BusinessPlan Business

vero

Policy Document

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.

Please read this policy carefully and see that it meets *your* requirements

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welcome to
BusinessPlan

Fair Insurance Code

As members of the Insurance Council of New Zealand, *we* are committed to complying with the Council's Fair Insurance Code.

This means *we* will:

1. provide insurance contracts which are understandable and show the legal rights and obligations of both *us* and the policyholder;

2. explain the meaning of legal or technical words or phrases;

3. explain the special meanings of particular words or phrases as they apply in the policy;

4. settle all valid claims fairly and promptly;

5. clearly explain the reason(s) why a claim has been declined;

6. provide policyholders with a written summary of *our* complaints procedure as soon as disputes arise and advise them how to lodge a complaint and tell them about the Insurance and Savings Ombudsman Scheme;

7. be financially sound as measured by *our* Claims paying rating.

Note: The Insurance and Savings Ombudsman Scheme extends to "Small Businesses" which have no more than 5 staff and an annual turnover not exceeding $400,000. However, it only applies to certain types of cover.

If *you* would like a brochure detailing the Fair Insurance Code or the Insurance and Savings Ombudsman Scheme, please ask *your* Broker, Adviser or Vero office.

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

1. *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:

(a) the amount of the risk; or

(b) the risk of *loss, damage,* liability, *disablement*; or

(c) the risk of insuring *you*.

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

3. 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:

(a) make sure all property covered by this insurance is kept safe and protected from possible *loss* or *damage;*

(b) maintain any protective devices, including but not limited to sprinkler systems and alarms, in an operational condition;

(c) 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:

(a) *notify us* immediately;

(b) lay a complaint with the Police if *you* suspect burglary, theft, arson or intentional damage;

(c) take prompt steps to minimise the *loss, damage* or liability and avoid any further *loss, damage* or liability; and

(d) take reasonable steps to obtain details of any other person, property or vehicle involved and any witnesses.

You must not:

(a) dispose of or abandon any property for which *you* intend to make a claim;

(b) start any repairs without *our* permission unless it is necessary to prevent further *loss, damage* or liability;

(c) admit responsibility for any *loss, damage* or liability; or

(d) 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:

1. fully complete *our* claim form as soon as practical;

2. give *us* free access to examine and assess any loss, damage or liability;

3. provide any other information or assistance *we* reasonably request in relation to *your* claim;

4. forward any letter of demand or court documents to *us* immediately;

5. if *we* request it provide a statutory declaration to verify the loss, damage or liability;

6. if *we* request it attend interviews with any person *we* nominate; and

7. 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:

(a) tell *us* immediately; and

(b) 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, death or *disablement* resulting from or directly or indirectly caused by or arising in connection with:

1. 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.

2. Electronic data

(a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data;*

(b) error in creating, amending, entering, deleting or using *electronic data;*

(c) total or partial inability or failure to receive, send, access or use *electronic data* for any time or at all;

(d) communication, display, distribution or publication of *electronic 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.

3. 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.

4. 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.*

5. Unlawful to insure

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

6. War

war, invasion, act of foreign enemy, warlike operations (whether war is declared or not), civil war, 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. Fraud

If any claim is in any respect fraudulent or if any false declaration is made or false or incorrect information is used in support of any claim or if any fraudulent means or devices are used by *you* or anyone acting on *your* behalf to obtain any benefit under this policy *we* will not pay *your* claim and *you* will forfeit all benefits under this policy.

5. 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 and the benefits under the personal income section are GST inclusive.

6. Governing law

This policy will be governed in accordance with the laws of New Zealand. Any disputes arising out of or under this policy will be submitted to the exclusive jurisdiction of the courts of New Zealand.

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) if 14 days after the due date of the earliest instalment:

(i) any three consecutive fortnightly instalments remain unpaid; or

(ii) any two consecutive monthly instalments remain unpaid; or

(iii) any quarterly or half yearly payments remain unpaid;

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

Where any instalment is overdue but the policy has not been cancelled any claim proceeds payable to *you* under this policy will be withheld by *us* until *you* have brought all instalments up to date.

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. 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.

11. 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.

12. 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.

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; or where more than one item is included in the *schedule* will not exceed in respect of each item the sum insured applicable to that item.

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 3 (b) of this material damage section *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.

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:

(a) *stock* in trade;

(b) property of any kind expressly excluded from this insurance; or

(c) 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.*

Within 28 days of the last day of each quarter of the *period of insurance* particulars of each property acquired during that quarter must be given to *us*. On receipt of those particulars *we* will be entitled to charge an additional premium calculated pro-rata from the date on which cover commenced and the terms of this extension will be fully reinstated. Failure to advise *us* means there will be no cover for that property.

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

3. Computer software

We will cover *you* for *damage* to computer software not otherwise excluded by the *electronic data* general exclusion or the computer virus and data corruption exclusion in this section or any other exclusion in this policy.

Our liability is limited to $50,000 or the sum insured of this material damage section, whichever is the lesser amount.

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:

(a) demolition, dismantling, shoring up or propping of the *insured property;*

(b) removal of *stock,* plant and other *contents* whether *damaged* or *undamaged;*

(c) 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 4 (b) of this material damage section *we* will cover *you* for *damage* to:

(a) electric motors and starters that do not individually exceed 3.75 kw (5 hp); 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.

6. Electronic data

We will cover *you* for *accidental* loss or *damage* to *insured property* as otherwise excluded by General Exclusion 2 where the loss or *damage* excluded is caused by:

(a) fire, explosion, lightning;

(b) windstorm, hail, tornado, cyclone, hurricane;

(c) earthquake, volcanic eruption, tsunami;

(d) flood, freezing, weight of snow;

(e) impact by aircraft or other aerial objects dropped from them;

(f) impact by any road *vehicle* or animal;

(g) bursting overflowing discharging or leaking of water tanks apparatus or pipes; or

(h) theft of *electronic data* solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such *electronic data* and where the theft is within the terms of the burglary automatic extension;

and where such cause is not otherwise excluded by this policy.

In addition where any of the matters excluded by General Exclusion 2 cause the following:

(a) fire, explosion;

(b) flood, freezing;

(c) impact by aircraft or other aerial objects dropped from them;

(d) impact by any road *vehicle;*

(e) bursting overflowing discharging or leaking of water tanks apparatus or pipes;

(f) theft of *electronic data* solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such *electronic data* and where the theft is within the terms of the burglary automatic extension;

and where the loss or *damage* is not otherwise excluded by this policy then *we* will cover *you* for that resulting damage.

Any cover under this extension excludes the value to *you* of any *electronic data.*

7. 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 our* liability under this extension will not exceed $5,000 or any alternative amount shown in the *schedule*. The indemnity provided by this extension will not increase *our* liability beyond the sum insured on the *contents* at the premises.

8. 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.

9. Gradual Damage – Residential portion of building

We will pay for *damage* to the residential portion of *your insured property* 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 property*.

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

10. Hazardous substance emergency

We will cover *you* for any charge the New Zealand Fire Service is authorised to make against *you* in respect of any hazardous substance emergency at the premises shown in the *schedule*, whether or not there is any *damage* or threat of *damage* to the *insured property*.

Hazardous substance emergency has the same meaning as defined in the Fire Service Act 1975 (or any replacement Act) and any subsequent amendments.

Our liability is limited to $10,000 any one event or the sum insured of this material damage section whichever is the lesser amount.

11. Money

Notwithstanding exclusion 8 (b) of this material damage section *we* will cover *you* for *money* as follows:

Section A

(a) *money* in transit.

(b) *money* at *your* business premises or sites of contract during *business hours.*

(c) *money* in a securely locked safe or strongroom, approved by *us,* at *your* business premises outside *business hours.*

Section B

(a) *money* at *your* business premises outside *business hours* and not in a securely locked safe or strongroom.

(b) *money* at *your* residential premises or those of any *principal* or authorised employee.

Additional cover provided

Notwithstanding exclusion 3 (b) of this material damage section the cover provided by this extension includes loss of or *damage* to *money* directly resulting from:

(a) 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;

(b) 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.

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 $5,000 under section A and $1,000 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.

12. 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.

13. Portable equipment

We will cover *you* for 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.

In respect of any loss or *damage* at or 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.

14. 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.

15. Property under construction

Notwithstanding exclusion 8 (a) 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.*

16. Protection costs

We will cover *you* for any costs *you* reasonably incur for the purpose of, and for *damage* directly resulting 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 not exceed for any one cause of loss $100,000 unless an alternative amount is shown in the *schedule.*

17. 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.

18. 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 stock

We will cover *you* for unavoidable permanent loss of the value of undamaged *stock* resulting from a loss of or *damage* to other *insured property* covered by this material damage section.

19. 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, however no additional premium will be payable if the *damage* is less than 50% of the sum insured on the item concerned.

20. 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.

21. 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;*

(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.

22. 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.

23. 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.

24. 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 and 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).

25. Theft from locked vehicle

Notwithstanding exclusion 3 (b) 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*.

26. Transit

Notwithstanding exclusion 8(g) *we* will cover the *insured property* while in transit within New Zealand.

Our liability is limited to $5,000.

27. 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.

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

Exclusions

Refer also to the general exclusions of this policy.

1. Computer virus and data corruption

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

(a) the gaining of access to *your* computer system via data communication media that terminate in *your* computer system;

(b) data corruption, amendment of data or erasure of data by electronic or non-electronic means; or

(c) computer virus, being an executable programme or computer code segment that is self-replicating (or requires a host programme to replicate itself), requires a host programme or executable disc segment in which it can be contained, and which destroys or alters the host programme or other computer code or data, causing undesired programme or computer system operation.

2. 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.

3. Criminal acts and disappearance

This material damage section does not provide cover for:

(a) (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:

(b) theft;

(c) any fraudulent scheme or device or false pretence practised on *you* or on any other person having care of the *insured property.*

4. Damage to machinery

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

(a) 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

(b) mechanical or electrical breakdown or derangement of any *machine* or *pressure vessel.*

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.

5. 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.

6. Moisture penetration

This material damage section does not insure loss or *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.

7. 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) earthquake, hydrothermal activity, subterranean fire or volcanic eruption;

(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) pollution or contamination;

(g) changes in artificially controlled temperature or atmosphere;

(h) 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;

(i) interruption of the supply to the site of water, gas, electricity or any fuel;

(j) total or partial cessation of work, retarding or interruption or cessation of any process.

8. 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 *electronic 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 *electronic 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.

Memoranda

1. Building Act 1991 compliance schedule

Where required under the Building Act 1991 (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:

(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 conspicuous place 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 multi-purpose extinguisher of not less than 2.25kg capacity or a fully charged extinguisher specifically designed for use on flammable liquid fires is installed in a conspicuous place 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) where the fryer is an electric fryer a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect the power supply when the temperature of the cooking liquids reaches 240 degrees centigrade; and

(g) all cooking liquids for disposal are at all times stored in a metal bin with a close-fitting metal 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 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.

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 3.75Kw (5 hp.) 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.

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 39(1) (b) Unit Titles Act 1972 as amended by section 22 of the Unit Titles Amendment Act 1979 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 39(1) (b) of the Unit Titles Act 1972 as amended by section 22 of the Unit Titles Amendment Act 1979 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 1972 properly declines to reinstate the unit; or

(ii) the principle policy has been properly terminated before the date of loss or *damage.*

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.

Earthquake indemnity MD020

This extension applies to those items of *insured property* that have a company earthquake sum insured shown in the *schedule.*

In the event of any *insured property* to which this extension applies suffering *earthquake damage* or *volcanic eruption* or *hydrothermal activity damage* during the *period of insurance we* will cover *you* for such *damage.*

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.

"Earthquake damage" means:

(a) *damage* occurring as the direct result of earthquake;

(b) fire occasioned by or through or in consequence of earthquake;

(c) *damage* occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate the consequences of, any such *damage* but does not include any *damage* for which compensation is payable under any Act of parliament or the *regulations* under any Act.

"Volcanic eruption or hydrothermal activity" means:

(a) *damage* occurring as the direct result of volcanic eruption or hydrothermal activity (excluding *damage* caused by landslip, subsidence of land, or erosion by the sea); or

(b) *damage* occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate the consequences of, any such *damage* but does not include any *damage* for which compensation is payable under any Act of parliament or the *regulations* under any Act.

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

Special provisions

(a) Limitation on amount payable

Where the *insured property* is *damaged* but not *destroyed our* liability will not exceed the amount *we* could have been called upon to pay if the property had been *destroyed.*

(b) Claim adjustment

In respect of each *site* at which *insured property* is located each loss or series of losses arising out of one event will be adjusted separately:

(i) net of salvage and other recoveries; and

(ii) net of any amount payable by the Earthquake Commission; and

(iii) except for "Personal Property" or a "Residential Building" as defined in the Earthquake Commission Act 1993 (or any replacement Act) and any subsequent amendments net of the earthquake extension *excess* in the *schedule;* and

(iv) for "Personal Property" or a "Residential Building" as defined in the Earthquake Commission Act 1993 (or any replacement Act) and any subsequent amendments and as not excluded by that Act net of the *excess* specified in *regulations* made under that Act.

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.*

Earthquake full reinstatement cover MD022

This extension applies to those items of *insured property* that have an excess of indemnity value sum insured and a company earthquake sum insured shown in the *schedule.*

We will pay the cost of *reinstatement* in the event of any *insured property* to which this extension applies suffering *earthquake damage* or *volcanic eruption* or *hydrothermal activity damage* during the *period of insurance.*

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.

"Earthquake damage" means:

(a) *damage* occurring as the direct result of earthquake;

(b) fire occasioned by or through or in consequence of earthquake;

(c) *damage* occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate the consequences of, any such *damage* but does not include any *damage* for which compensation is payable under any Act of parliament or the *regulations* under any Act.

"Equivalent building" means a *building* or structure that is as nearly as practicable the same as the *building* or structure lost or destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any *regulations.*

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.

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

"Volcanic eruption or hydrothermal activity" means:

(a) *damage* occurring as the direct result of volcanic eruption or hydrothermal activity (excluding *damage* caused by landslip, subsidence of land, or erosion by the sea); or

(b) *damage* occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to mitigate the consequences of, any such *damage* but does not include any *damage* for which compensation is payable under any Act of parliament or the *regulations* under any Act.

Special provisions

1. Compliance with *regulations*

The amount payable under this extension will include the cost incurred in reinstatement that is necessary to comply with any *regulations*.

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

(a) the extent to which the work had already been required of *you* by notice served by a regulatory authority before the happening of the loss or *damage;* or

(b) in respect of *undamaged* property or *undamaged* portions of property other than foundations (unless foundations are expressly excluded from insurance under this material damage section).

This special provision 1.(b) will apply whether or not the *undamaged* property or portion comprises a separate *building* or structure or a separate item of plant or equipment.

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 requirement, in which case, and with *our* consent (which will not be unreasonably withheld), *reinstatement* may be carried out on any alternative *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 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 *equivalent building* definition on the same *site.*

(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 if the property had been *destroyed.*

(c) If *you* elect not to reinstate the property *our* liability under this extension in respect of any item of *insured property* will not exceed the indemnity value of that item.

4. Circumstances where this extension does not apply

No payment of more than the indemnity value will be made under this extension:

(a) if the work of *reinstatement* is not commenced and carried out with reasonable despatch;

(b) until the cost of *reinstatement* has been actually incurred; or

(c) if the property is *damaged,* but not *destroyed*, and the repair of the *damage* is not permissible by reason of any *regulations* or by any reason of the condition of the *undamaged* proportion of the property.

5. 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.*

6. Claim adjustment

In respect of each *site* at which *insured property* is located 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 any amount payable by the Earthquake Commission; and

(c) except for "Personal Property" or a "Residential Building" as defined in the Earthquake Commission Act 1993 or any replacement Act net of the earthquake extension *excess* shown in the *schedule;* and

(d) for "Personal Property" or a "Residential Building" as defined in the Earthquake Commission Act 1993 or any replacement Act and as not excluded by that Act net of the *excess* specified in *regulations* made under that Act.

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*.

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 exclusion 7.2(g) *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 $2,000 per cabinet or chamber and $5,000 in any one *period of insurance* unless alternative amounts are shown in the *schedule.*

Theft MD028

Notwithstanding exclusion 3 (b) *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 $5,000 is increased to the amount shown on the *schedule*.

Reinstatement MD033

This extension applies to those items of *insured property* that have an excess of indemnity value shown in the *schedule*.

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 of this 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.

"*Equivalent building*" means a *building* or structure that is as nearly as practicable the same as the *building* or structure lost or destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any *regulations*.

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.

"*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*.

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).

This special provision 1.(b) will apply whether or not the *undamaged* property or portion comprises a separate *building* or structure or a separate item of plant or equipment.

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 any alternative *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 paragraph (a) 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 of *insured property* will not exceed the sum insured in respect of that item.

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) At 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* of any item or items of *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 of the estimate specified in the certificate in respect of that item.

(d) If a certificate is not provided in accordance with special provision 5.(a) within one month of the commencement of any *period of insurance*, the insurance in respect of each item of this material damage section to which this extension applies will be separately subject to the following condition of average:

Average Condition

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 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 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*.

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 sum insured; and

if more than one item is included in the *schedule* will not exceed in respect of each item the sum insured applicable to that item; and

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 economiser 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*.

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:

1. reduction in *turnover*:

the sum produced by applying the *rate of payroll* to the *shortage in turnover* during the *indemnity period;* and

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 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:

1. 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

2. costs of reinstating physical *damage.*

Item 6 - Loss of rent receivable - property owners

The insurance under this item is limited to:

1. loss of *rent receivable*; and

2. additional expenditure;

and the amount payable as indemnity will be:

(a) 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

(b) 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:

1. the difference between the:

(a) *outstanding debit balance;* and

(b) total of the debit amounts received or traced.

2. 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, computer systems records, electronic records and other business records.

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:

(a) separate business interruption insurance in respect of such premises will not have been arranged; and

(b) *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.

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. Business that attracts customers

If *your business* premises are located in a retail shopping complex *we* will cover *you* for loss resulting from interruption of or interference with *your business* in consequence of *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.

We will not pay for the first 72 hours of *your* loss. The *indemnity period* for this extension is 30 days.

6. Closure of transport routes

We will cover *you* for loss resulting from interruption or interference with *your business* where any:

(a) transport route, port or airport; or

(b) 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 consequent upon, or under the threat or fear of, property *damage* as covered by this business interruption section.

Our liability is limited to 10% of each and every item insured by this business interruption section or $1,000,000 in total, whichever is the lesser.

We will not pay for the first 7 days of *your* loss. This 7 day period commences from the first day a loss becomes payable under this extension.

7. Customers and suppliers premises

We will cover *you* for loss resulting from interruption of or interference with *your business* in consequence of *damage* within New Zealand at any:

(a) premises from where *you* are supplied with goods or services; or

(b) premises of any of *your* customers.

For the purpose of this extension *damage* need not have been insured or liability accepted.

This extension excludes liability arising from *damage* to the property of any customer or supplier that receives from or sends to the premises shown in the *schedule,* electricity, gas, natural gas, water, sewage or telecommunications.

Liability under this extension is limited to 10% of each and every item insured by this business interruption section.

Where any loss would be covered under both this extension and the Utilities and Services extension only the Utilities and Services extension will apply.

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 3.2 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 3.75 kw (5 hp); 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. New business

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

11. 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.

12. Prevention of access

We will cover *you* for loss resulting from interruption of or interference with *your business* in consequence of *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.

Our liability under this extension will not exceed 5% of the sum insured by this business interruption section. *We* will not pay for the first 24 hours of *your* loss.

13. Public authorities

If the whole or part of the premises shown in the *schedule* is closed by order of a competent public authority as a result of, or under the threat or fear of:

(a) *bodily injury* to any person on or in the vicinity of the premises;

(b) *damage* to any property;

(c) defects in drains or other sanitary arrangements but not defects, contaminants or imperfections in or inferiority of water or sewage;

(d) vermin or pests; or

(e) fumes or escape of any hazardous material;

but not a closure as a result of any infectious animal or human disease and *your business* carried on by *you* at the premises is in consequence interrupted or interfered with *we* will pay to *you* in respect of each item shown in the *schedule* the amount of loss resulting from such interruption or interference.

Our liability is limited to 10% of each and every item insured by this business interruption section. *We* will not pay for the first 24 hours of *your* loss.

14. Reinstatement of amount of insurance

In the event of a loss for which a claim is payable under this business interruption section 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, however no additional premium will be payable if the loss is less than 50% of the sum insured on the item concerned.

15. 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.

16. Utilities and services

We will cover *you* for loss resulting from interruption of or interference with *your business* in consequence of *damage* to any:

(a) electricity station or sub-station or power lines;

(b) 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);

(c) waterworks or water treatment plants and any pipe lines of any public supply authority;

(d) sewerage works or sewerage treatment plants and any pipe lines of any public supply authority; or

(e) telecommunication lines or cables that are directly connected to the premises shown in the *schedule;*

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

For the purpose of this extension *damage* need not have been insured or liability accepted.

Liability under this extension will be limited to 10% of each and every item insured by this business interruption section.

We will not pay for the first 24 hours of *your* loss.

Where any loss would be covered under both this extension and the Customers/Suppliers Premises extension only the Utilities and Services extension will apply.

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. Computer virus and data

Damage directly or indirectly caused by or resulting from:

(a) the gaining of access to *your* computer system via data communication media that terminate in *your* computer system;

(b) data corruption, amendment of data or erasure of data by electronic or non-electronic means; or

(c) computer virus, being an executable programme or computer code segment that is self-replicating (or requires a host programme to replicate itself), requires a host programme or executable disc segment in which it can be contained, and which destroys or alters the host programme or other computer code or data, causing undesired programme or computer system operation.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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) earthquake, hydrothermal activity, subterranean fire or volcanic eruption;

(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. *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;

(e) action of light;

(f) pollution or contamination;

(g) changes in artificially controlled temperature or atmosphere;

(h) 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;

(i) interruption of the supply to the site of water, gas, electricity or any fuel;

(j) total or partial cessation of work, retarding or interruption or cessation of any process.

7. 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 *electronic data*; or

the loss of value of the information contained in or on computer software computer systems records and electronic 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 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 1991 – compliance schedule

Where required under the Building Act 1991 (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:

(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 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:

(a) net of any 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*.

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:

(a) any innocent and inadvertent misdescription of the *business* in the proposal or submission; or

(b) 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:

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 loss or *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 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 3.75Kw (5 hp) 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:

- **(a)** loss of *gross revenue*; and
- **(b)** 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 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*)

Earthquake, volcanic eruption and hydrothermal activity BI031

The word "*damage*" extends to include *earthquake damage* and *damage* resulting from *hydrothermal activity*, and *volcanic eruption* each as defined in the material damage section. Section exclusion 6.1 (c) is consequently amended to delete reference to these.

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.

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) for private social or domestic purposes; or

(c) 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.*

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 / sum insured

We will pay the lesser of the *market value* of the *insured vehicle* or the sum insured shown in the *schedule*.

Agreed value

If any *insured vehicle* is subject to the *agreed value* option shown in the *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;

(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 *defense 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 *defense* 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 $100,000 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 the vehicle can not be made roadworthy, or *you* and any passengers are unable to drive or are unfit to drive, as a result of the *loss. We* will pay:

(a) the reasonable costs of transporting *you* and other occupants of the *insured vehicle* to their home or place of work;

(b) reasonable temporary overnight accommodation up to a total of $250 per night for *you* and up to a total of $250 per night for *your* passengers.

Our liability for all costs arising out of any one *loss* is limited to $5,000.

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:

(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. 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 Injury Prevention, Rehabilitation and 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 $5,000 for all costs in respect of all funerals in respect of any one *loss*.

6. 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 $5,000 unless an alternative limit is shown in the *schedule*.

An *excess* of $350 applies to claims under this extension.

7. Hazardous substances emergency

We will cover *you* for any charge the New Zealand Fire Service is authorised to make against *you* in respect of any hazardous substance emergency as defined in the Fire Service Act 1975 (or any replacement Act) and any subsequent amendments where the accidental release of any hazardous substance has been caused by an *insured vehicle*.

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

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

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 $5,000 in respect of any *loss.*

An *excess* of $500 applies to claims under this extension.

9. 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.

10. 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 Injury Prevention, Rehabilitation and 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 $5,000 for any one *loss*.

11. 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 purchase date when new and has travelled less than 20,000 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.

12. 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 $20,000 in respect of any *loss*.

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

13. 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.

14. 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*.

15. 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*.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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

21. 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.*

22. 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 $2,000 in respect of any one *loss*.

23. 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 12 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*.

24. 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.

25. 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.

26. 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 13 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

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. Defect in design

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

4. 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*.

5. 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.

6. 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:

7. Bringing of a load

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

8. 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*.

9. Exemplary damages

in respect of any punitive or exemplary damages.

10. Fine and penalties

in respect of any fine, penalty or reparation.

11. 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.

12. Property in care, custody or control

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

13. 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 15, 17, 18, 19 and 21 below will not apply when the *insured vehicle* has been stolen or illegally converted):

14. Accident Insurance Act

for any costs that are recoverable under the provisions of the Injury Prevention, Rehabilitation, and Compensation Act 2001 (or any replacement Act) and any subsequent amendments.

15. 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.

16. 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.

17. Driving hours

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

18. 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.

19. 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*.

20. 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.

21. 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.

22. 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.

23. 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*.

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 *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:

(a) obtain *our* approval before proceeding with repairs;

(b) make the *insured vehicle* available for inspection by *us;*

(c) be responsible for the payment of the *excess* to the repairer;

(d) not incur any expense or negotiate, pay, settle, admit or repudiate any claim without *our* written consent.

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. *You* must provide all reasonable assistance and co-operation.

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:

1. Part 1 is limited to *loss* to the *insured vehicle* as a result of an accident caused by an uninsured third party. Cover will only apply if *we* are satisfied that:

(a) the driver of the *insured vehicle* was completely free of blame;

(b) the identity of the third party who caused the damage is established; and

(c) 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.

2. 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:

1. Part 1 is limited to *loss* to the *insured vehicle*:

(a) by fire, theft or illegal conversion; or

(b) as a result of an accident caused by an uninsured third party.

Cover will only apply if *we* are satisfied that:

(i) the driver of the *insured vehicle* was completely free of blame;

(ii) the identity of the third party who caused the damage is established; and

(iii) the third party had no valid insurance.

Our liability is limited:

(1a) to the lesser of the *market value* of the *insured vehicle* or the sum insured;

(1b) to the lesser of the *market value* of the *insured vehicle* or $5,000.

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

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;

1. to the owner of the vehicle, against:

(a) *loss* under Part 1 of this commercial motor section, subject to a limit of *our* liability for any one vehicle of $50,000;

(b) 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 $25,000.

2. to third parties as provided for under Part 2 of this commercial motor section.

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 $100,000. 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.

Imported parts CMV387

This policy does not cover:

(a) freight or associated charges incurred in obtaining parts or accessories from overseas;

(b) any costs incurred due to the inability of any repairer to match existing paint;

(c) 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:

(a) *you* have suffered a *loss* for which the claim is payable under Part 1;

(b) 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;

(c) the substitute vehicle is of similar specification to the *insured vehicle*; and

(d) no compensation will be paid if *you* have a free replacement or surplus vehicle available.

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:

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. 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 is less than 40%	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 are not otherwise insured.

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

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

Entanglement extension CMV521

Exclusion 4 of this commercial motor section is deleted.

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*.

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 public 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 public 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 public 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 section limit of indemnity unless otherwise stated.

If there is any conflict or inconsistency between this public 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. Defamation

Notwithstanding exclusion 6 of this public liability section *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 or any of the *persons insured*;

provided that *our* liability for direct compensation for defamation or invasion of right of privacy will not exceed the lesser of the limit of indemnity of this public liability section of the policy or $250,000.

2. Employees personal effects

Notwithstanding exclusion 8 of this public liability section *we* will cover *you* for *your* legal liability to pay direct compensation as a result of *damage* to the personal effects of *your* employees.

3. Indemnity to landlord

Notwithstanding exclusion 11 of this public 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 for *personal injury* or *damage to property*.

4. 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.

5. 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 17 does not apply to this extension.

6. Tenant's liability

Notwithstanding exclusion 15 of this public 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.

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 public liability section for legal liability for *personal injury* or *damage to property*:

1. Advice, design, formula or specification

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;

but not design, formula or specification of *products* up to a limit of indemnity of $250,000 inclusive of any *defence costs* for any one *period of insurance.*

2. 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* that any of the *persons insured* knew would be so installed where such *products* are essential to the operation or navigation of any *aerial device*.

3. 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.

4. 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.

5. Clean up costs

Arising in connection with 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 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*.

6. Defamation

Arising in connection with defamation.

7. 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.

8. Employees and IPRC Act

To or of:

(a) any *employee* other than (b) and (c) of the *employee* definition; or

(b) any person where the *injury* falls within the scope of cover provided by the Injury Prevention, Rehabilitation and Compensation Act 2001 (or any replacement Act) and 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.

9. Fines and penalties

In respect of any fines, penalties, reparation, exemplary, aggravated or liquidated *damages*.

10. Fraudulent or criminal intent

Directly or indirectly caused by any act or omission having fraudulent, dishonest, criminal or malicious intent.

11. 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* that is the subject of the agreement.

12. Pollutants

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* that 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 will be deemed to be at the start of the first release of the series.

13. 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*.

14. 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.

15. 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* care, custody or control in any free car park operated by *you.*

16. 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 the *excess* shown in the *schedule* for Underground Services will apply to all such valid claims.

17. Vehicles

Caused by the ownership, possession, maintenance or use by any of the *persons insured* of any *vehicle* that 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.

18. Vibration or weakening of support

Directly or indirectly caused by vibration or by the withdrawal or weakening of support of any structure or land.

19. 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 8 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 public liability section *our* obligation to pay *defence costs* under this public 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 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 public liability section (unless otherwise stated). If there is any conflict or inconsistency between this public 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.

Property in care, custody or control PLB501

We will cover *you* for *your* legal liability to pay direct compensation as a result of *damage to property* in the care, custody or control of any of the *persons insured*.

However *we* do not cover *your* legal liability for *damage to property*:

(a) in respect of which and to the extent that any of the *persons insured* have 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.

Our liability will not exceed the limit of indemnity shown in the *schedule* for this extension.

An *excess* of $1,000 will apply to claims under this extension unless an alternative amount is shown in the *schedule.*

The Property in care, custody or control exclusion does not apply to this extension.

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 conspicuous place 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 multi-purpose extinguisher of not less than 2.25kg capacity or a fully charged extinguisher specifically designed for use on flammable liquid fires is installed in a conspicuous place 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) where the fryer is an electric fryer a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect the power supply when the temperature of the cooking liquids reaches 240 degrees centigrade; and

(g) all cooking liquids for disposal are at all times stored in a metal bin with a close-fitting metal 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.

Fire risk work away PLB510

It is warranted that in respect of the application of heat involving a naked flame or open heat source that takes place away from *your* own premises the following precautions will be 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.

Forest and Rural Fires Act PLB511

We will cover *you* for *your* legal liability under the Forest & Rural Fires Act 1977 (or any replacement Act) and any subsequent amendments for:

(a) costs and levies under sections 43 and 46 incurred and apportioned by any fire authority; or

(b) costs claimed by any other party in order to protect their property from fire.

This extension will apply:

(a) whether or not *damage to property* has occurred; and

(b) to *vehicles*, whether or not the *vehicle* is or should have been registered.

An *excess* of $1,000 will apply to claims under this extension unless an alternative amount is shown in the *schedule.*

Our liability under this extension will not exceed the limit of indemnity shown in the *schedule* for Forest and Rural Fires Act.

Innkeepers Act PLB512

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 public liability section of the policy or $250,000 unless an alternative limit is shown in the *schedule*.

Motor and watercraft repair PLB514

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 8 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* the limit 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 public 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) do 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 15 and 17 do not apply to this extension.

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.

Hairdressers treatment risk PLB516

We will cover *you* for *your* legal liability for direct compensation as a result of *personal injury* to customers 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 $25,000 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.

New Zealand jurisdiction PLB521

The jurisdiction section 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 faulty, 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.

Worldwide exports (excluding USA and Canada) PLB530

The *geographical limits* definition 2 (b) is amended to read:

(b) *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.

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 provisions 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.

Exemplary damages PLB532

We will cover *you* for *your* legal liability for exemplary damages awarded by any New Zealand court for *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 million, 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.

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 no. 6 (Governing Law) in the Introduction section of this policy.

Competitors exclusions 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*.

Vibration or weakening of support extension PLB536

The vibration or weakening of support section exclusion 18. is amended to read:

Directly or indirectly caused by vibration or by the withdrawal or weakening of support of any structure or land exceeding the limit of indemnity shown in the *schedule* for vibration or weakening of support.

An *excess* of $5,000 will apply to claims under this extension unless an alternative amount is shown in the *schedule.*

Bailees liability PLB537

Exclusion (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:

(a) 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;

(b) 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.

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. 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.*

2. 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*.

3. Employees personal effects

Notwithstanding exclusion 5 of this broadform liability section *we* will cover *you* for *your* legal liability to pay direct compensation as a result of *damage* to the personal effects of *your* employees.

4. Forest & Rural Fires Act

We will cover *you* for *your* legal liability under the Forest & Rural Fires Act 1977 (or any replacement Act) and any subsequent amendments for:

(a) costs and levies under sections 43 and 46 incurred and apportioned by any fire authority; or

(b) costs claimed by any other party in order to protect their property from fire.

This extension will apply:

(a) whether or not *damage to property* has occurred; and

(b) to *vehicles*, whether or not the *vehicle* is or should have been registered.

An *excess* of $1,000 will apply to claims under this extension unless an alternative amount is shown in the *schedule*.

Our liability under this extension will not exceed $250,000 any one *period of insurance* unless an alternative limit is shown in the *schedule*.

5. Indemnity to landlord

Notwithstanding exclusion 8 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*.

6. 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*.

7. 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.

8. 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 15 does not apply to this extension.

9. 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 8 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* $250,000 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 13 and 15 do not apply to this extension.

10. 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*.

11. 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 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.

Our liability under this extension will not exceed $250,000 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 13 does not apply to this extension.

12. Tenant's liability

Notwithstanding exclusion 13 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.

13. Vibration or weakening of support

Notwithstanding exclusion 16 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 $250,000 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*.

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 IPRC Act

To or of:

(a) any *employee* other than (b) and (c) of the *employee* definition; or

(b) any person where the *injury* falls within the scope of cover provided by the Injury Prevention, Rehabilitation and 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.

6. Fines and penalties

In respect of any fines, penalties, reparation, exemplary, aggravated or liquidated *damages*.

7. Fraudulent or criminal intent

Directly or indirectly caused by any act or omission having fraudulent, dishonest, criminal or malicious intent.

8. 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.

9. 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.*

10. 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.

11. 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.*

12. 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.

13. 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.*

14. 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 the *excess* shown in the *schedule* for Underground Services will apply to all such valid claims.

15. 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.

16. Vibration or weakening of support

Directly or indirectly caused by vibration or by the withdrawal or weakening of support of any structure or land.

17. 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 8 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 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 conspicuous place 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 multi-purpose extinguisher of not less than 2.25kg capacity or a fully charged extinguisher specifically designed for use on flammable liquid fires is installed in a conspicuous place 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) where the fryer is an electric fryer a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect the power supply when the temperature of the cooking liquids reaches 240 degrees centigrade; and

(g) all cooking liquids for disposal are at all times stored in a metal bin with a close-fitting metal 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.

Fire risk work away PLB510

It is warranted that in respect of the application of heat involving a naked flame or open heat source that takes place away from *your* own premises the following precautions will be 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.

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.

Hairdressers 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 $25,000 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.

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 10 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 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.

Exemplary damages PLB532

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 million, 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.

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 no. 6 (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 (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:

(a) 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;

(b) 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.

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 of this employers liability section, where:

(a) *you* first became aware of any *claim*, or fact or circumstance as described in condition 6, 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.

Exclusions

Refer also to the general exclusions of this policy.

We will not be liable for:

1. Accident Insurance Act cover

compensation for *personal injury* in respect of which the claimant is entitled to compensation to any extent under the Injury Prevention Rehabilitation and 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:

(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

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:

(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.

4. Deliberate or wilful non-compliance

any liability arising directly or indirectly from, or in any way connected with any *claim* that arises from:

(a) *your* deliberate or wilful breach of or failure to comply with or disregard for the provisions of any Act;

(b) *your* deliberate or wilful failure to comply with or disregard for any lawful notice or order issued by any regulatory authority under any Act;

(c) *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 in Employment Act 1992 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

1. any *claim* made, threatened or intimated against *you* before the *continuity date*;

2. any *claim* arising directly or indirectly from any facts or circumstances:

(a) notified under any insurance that was in force before the inception of the employers liability section of this policy; or

(b) 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*.

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. 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 Condition 7 will apply.

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 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*.

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:

(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 *occurrence* took place on or after the *retroactive date*; and

(d) 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:

(a) the *entity* and/or the *insured person* first becomes 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 *occurrence* took place on or after the *retroactive date*; and

(d) 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:

(a) the *insured person* and/or *entity* first becomes 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 *occurrence* took place on or after the *retroactive date*; and

(d) 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:

(a) an *acquittal* of all of *you*; or

(b) 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.

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 of this statutory liability section, where:

(a) *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

(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 *you* in respect of such *claim*, fact or circumstance; and

(ii) 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.

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:

(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.

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:

(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 Condition 4 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.

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 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 *fines* 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 Promina 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*.

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.

1. Express freight costs

In respect of *damage* to *machinery* and notwithstanding exclusion 1(c) 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) 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) *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 1990 (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 1990 (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;

(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 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) 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.

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.

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*.

Insured results

Result		Benefit
A.	Death and schedule benefits	
(1)	Death caused by an *injury*	The sum insured shown in the *schedule*
	Permanent disability (as listed below) caused by *injury* and occurring within 24 months of that *injury*	The percentage for each listed disability of the sum insured shown in the *schedule*
(2)	Total and permanent loss of all sight of both eyes	100%
(3)	Total and permanent *loss of use* of both hands	100%
(4)	Total and permanent *loss of use* of both feet	100%
(5)	Total and permanent loss of one hand and one foot	100%
(6)	Permanent and incurable *disablement* for all further work	100%
(7)	Permanent and incurable paralysis of two or more limbs	100%
(8)	Total and permanent *loss of use* of one arm or of the greater part of one arm	90%
(9)	Total and permanent *loss of use* 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 *loss of use* of one hand or 5 fingers of one hand or the lower part of one arm	80%
(12)	Total and permanent *loss of use* 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 *loss of use* of one thumb	30%
(18)	Total and permanent *loss of use* of one forefinger	20%
(19)	Total and permanent loss of hearing in one ear	15%
(20)	Total and permanent *loss of use* of one joint of a thumb	15%
(21)	Total and permanent *loss of use* of two joints of one forefinger	12.5%
(22)	Total and permanent *loss of use* of one little finger	12.5%
(23)	Total and permanent *loss of use* of one big toe	10%
(24)	Total and permanent *loss of use* of two joints of one little finger	10%
(25)	Total and permanent *loss of use* of one middle or of one ring finger	9%
(26)	Total and permanent *loss of use* of two joints of one middle or one ring finger	6.5%
(27)	Total and permanent *loss of use* of one toe other than a big toe or of one joint of a finger	5%
B.	*Disablement* caused by *injury*	At the rate of the sum insured shown in the *schedule* for each full week of *disablement* caused by *injury*.
C.	*Partial disablement* caused by *injury*	At the rate of 25% of the sum insured shown in the *schedule* for each full week of *disablement* caused by *injury*.
D.	*Disablement* caused by *illness*	At the rate of the sum insured shown in the *schedule* for each full week of *disablement* caused by *illness*.

E. *Medical expenses*

The actual *medical expenses* incurred up to the amount shown in the *schedule* over any consecutive 24-month period.

Insured results restrictions

1. 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.
2. 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.*
3. *We* will not pay for more than one of results B, C or D for the same period of *disablement*.
4. 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.
5. *We* will not pay for result E *medical expenses*:
   - **(a)** where the *medical expenses* are recoverable by *you* or the *insured person* under the Injury Prevention Rehabilitation and Compensation Act 2001 (or any replacement Act) and any subsequent amendments, or any other policy of insurance, or from any other source; or
   - **(b)** to support a claim under any other insurance.
6. 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.

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 $100,000 *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

(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

1. caused by an *employee you* knew or reasonably ought to have known was dishonest;

2. shown only by an inventory count or profit and loss analysis; or

3. 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

(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.

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

any Act of the New Zealand parliament that is not an *excluded Act* in force at the commencement of the *period of insurance,* or which comes into force during the *period of insurance*, and any substitution of, amendment to, replacement of or statutory regulation made under, such Act.

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, and their appurtenances including but not restricted to the plant, fixtures, fittings, pipes and cables pertaining to any of them and located in or about the premises; and
2. fixed signs and lettering, tanks, poles, power lines and their supports, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like.

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.

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 *fines* 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.

Company

Vero Insurance New Zealand Limited.

Computer or funds transfer fraud

the theft of *your*:

(a) assets by manipulation of computer hardware, software programs or systems; or

(b) 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

1. 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

2. 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*.

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 public liability and broadform liability)

physical loss of or *damage* to tangible property including resultant loss of use and also, in respect only of Broadform Liability, loss of use of tangible property that has not been physically 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, or any other form of criminal sanction, non-pecuniary relief, taxes or any payment deemed to be unlawful to insure against.

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.

Electronic data

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

Employee (except for employee fraud and employers liability)

any:

(a) person under a contract of service or apprenticeship with any of the *persons insured*;

(b) 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 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 (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*:

- Arms Act 1983;
- Aviation Crimes Act 1972;
- Commerce Act 1986;
- Crimes Act 1961;
- Criminal Investigations (Blood Samples) Act 1995;
- Hazardous Substances and New Organisms Act 1996 but only as it relates to new organisms;
- Misuse of Drugs Act 1975;
- Proceeds of Crime Act 1991;
- Summary Offences Act 1981;
- Transport Act 1962;
- Transport (Vehicle and Driver Registration and Licensing) Act 1986; or
- 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:

(a) the cost or payment of any enforcement order, remedial order or compliance order;

(b) 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;

(c) any *damages*, restitution, compensation or reparation except reparation ordered as a result of a prosecution under the Health & Safety in Employment Act 1992 (or any replacement Act) and any subsequent amendments to the extent that such reparation is not deemed to be unlawful to insure against;

(d) the value of any property subject to confiscation or forfeiture;

(e) a fine, penalty or infringement fee paid or which becomes due to be paid under the Health & Safety in Employment Act 1992 (or any replacement Act) and any subsequent amendments on or after 5 May 2003;

(f) any other monetary payment, penalty or fine deemed to be unlawful to insure against.

Geographical limits (only in respect of public liability)

1. New Zealand; or

2. elsewhere in the world but only in respect of *personal injury* or *damage to property* that arises out of:

(a) 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

(b) *products* supplied from New Zealand without the knowledge of any of the *persons insured* whether or not in their original form.

Geographical limits (only in respect of broadform liability)

1. New Zealand; or

2. elsewhere in the world but only in respect of *personal injury* or *damage to property* that arises out of:

(a) 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

(b) *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 period beginning with the occurrence of the *damage* and ending not later than the number of months thereafter shown in the *schedule* during which the results of the *business* will be 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 and 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) a former, current or future director, officer or *employee* of the *entity*; or

(b) deemed to be a former, current or future director, officer or *employee* of the *entity* by virtue of any applicable legislation; or

(c) a former, current or future trustee of a superannuation fund established for the benefit of the *employees* of the *entity*; or

(d) a former, current or future partner or *employee* of the partnership *insured* named in the *schedule;* or

(e) 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:

(a) *buildings*

(b) *contents*

(c) *stock*

(d) *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

1. 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);

2. 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;

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.

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.

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:

(a) bad debts; and

(b) 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 public liability and broadform liability)

1. *bodily injury*, death, disability, disease, *illness*, shock, fright, mental anguish or mental injury; or

2. the effects of:

(a) false arrest, wrongful detention, false imprisonment, wrongful eviction, malicious prosecution, malicious humiliation, wrongful entry, wrongful prevention of access;

(b) 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*:

(a) sustained by an *employee* before the *retroactive date* shown in the *schedule*; or

(b) 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

1. the *insured*, and any *subsidiary company* (whether or not in existence at the commencement of this policy) domiciled in New Zealand;

2. 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*;

3. 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;

4. 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;

5. but only in respect of the public liability section and 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.

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

building or other regulations made under or framed in accordance with any Act of parliament or regulation or by-law 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*.

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*.

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.

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.

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*.

Vero Insurance
New Zealand Limited
Private Bag 92-120
Auckland

VPWBSP v6 02/07