability to undertake such work, and
2. **your** charges and/or costs are competitive.

Renewal terms

If **we** intend to not to offer renewal of this policy, or to offer renewal on any terms less favourable to **you** than those applying during the current **period of insurance**, **we** must give **you** notice of that intention. The notice must be received by **you** not less than 30 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**, extend the current **period of insurance** so that it will expire not less than 30 days after the notice is received by **you**. **You** undertake to pay a pro-rata proportion of the annual premium for the period of any extension.

Waiver of recovery

This policy will not be invalidated or prejudiced by reason of **you**:

1. having waived any right of recovery or indemnity **you** may have against any:

(a) party to a contract or agreement with **you** in the ordinary course of business, provided the contract or agreement is not for the supply of goods or services by **you** and the waiver was made in writing before the **loss** occurred, or

(b) related company forming part of a group of related companies of which **you** are a member. For the purpose of this General Condition, 'related company' has the same meaning as the definition of those words in the Companies Act 1993, or

(c) other party provided that the waiver is made and has been declared to and accepted by **us**, or

2. having to release from liability any party in accordance with any legislative or regulatory requirement.

Sanctions

We will not pay any claim when the payment would contravene:

1. any sanction, prohibition, or restriction under United Nations resolutions, or

2. the trade or economic sanctions, laws or regulations of New Zealand, Australia, United Kingdom, the United States of America or the European Union.

Definitions

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accidental' also applies to the words 'accidentally', 'accident' and 'accidents'.

Accidental

Unexpected and unintended by **you**.

Act of terrorism

Any act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological, or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Annual period

The **period of insurance**. However, if:

- (a) **you** pay the premium monthly, or
- (b) the **period of insurance** is for more than 12 months,

the annual period is the current 12 month period calculated consecutively from the date this policy first started.

Application

The information provided by **you to us** when **you** purchased this insurance or requested a quotation for this insurance from **us**. It also includes any subsequent information **you** provide **us** with.

Building

Any of the following:

- (a) any building,
- (b) underground and above ground services directly associated with the building,
- (c) permanent fixtures and fittings at the building(s), including but not limited to signs, sprinkler systems, wired alarm systems, and wired security cameras,
- (d) **site improvements**,
- (e) **landscaping**,

provided that the property is:

- (a) owned by **you** (including joint ownership with others), and
- (b) located at the **situation** at the start of the **period of insurance**.

Business days

The days **your** business usually operates.

Business hours

The hours that:

- (a) **you** or any director or manager of **yours**, or
- (b) any of **your** employees who are entrusted with the care, custody or control of **money**, are on **your** business premises for the purpose of **your** business.

Business interruption policy

The insurance policy, that **we** call the Business Interruption Policy, that **you** have with **us** that covers the financial interruption or interference with **your** business operations.

Common site

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

Computer virus

A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, which propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'Worms' and 'Time or Logic Bombs'.

Contents

Any of the following used in connection with **your** business:

- (a) machinery, plant, tools and chattels,
 - (b) business fixtures, fittings and furnishings,
 - (c) if **you** are a tenant, tenant's improvements to the leased building of any type,
 - (d) any other property (other than a building) of a similar nature,
- provided that:

- (i) they are owned by **you** (including joint ownership with others), or
- (ii) they are leased, hired or borrowed by **you**.

Contents does not include **stock** or employee's property.

Customers' goods

Property, other than a building, that:

- (a) is owned by **your** customers, and
- (b) is in **your** temporary possession or temporary legal control in the course of **your** business activities.

Customers' goods does not include **contents**.

Destroyed

So physically damaged by an insured **loss** that the property, by reason only of that **loss**, cannot be repaired or the cost of repair is uneconomic.

Electronic data

Facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment.

EQC Act

Earthquake Commission Act 1993 and any Act in substitution of that Act.

EQC entitlement

An amount payable to **you** or for **your** benefit by the Earthquake Commission as a result of **loss** to the **insured property**; and any amount that would have been payable but for:

1. the application of an excess under the **EQC Act**,
 2. a failure by **you** to correctly notify a claim to the Earthquake Commission within the time required under the **EQC Act**,
 3. a decision by the Earthquake Commission to decline a claim or limit its liability for that **loss** in whole or in part and for any reason whatsoever,
- any act or omission on **your** part, the part of **your** agent, or the part of the Earthquake Commission.

Event

Any one event or series of events arising from one source or original cause.

Fusion

the process of fusing or melting together of windings or wiring following damage to the insulating material as a result of overheating.

Hidden gradual damage

Hidden rot, hidden mildew or hidden gradual deterioration, caused by water that leaks, overflows or is discharged from any permanent **internal plumbing** installed at the **site**.

Immediately preceded by

The event occurring in sequence immediately prior to the **loss**.

If there is a chain of events, this will be the last event occurring immediately prior to the loss.

Insured property

Tangible property shown in the **schedule** within the following categories:

- (a) **buildings**, and
- (b) **contents**, and
- (c) **stock**, and
- (d) any other tangible property listed on your policy schedule.

For the avoidance of doubt, **electronic data** and **software** is deemed to be tangible property.

Internal plumbing

Any water pipe, waste disposal pipe, water cylinder or water storage tank which is permanently connected to and is contained within the walls, floors or roof of the **building**.

Landscaping

Permanently sited live plants, trees, shrubs, hedges or grass including rock work, paving and ornamentation used to adorn or improve the grounds at the **situation**, except if any of these items are **stock** of **your** business.

Loss

Physical loss or physical damage occurring during the **period of insurance**.

Machine

Any device that:

- (a) converts and directs motion or energy, and/or
 - (b) performs any electronic process,
- including any protective component connected with that device.

Machinery breakdown

1. any mechanical, hydraulic, electrical or electronic:
 - (a) breakdown or failure, or
 - (b) cessation of function, or
 - (c) malfunction, or
 - (d) derangement, or
2. **fusion** of any nature.

Money

any of the following, where they are associated solely with **your** business operations:

- (a) current coin, bank and currency notes,
- (b) cheques and travellers' cheques,
- (c) bank drafts and money orders,
- (d) phone cards,
- (e) unused postage and revenue stamps,
- (f) credit card vouchers, redeemable vouchers and tokens,
- (g) franking machine credits,
- (h) other tangible negotiable instruments. *For example promissory notes or bills of exchange.*

Natural disaster damage

Sudden and **accidental loss** that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

Office equipment

Any of the following office equipment: desktop or laptop computers, fax machines, computer and video monitors, printers, document scanners, refrigerators and dishwashers.

Pre 1935 building risks

Where:

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

Period of insurance

The period shown in the **schedule**, that specifies the start and end dates of this policy.

Portable electronic equipment

Cell phones, video data projectors, digital cameras, other audio visual equipment, portable computing devices and portable data storage devices.

Post 1934 building risks

Means any **building**, **contents** or **stock** located in any **building** or part of a **building** originally constructed in 1935 or later.

Post 2004 building risks

Means any **building**, **contents** or **stock** located in any **building** or part of a **building** that was constructed in 2005 or later.

Pressure vessel

The parts of any **insured property** or vessel that during ordinary use are subjected to either generated fluid pressure or vacuum, including:

- (a) all integral parts, and
- (b) controls, and
- (c) systems (other than systems forming part of a building or structure).

Production process

Any process of producing, making, treating or servicing goods.

Refrigerated stock

Perishable goods and/or their containers/packaging that are kept in a refrigerated storage chamber at the **situation**.

Region

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

Regulations

Building regulations or other regulations that are:

- (a) made under, or
 - (b) framed pursuant to,
- any Act of Parliament or any local authority regulation or by-law.

Residential unit

Each self-contained part of the **building** designated for separate residential occupancy.

Schedule

The latest version of the schedule **we** issued to **you** for this policy.

Site

Any parcel of land that **you** own or occupy.

Site improvements

Site improvements are:

- (a) footpaths, driveways, car parks, **site** roads, and yards, of permanent construction,
- (b) permanently sited water storage tank, septic tank or heating oil tank,
- (c) retaining walls,
- (d) gates, fences.

Site sum insured

The total sum insured for all **insured property** located at each **common site** under this policy.

Situation

The location or locations referred to in the **schedule**.

Software

Programs, procedures and routines associated with the operation of electronic or electromagnetic data processing or electronically controlled equipment including any operating system.

Stock

Any of the following:

1. Stock and materials in trade provided that are:
 - (a) owned by **you** (including joint ownership with others), or
 - (b) in **your** temporary possession in the course of **your** business activities.
2. **Customers' goods**.

Storage container

Any fully enclosed:

- (a) shipping container or similar, or
- (b) portable shed or similar structure, or
- (c) non-portable container, such as a metal or wooden container that has been built into or secured to a vehicle.

Sustainable products

Sustainable products are:

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

Sustainable products do not include the following:

- (a) fire protection devices or systems,
- (b) security devices or systems,
- (c) natural hazard protection.

Examples of sustainable products include the following:

- (i) double glazing,*
- (ii) solar water heating systems,*
- (iii) environmentally friendly timber,*
- (iv) environmentally friendly paints and/or carpets,*
- (v) rainwater collection tanks and/or water efficient interior plumbing,*
- (vi) natural lighting and/or ventilation,*
- (vii) 'Best Practice' insulation (as recommended by Standards New Zealand),*
- (viii) Energy Star-rated electrical equipment and/or interior lighting systems,*
- (ix) Energy Star-qualified roof materials,*
- (x) facilities to encourage the use of alternative transport (e.g. bicycle storage),*
- (xi) wind turbines.*

Temporarily removed

Contents that:

- (a) **you** have removed from their original location for a particular purpose, and
- (b) **you** intend to return it to their original location, once that purpose has been served.

Undamaged

Not directly or physically damaged by an **event** that would be covered by this policy.

We

ANDO Insurance Group Ltd and various underwriters as specified in the **schedule**. **We** may also use the words 'us', 'our' or 'company' to describe ANDO.

Work of art

An object of artistic or cultural value including but not limited to pictures, paintings, prints, sculptures or ornaments, hand woven carpets, rugs or mats.

You

The person(s) or entity named in the **schedule** as 'Insured' including any new entity or subsidiary companies or subsidiaries thereof or any controlled or managed entity now or hereafter formed or acquired. **We** may also use the word 'insured' to describe you.