

Zurich Material Damage

Policy Wording



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Welcome to Zurich

About Zurich

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

ZAIL is part of the Zurich Insurance Group, a leading multi-line insurer that serves its customers in global and local markets. Zurich provides a wide range of general insurance and life insurance products and services in more than 210 countries and territories. Zurich's customers include individuals, small businesses, mid-sized and large companies, including multinational corporations.

Duty of Disclosure

Before you enter into an insurance contract, you have a duty to tell us anything that you know, or could reasonably be expected to know, may affect our decision to insure you and on what terms.

You have this duty until we agree to insure you.

You have the same duty before you renew, extend, vary or reinstate an insurance contract.

You do not need to tell us anything that:

- reduces the risk we insure you for; or
- is common knowledge; or
- we know or should know as an Insurer; or
- we waive your duty to tell us about.

If you do not tell us something

If you do not tell us anything you are required to, we may cancel your contract or reduce the amount we will pay you if you make a claim, or both.

If your failure to tell us is fraudulent, we may refuse to pay a claim and treat the contract as if it never existed.

Our contract with you

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

Your policy is made up of:

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

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

This policy wording is used for any offer of renewal we may make, unless we tell you otherwise. Please keep *your policy* in a safe place. We reserve the right to change the terms of this *policy* wording where permitted to do so by law.

Zurich Material Damage Policy Wording

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

Definitions

Whenever these words appear in this *policy*, they have the following meanings:

Accidental

accidental means unexpected and unintended by *you*.

Act of terrorism

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

Buildings

buildings mean buildings, other structures, and their appurtenances including but not restricted to the plant, fixtures, fittings, pipes, cables, lights, aerials, signs and lettering, tanks, poles, power lines and their supports, underground and above ground services directly associated with the building, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like pertaining to any of them and located in or about the *situation*.

Provided that the *building* is:

1. owned by *you* (including joint ownership with others); and
2. located at the situation at the start of the *period of insurance*.

Burglary

Theft accompanied by violence or threat of violence to any person or violent and forcible entry to or exit from any enclosed building, enclosed yard, or vehicle.

For the purpose of this Definition “enclosed yard” means a yard fully enclosed by a security fence of no less than two metres in height with security gates having a suitable locking device.

Burglary also includes theft following the forcible removal of any fixture, fitting, structure and/or item permanently affixed to or forming part of any building.

Business

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

Business hours

business hours mean the hours that:

1. *you* or any *director/principal* or manager of *yours*; or
2. any employee entrusted with the care, custody or control of *money*,

are on the premises for the purpose of *your business*.

Common site

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

Communicable disease

communicable disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not; and

2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms; and
3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of insured *property*.

Computer system

Computer system means interconnected electronic, wireless, web or similar systems, including computer hardware, *software* and the *electronic data* stored thereon, as well as associated input and output devices, mobile devices (including, but not limited to, smart phone, laptop, tablet, wearable device), *electronic data* storage devices, servers, cloud or microcontroller including any similar system media libraries, networking equipment, components, firmware and electronic backup facilities, including systems accessible through the internet, intranets, extranets or virtual private networks., owned or operated by *you* or any other party.

Computer virus

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

Contents

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

Provided that the *contents* are:

1. owned by *you*; and/or
2. leased, hired or borrowed by *you*.

Contents does not include stock or employee's property.

Customers' goods

customers' goods mean property, other than a building, that is:

1. owned by *your* customers; and
2. in *your* temporary possession or temporary legal control in the course of *your business* activities.

Customers' goods does not include *contents*.

Cyber act

cyber act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any *computer system*.

Cyber incident

cyber incident means:

1. deliberate and unauthorised corruption, amendment or erasure of *electronic data* by *you* or *your* directors, partners, employees, officers or any other person who has an interest in the insured *property* whether acting alone or in collusion with any other person; or
2. any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any *computer system*; or

3. the gaining of unauthorised access to *your* computer via any communication system that is used by *your computer system* by any person other than *you* or *your* directors, partners, employees, officers or any other person who has an interest in the *property* covered by this *policy* any indirect financial loss or consequence arising from or in connection with a breakdown; or
4. the operation or presence of any computer program, including any *computer virus*, that alters or erases *electronic data* or programs in a manner that is undesired by *you*.

Data processing media

data processing media means any insured *property* covered by this *policy* on which *electronic data* can be stored but not the electronic data itself.

Destroyed

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

Electronic data

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

Equivalent building

equivalent building means:

- (a) a *building* or structure which is as nearly as practicable the same as the *building* or structure lost or *destroyed*, using modern equivalent materials, skills and techniques that are readily available and which, if the property is a building, are readily available in the country the damaged *property* is located and, incorporating such alterations as are necessary to comply with any Act of Parliament or *Regulation* that are in force on the date the *loss* occurs, but subject to any limitations or Exclusions to such Act of Parliament or *Regulation* under this *policy*;
- (b) where, as a result of any special circumstances, no *building* or structure which falls within the scope of paragraph (a) can be constructed; a *building* or structure which is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or *destroyed*;
- (c) where, as a result of any special circumstances, no *building* or structure which falls within the scope of paragraph (a) is suitable to *your* reasonable requirement, then, with our consent (which will not be unreasonably withheld), a *building* or structure which is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the *building* or structure lost or *destroyed*.

Equivalent plant

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

Event

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

Excess

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

Group of related companies

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

Hazardous substance emergency

hazardous substance emergency means the same as the definition given to it in the Fire and Emergency New Zealand Act 2017 or any statutory amendment to or re-enactment of that Act.

Imminent damage

imminent damage (under the NHI Act) means any *loss* to a residential building or residential land that has not yet occurred if:

- (a) a natural disaster has occurred ('the initial event'); and
- (b) NHC is of the opinion that, as a direct result of 'the initial event', the *loss* is more likely than not to occur within 12 months after the 'initial event' first occurred.

Indemnity Value

indemnity value means value of *property* insured at the time of *loss*, sufficient to place *you* back in the same financial position to that immediately prior to the *loss*.

Landlord's obligations

landlord's obligations mean *you* or the person who manages the insured *property* on *your* behalf must:

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

Loss

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

Machine

machine means any device that:

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

Media material

media material means any optical discs or any magnetic medium that can be used to store data or *software* such as, but not limited to, tapes, discs or cards.

Money

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

Natural hazard

natural hazard means any sudden and *accidental* loss that results directly or indirectly from earthquake, hydrothermal and/or geothermal activity, subterranean fire, volcanic activity, tsunami, or fire caused by any of these perils.

NHI Act

NHI Act means Natural Hazards Insurance Act 2023 and any Act in substitution of that Act.

NHI Act will also be taken to mean the Earthquake Commission Act 1993 where the claimed loss and/or damage occurred while that Act was in force. In such circumstances, the equivalent definitions under that Act will apply.

NHI residential property

NHI residential property mean residential *property* that is covered by the relevant sections of the *NHI Act*.

If any *NHI residential property* insured by this *policy* suffers *natural hazard* damage during the *period of insurance* of the kind covered by the *NHI Act*, our liability will be limited to any costs in excess of those covered by the Act. The excess amount under this *policy* will only apply to the extent that it exceeds the amount of the cover under that Act. For the purpose of this definition, the cover under the *NHI Act* is deemed to include the amount of 'excess' imposed by the terms of that cover.

Period of insurance

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

Policy

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

Pressure vessel

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

Principal

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

Production process

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

Property

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

1. own (solely or jointly); or
2. hold in *your* care, custody or control, and are legally responsible or have assumed responsibility for, within the four categories in the *schedule*.

Regulations

regulations means building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority. A reference to any statute, regulation or subordinate legislation includes any amendment, replacement, successor or equivalent to or of that statute, regulation or subordinate legislation.

Reinstatement

reinstatement means:

- (a) where *property* is lost its replacement by an *equivalent building* or by *equivalent plant* as the case may require;
- (b) where *property* is damaged but not *destroyed*, the restoration of the damaged portion of the *property* to a condition substantially the same as, but not better or more extensive than, its condition when new; using modern equivalent materials, skills and techniques that are readily available and which, if the property is a building, are readily available in the country the damaged *property* is located and, incorporating such alterations as are necessary to comply with any Act of Parliament or *Regulation* that are in force on the date the *loss* occurs, but subject to any limitations or Exclusions to such Act of Parliament or *Regulation* under this *policy*;

Schedule

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

Site Deductible Amount

The amount specified in the *schedule* applied to the Total Sum Insured of *property* covered under this *policy* at the *common site*.

Situation

situation means the situations described in the *schedule* located in New Zealand.

Software

software means any instructions used to control the operation of a computer provided that these instructions are recorded on *media material*.

Stock

stock means stock and materials in trade.

Provided that they are:

1. owned by *you* (including joint ownership with others); or
2. in *your* care, custody or control and for which *you* are legally responsible.

Subsidiary

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

Sustainable products

sustainable products means:

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

Transmission and Distribution lines

transmission and distribution lines means overhead transmission and distribution lines and their supporting structures or any equipment which includes but is not limited to, wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual.

Undamaged

undamaged means not damaged physically and directly by an *event* insured by this *policy*.

Vehicle

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

Wages

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

You, your, yours

you, your, yours means the persons or entities named in the *schedule* as Insured, who are insured severally, and any *subsidiary* or any other organisation under the active management control of that insured. We may also use the word 'insured' to describe *you*.

Cover

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

1. Maximum amount payable

Our total liability under this *policy* to all insureds under it will not exceed the Total Sum Insured in the *schedule* for each *situation*. This Total Sum Insured is inclusive of the total of all the *property* listed in the *schedule* and any additional amounts payable under this *policy*. Our total liability under this *policy* to all insureds for all *property* within the categories of *property* in the *schedule* (Buildings/Contents/Stock) at each *situation*, will not exceed the corresponding sum insured in the *schedule* for that category.

1.1 Basis of Indemnity

Payment/Repair/Replacement

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

1. For the following *property* we will indemnify *you* on the following basis:
 - (a) Customer's Property – the market value at the time of the *loss* unless *you* are required to insure the *property* for replacement cost.
 - (b) Employees' and directors' *property* – the market value at the time of the *loss*, except where *you* are required to insure the *property* for replacement cost.
 - (c) Electric motors, starters, sealed and semi-sealed units – the replacement cost of items 7 years old or less. For items older than 7 years the depreciated replacement cost.
 - (d) Experimental and research projects – the cost of all materials and the value of labour expended on the projects, but excluding the value of the projects themselves.
 - (e) Hothouses, glasshouses and shade houses – where the exterior cladding is of flexible plastic material any claim in respect of such cladding will be based on a depreciated replacement value, notwithstanding the *reinstatement* provisions in the *policy*. Depreciated replacement value is a straight line depreciation based on the manufacturer's expected effective life span of the cladding with a maximum of five years.
 - (f) Portable tools of trade:
 - (i) electric, electronic (excluding portable computer and video data projectors) or other motor-driven equipment – the replacement cost, if insured for replacement, for items 5 years old or less.
 - (ii) Portable computers and video-data projectors – the replacement cost, if insured for replacement, for items 2 years old or less.
 - (iii) All other portable tools of trade – the replacement cost, if insured for replacement, for items 10 years old or less.

In all other situations, we pay the market value at the time of loss.

- (g) Stock – for *loss to stock* that is not *customers' goods*, we will indemnify *you* by using one of the following methods:
 - (i) for raw materials, supplies and other merchandise not manufactured by *you*:
 1. the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time; or
 2. if this *property* is not replaced the market value of it at the time and place of the *loss*.
 - (ii) for materials in the process of manufacture: the replacement cost of the raw materials and the cost of labour and other overhead charges expended at the time of the *loss*,

- (iii) for finished goods: the replacement cost of the raw materials and the cost of labour and other overhead charges expended before any allowance for profit, or the cost of re-stocking these goods, whichever is the lesser.

Stock – for *loss to stock* that is *customers' goods*, we will pay:

- (i) the *Indemnity Value* of the *customers' goods*; or
- (ii) the cost to repair the *customers' goods*, as near as reasonably possible, to the condition they were in immediately prior to the *loss*.

- (h) Works of Art:

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

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

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

- 2. For all other *property* we will indemnify *you* on the following basis:

- (a) the reasonable cost of repairing the *property* to the condition it was in immediately preceding the *loss*; or
- (b) the cash amount equal to the reasonable cost of repairing it; or
- (c) replacing the *property* with similar *property* in a similar condition; or
- (d) the cash amount equal to the market value of the *property*; or
- (e) the replacement cost, but only for that *property* designated in the *schedule* as being insured for replacement value, subject to the Reinstatement clause in the *policy*.

2. Additional Cover

This *policy* includes cover for the following:

2.1 Alternative residential accommodation

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

1. is covered by this *policy*; or
2. would have been covered by this *policy*, but is covered by the *NHI Act* instead,

then *you* are insured for the reasonable additional costs of temporary accommodation that is of a similar standard to the *residential unit* for:

- (a) *you*, or any of *your* directors or employees; and
- (b) *your*, or any of *your* director's or employee's, domestic pets.

The most we will pay for any *event* is limited to 25% of costs incurred in replacing, repairing, or reinstating the affected accommodation or \$25,000 whichever the lesser, per *residential unit*, (unless a different amount per *residential unit* is shown in the *schedule*) up to a total of the sum insured shown in the *schedule* for Alternative Accommodation. However, in all cases we will not pay more than 12 months' rent for any *event*.

Payment under this extension is in addition to '1. Maximum Amount Payable'.

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

2.2 Capital additions

Cover is extended to *property* acquired by you (including but not limited to alterations, additions and improvements to existing *property*) at the *situation* described in the *schedule* during the *period of insurance* provided that you notify us within 90 days of you acquiring the property or the physical works being completed.

However:

1. This additional cover does not apply to *stock*, or *property* of any kind expressly excluded from this insurance, or any appreciation of value that is not due to a physical alteration, addition or improvement.
2. This additional cover takes effect on the acquired *property* when the risk in the *property* passes to you
3. At the end of the *period of insurance*, or at earlier intervals if you prefer, particulars of the *property* acquired must be given to us. On receipt of those particulars we may charge an additional premium calculated pro-rata from the date on which cover commenced, and if the *period of insurance* has not yet expired, the terms of this additional cover 2.2 will be fully reinstated.

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

2.3 Claims assessment costs

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

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

2.4 Demolition and Other costs

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

1. Demolition, dismantling, shoring or propping up of your *property*;
2. Recovery, removal, storage and return of stock, plant and other chattels whether damaged or undamaged;
3. Cleaning up, removal and disposal of debris (regardless of whether the debris is part of the insured *property* or not), including any kind of solid, liquid or gaseous matter from the site of your damaged *property* and the area immediately adjacent to such site.
4. Temporary repairs and other measures (including the erection and maintenance of street and/or pavement hoardings and/or scaffolding) to secure the property or to make it safe or suitable for continued use.

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

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

2.5 Residential property – Natural hazard damage

Where the insured *property* includes *NHI residential property* that is subject to statutory cover under the *NHI Act*, this *policy* does not cover damage caused by *natural hazard* to the extent it is covered by the *NHI Act* or would have been covered but for:

1. the application of an excess under the *NHI Act*;
2. a failure by *you* or *your* intermediary to correctly notify a claim to the Natural Hazards Commission within the time required under the *NHI Act*;
3. a decision by the Natural Hazards Commission to decline a claim for the damage or limit its liability for that damage in whole or in part for any reason whatsoever; and/or
4. any act or omission on *your* part, the part of *your* intermediary, or the part of the Natural Hazards Commission.

Where the Natural Hazards Commission agrees to provide cover but the damage exceeds the Natural Hazards Commission payment, the maximum we will pay is the difference between the amount paid or payable by the Natural Hazards Commission (including the NHI excess) and our maximum entitlement under this *policy*.

In all cases, the minimum *site deductible amount* specified in the *schedule* applies to each and every claim.

We are not liable for *imminent damage* as determined by Natural Hazards Commission under *NHI Act*.

2.6 Electric current damage

Notwithstanding clause 2 of exclusion 16,, this *policy* extends to cover *loss* to:

1. electric motors and starters, sealed and semi-sealed units which do not individually exceed 10kw or 13.6 hp;
2. distribution switchboards and permanently installed electrical reticulation;

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

The additional cover does not apply to

- (a) loss of use;
- (b) loss to lighting or heating elements, fuses or protective devices, or electric contacts at which sparking or arcing occurs in ordinary working;

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

2.7 Electronic Data

Notwithstanding Exclusion 4, this *policy* extends to cover *loss* to *electronic data* caused by any of the following:

- (a) fire, explosion, lightning;
- (b) windstorm, hail, tornado, cyclone, hurricane;
- (c) natural disaster perils;
- (d) flood, freezing, weight of snow;
- (e) impact from any external source, including but not limited to, aircraft or other aerial objects dropped from them and/or by any road vehicle or animal;
- (f) bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes; or
- (g) 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*.

2.8 Employees' effects

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

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

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

2.9 Expediting costs

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

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

2.10 General average/Salvage charge

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

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

2.11 Gradual damage – Residential portion of the building

Notwithstanding clauses 1 and 2 of exclusion 12, we will cover the residential portion of *your* insured *property* for *loss* resulting from the action of hidden mildew, hidden rot or hidden gradual deterioration, caused by liquid which leaks or overflows from any internal water pipe, internal waste disposal pipe or internal water tank permanently installed at the *situation*.

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

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

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

2.12 Hazardous substance emergency

We will indemnify *you* for the reasonable costs that the any Local Body or Authority, or any other entity is authorised to make against *you* for any *hazardous substance emergency* during the *period of insurance* arising out of or in connection with insured *property* whether or not there is *loss* to insured *property*.

The limit of cover for this clause is \$20,000 any one *event*, or the amount shown in the *schedule*.

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

2.13 Illegal substances

We will indemnify *you* for *accidental loss* to the *building* and any other insured *property* within that *building* specified in the *schedule*, caused by the manufacture, possession, supply, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975 including methamphetamine, and/or any precursor chemicals or materials used in any of these activities provided that:

1. *you* own the *building*; and
2. the *building* is:
 - (a) an accommodation *business* (a hotel or motel) operated by *you* and the damage is caused by a paying guest; or
 - (b) leased to a tenant and *you* or person who manages the tenancy on *your* behalf has met the *landlord's obligations*.

This additional cover will only apply when the level of chemical contamination exceeds 15 micrograms per 100 square centimetres (15µg/100cm²) at the time the claim is notified to us.

This extension will only cover decontamination to the extent required to achieve a post remediation level of less than 15µg/100cm².

The most we will pay under this additional cover is \$25,000 any one *event*, up to a maximum of \$100,000 in the *period of insurance*. However, for *accidental loss* resulting from fire or explosion the most we will pay is the sum insured specified in the *schedule*.

2.14 Increased amount for Stock and Contents

The amount referred to in “1. Maximum amount payable” is increased as follows:

The most we will pay in total during the *period of insurance*:

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

Provided that:

1. these increases for *contents* and *stock* do not apply to cover provided by ‘Optional Additional Cover 3.3 Natural Disaster (Earthquake)’, and
2. the most we will pay in total during the *period of insurance* at all *situations* for all *contents* and all *stock* remains unchanged

2.15 Inventory

We will indemnify *you* for the reasonable costs incurred by the insured in taking inventory (including but not limited to unpacking, repacking and restocking) to establish the value of insured *property* following *loss* covered by this *policy*.

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

2.16 Landscaping

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

The amount payable under this additional benefit is included within the Total Sum Insured of this *policy*.

2.17 Money

Notwithstanding clause 2 of exclusion 14, cover is extended to include *loss* during the *period of insurance* of:

Part A

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

Part B

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

Employee Theft:

Notwithstanding clause 2 of exclusion 11, this *policy* extends to cover *loss of money* caused by or arising from theft by any of the *insured's* employees if the *loss* is discovered within 72 hours (excluding Saturdays, Sundays and other public holidays) of the act of theft or fraud.

Exclusions for this Money Clause

This clause does not insure:

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

Limits of Liability for this Money Clause

Our liability under Part A is \$10,000 any one *event* and Part B is \$1,000 any one *event*, unless stated otherwise on the *schedule*.

2.18 Property under construction

Notwithstanding clause 1 of exclusion 14, 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, or the amount otherwise stated in the *schedule*.

2.19 Portable tools of trade (including electronic equipment)

Notwithstanding exclusion 4. for 'Electronic Data' we will cover portable tools of trade including portable electronic equipment such as laptops, cell phones, electronic notebooks and diaries, video data projectors or similar and their associated carrying cases used in *your business* while away from *your business* premises anywhere in the world including while in transit. However, the following conditions apply:

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

2.20 Professional fees

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

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

2.21 Protection costs

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

1. this indemnity does not apply to costs or damage for which indemnity would be payable under this *policy* in the absence of this clause;
2. the limit of cover is \$25,000 any one *event*.

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

2.22 Redundant foundations

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

If it is not necessary to demolish the foundations in order to reinstate damaged *property*, and if the presence of the abandoned foundations increases the market value of the *property* to which they are fixed, the amount of the increase will be treated as salvage in the adjustment of *loss* for claim settlement purposes.

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

2.23 Redundant plant, Equipment and Stock

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

However, the following conditions apply:

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

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

2.24 Refrigerated goods

Notwithstanding clause 2 of exclusion 13, we will cover:

1. *loss* during the *period of insurance* to perishable goods at *your business's situation* where the goods are stored in refrigerated cabinets or chambers from:
 - (a) *accidental* breakdown, damage, stoppage or malfunction of refrigerating plant from any cause, including *accidental* or malicious disconnection of the power supply or disconnection or failure of the public electricity supply by the supply authority; or
 - (b) contamination by the escape of refrigerant gas or liquid into the refrigerated cabinet, chamber or cool store;

2. additional costs reasonably and necessarily incurred to avoid or minimise *loss* during the *period of insurance* to refrigerated goods by transferring the threatened *property* to alternative refrigerated storage or by other means.

The limit of cover for this clause is \$5,000 per *event*. The amount payable under this clause is included in the sum insured on the affected *property*.

2.25 Rewards

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

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

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

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

2.26 Rewriting of records

Notwithstanding the definition of *property* and notwithstanding the exclusion 4, for 'Electronic Data' we will pay the reasonable costs of collecting and reproducing the information on *your business* records that suffer a *loss* covered under this *policy*. The value of the information itself is not insured.

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

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

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

2.27 Social club

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

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

2.28 Sustainable Rebuilding Costs

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

1. the *building(s)* is *destroyed*; and
2. reinstatement Additional cover applies to the *building(s)*; and
3. the *building(s)* are reinstated; and
4. we approve the *sustainable products*, approval of which will not be unreasonably withheld.

The most we will pay for any *event* for such costs, is limited to 5% of the actual cost of reinstating the *building* or \$250,000 whichever is lesser.

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

2.29 Lost or Stolen keys

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

The amount payable under this clause is limited to \$10,000 per *event* and included within the Total Sum Insured of this *policy*.

2.30 Repair or Reinstatement by the Insured

We will allow the *insured* to undertake any repair, reinstatement or replacement work in relation to *loss* covered by this *policy* and due allowance shall be made for a reasonable margin of profit, provided the *insured* has the required qualifications and capability to undertake such work and their charges and/or costs are competitive.

2.31 Subsidence or Landslip

Notwithstanding clause 2 of exclusion 5, this *policy* extends to cover *loss* during the *period of insurance* arising directly or indirectly from sudden and unforeseen subsidence or landslip of land beneath or adjacent to the affected *property*.

However, the following conditions apply:

1. In relation to the removal of land which has moved or slipped, we will only provide cover for the area of the building line and immediately adjacent areas up to a maximum of 5 metres from the external walls of the *building*. Cover for the removal of land is limited to \$10,000. We will not cover any land stabilisation charges incurred.
2. We will not cover:
 - (a) any *loss* or decrease in the value of the land or site;
 - (b) subsidence of land or erosion of land by the action of the sea;
 - (c) normal settling, shrinkage or expansion of land, *buildings* or foundations;
 - (d) subsurface subsiding due to the water table drying out through atmospheric or climatic conditions.
3. The limit of cover is \$500,000 for each *event*.
The excess amount is the amount specified in the *schedule* or if no amount is stated then \$20,000 for each *event*. The costs payable under this clause are included in the sum insured on the affected *property*.

2.32 Temperature change protection

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

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

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

2.33 Temporary removal

Notwithstanding clause 6 of exclusion 14, we will cover *your property* (except stock) whilst temporarily removed to any place in New Zealand and whilst in transit to or from that place, subject to the Transit limit specified in the *schedule* as per additional cover 2.35 Transit.

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

In this clause, temporarily removed means removed for a particular purpose, with the intention that the *property* be returned to the place from which it has been removed once that purpose has been served.

2.34 Theft

We will cover theft or any attempt thereat, subject to exclusion 4..

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

The maximum amount payable under this clause for such loss is \$100,000 subject to \$2,500 excess per *event*, unless stated otherwise in the *policy schedule*.

2.35 Transit

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

However, the following conditions apply:

1. The limit of cover is \$25,000 for each *event*.
2. Clause 6 of exclusion 14 does not apply.

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

2.36 Unharmed property

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

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

2.37 Working from home

We will cover *you* for *accidental loss* to *office equipment* while situated at the residence in New Zealand of any of *your* employees for the purpose of working from home.

The amount payable under this cover is limited to the lesser of \$10,000 for any one *event* or the sum insured for *contents* shown in the *schedule*.

3. Optional Additional Covers

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

3.1 Boiler explosion

Notwithstanding Exclusion 5 (a), this *policy* extends to cover explosion, rupture, bursting, cracking, leakage, collapse or overheating of any steam boilers economiser, pipe or any other vessel being insured *property* due to generated or applied fluid pressure within or without.

We will not be liable under this additional cover for:

- (a) *loss* or damage caused by rust, corrosion, boiler scale or oxidation of any kind; or
- (b) the cost of carrying out alterations, additions, improvements, overhauls or maintenance.

The amount payable under this clause, in respect of any one *loss*, is limited to the amount shown in the *schedule*.

3.2 Machinery breakdown

Notwithstanding clause 2 of exclusion 16, this *policy* extends to cover mechanical or electrical or electronic breakdown of machinery or electrical equipment being insured *property*, with no reduction being made for parts replaced where damage is repaired.

For insured *property* that is uneconomic to repair the basis of settlement will be the replacement cost at the time of its replacement if less than 10 years old, or its *Indemnity Value* if more than 10 years old.

We will not be liable under this optional additional cover for:

1. damage to belts, ropes, wires, chains, tyres, dies, exchangeable tools, engraved cylinders, glass components, porcelain components, ceramics, refractories, felts, sieves, fabrics, jointing, packaging and operating media (except loss of refrigerant or insulating oil);
2. wasting or wearing away or wearing out of any part caused by or naturally resulting from ordinary use or working, gradual deterioration, damage due to cavitation scratching of painted or polished surfaces;
3. the cost of carrying out alterations, additions, improvements, overhauls or maintenance.

Our liability, in respect of any one loss, is limited to the amount specified in the *schedule* for Machinery Breakdown.

3.3 Natural Disaster (Earthquake etc)

Notwithstanding clause 1 of exclusion 5, this *policy* extends to cover *loss* to *your property* directly or indirectly caused by:

1. *natural hazard*; or
2. measures taken under proper authority, following any *event* covered by this optional additional cover to
 - (a) avoid its spreading; or
 - (b) reduce its consequences;

Provided that the following conditions apply:

1. the clause only applies to *your property* for which indemnity is not provided under the provisions of the Natural Hazard Insurance Act 2023;
2. The *excess* to be paid by *you* is the amount or percentage shown in the *schedule*.

Exclusions

1. War and Terrorism

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

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

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

2. Confiscation, Nuclear

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

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

3. Cyber risk

This *policy* does not cover any *loss* caused directly by or arising directly or indirectly from a *cyber incident* or a *cyber act* including any action taken in controlling, preventing, suppressing or remediating such *event*.

However, subject to all the terms, conditions, limitations and exclusions of this *policy*, we will cover any *loss* to insured *property*, resulting from any ensuing fire, explosion, implosion, impact by aircraft or aerial object dropped therefrom, impact by road vehicle water, flood and/or water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes only, occurring at *your situation*, which directly results from a direct *cyber incident* or *cyber act* causing such *loss* and including any consequential loss insured by this *policy*.

4. Electronic data

This *policy* does not insure:

1. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *electronic data*;
2. error in creating, amending, entering, deleting or using *electronic data*;
3. total or partial inability to use or failure to receive, send or access *electronic data* for any time or at all, or
4. any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any *electronic data*.

However, in the event that a peril listed below (being a peril insured by this *policy* but for this exclusion) causes any of the matters described above, then subject to all provisions in this *policy*, we will insure:

- (i) physical *loss* of or damage or destruction to insured *property* directly caused by 'Listed peril', and/or
- (ii) consequential loss.

'Listed perils' are fire, lightning, explosion, implosion, earthquake, impact by aircraft or aerial object dropped therefrom, impact by road vehicle, the acts of persons taking part in riots or civil commotions, storm and/or flood and/or water and other liquids and/or substances discharged and/or overflowing and/or leaking from any apparatus and/or pipes at the premises and the theft of *electronic data* solely where such theft is a consequence of theft of any computer and/or computer hardware and/or firmware and/or microchip and/or integrated circuit and/or similar device containing such *electronic data*.

For the purposes of the Basis of Settlement provision in this *policy*, *computer systems* records include *electronic data* as defined.

5. Natural hazard/Normal Settlement

Unless explicitly stated in this *policy* and/or specifically shown in the *schedule*, this *policy* does not insure:

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

6. Infectious disease

This *policy* does not insure any *loss*, claim, cost, expense, or other sum, directly or indirectly caused by, arising out of, attributable to, or occurring concurrently or in any sequence with:

1. a notifiable disease under the Health Act 1956; or
2. any pest management plan under the Biosecurity Act 1993; or
3. any *communicable disease*.

7. Transmission and distribution lines

This *policy* does not insure losses in respect of *transmission and distribution lines*.

However, this exclusion shall not apply in respect of *transmission and distribution lines* that extend from the public highway to the insured premises and are *your* responsibility and which are on or within 300 metres of any insured structure.

8. Seismic strengthening

Notwithstanding any provision in this *policy* to the contrary, the amount payable under this *policy* in respect of *property* that is damaged but not *destroyed* shall not include any cost incurred in connection with the seismic strengthening of the *property* to a level greater than it was immediately prior to the occurrence of the *accidental loss*.

For the avoidance of doubt, *you* shall bear any costs of compliance with any seismic strengthening codes or *regulations*, which result in an increase in the seismic strength or resistance of the *property* to a level greater than it was immediately prior to the occurrence of the *accidental loss*.

The fact *you* must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the reinstatement of any damaged *property* shall be disregarded when assessing or adjusting the *loss*. All other provisions in this *policy* concerning *reinstatement* and the Basis of Settlement continue to apply.

9. Building defects and Deterioration

This *policy* does not insure against *loss* to any *building* or structure directly or indirectly caused by the failure of that *building* or structure to contain:

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

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

10. Faulty design, material, workmanship

This *policy* does not cover the cost of:

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

but this exclusion does not apply to any *loss* occurring as a result of that faulty material, workmanship or design, plan, or specification not otherwise excluded by exclusion 9.

11. Disappearances/Fraud/Theft

This *policy* does not insure *loss* directly resulting from:

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

12. Deterioration

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

1. normal working, normal maintenance, wear and tear, erosion, corrosion, gradual deterioration (including but not limited to gradual deterioration caused by dampness or penetration of moisture), slowly developing deformation or distortion;
2. action of micro-organisms (including but not limited to rot and mould), vermin or insects;
3. the inherent nature of *your property* (including but not limited to shrinkage, evaporation, loss of weight, change in flavour, colour, texture or finish, action of light);
4. dust, fumes, smoke or smut, from industrial operations (other than sudden and unforeseen Damage) resulting therefrom moths, termites or other insects, vermin, rust, oxidation, mildew, mould, wet or dry rot, corrosion, change of colour, dampness, or atmosphere.

13. Artificially controlled temperature

This *policy* does not insure *loss* in connection with a change in any artificially controlled temperature or atmosphere.

14. Excluded items

Unless specifically shown in the *schedule*, this *policy* does not insure:

1. *property* in the course of installation, construction, demolition, erection, or testing following any of them;
2. current coin, bank and currency notes, cheques, traveller's cheques, postal notes, money orders, unused postage stamps, redeemable vouchers and tokens, franking machine credits, credit card vouchers, phone cards or other negotiable instruments, in excess of \$1,000 in value in each case for any one *loss* at any one *situation*, except as insured under the money clause;
3. jewellery, precious stones, furs, precious metals or bullion, other than as *stock* of the *business* or as part of any plant;

4. motor vehicles and other mechanical or electrically propelled vehicles (including but not limited to railway locomotives and rolling stock), and accessories contained in them or on them, other than:
 - (a) any unregistered crane or other mobile plant used within or in the vicinity of any *situation* owned or occupied or operated by *you*;
 - (b) held as *stock* of the *business* but not whilst in use or on demonstration;
5. watercraft and aircraft of every kind, and accessories contained in them or on them, except as held as *stock* of the *business* or for auction but not whilst in use or on demonstration;
6. *property* in transit other than at premises owned or occupied by *you*;
7. *property* damaged as a result of it undergoing any *production process* where the damage is directly caused by the operation of that process.
8. any of the following *property* unless it is specified in the *schedule*:

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

15. Exposure to weather/Utilities/Cessation of work

This *policy* does not insure *loss*:

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

16. Machinery breakdown

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

17. Seepage, pollution and contamination

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

Conditions

1. Application of Additional Cover clauses

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

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

2. Breach of warranty or condition

The indemnity provided by this *policy* will not be invalidated or prejudiced by reason of any breach of warranty or condition of this *policy* where the breach occurs without *your* knowledge.

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

3. Cancellation

1. By *you*:

This *policy* may be cancelled by *you* at any time, and with immediate effect, by written notice delivered to us. In the event of such cancellation, we will be entitled to a pro rata proportion of the premium and any tax or duty paid or owing for which we are unable to obtain a refund (subject to any adjustment required by the terms of this *policy*).

2. By us:

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

To the extent permitted by law, we may also cancel this *policy* by giving you written notice to the effect where:

- (i) *you*, or any person who was at any time the insured, failed to comply with the duty of utmost good faith;
- (ii) the person who was the insured at the time when this *policy* was entered into failed to comply with the duty of disclosure;
- (iii) the person who was *you* at the time when this *policy* was entered into made a misrepresentation to us during the negotiations for this *policy* but before it was entered into;
- (iv) *you* or any person who was at any time the insured failed to comply with a provision of this *policy*, including a provision with respect to the payment of the premium;
- (v) *you* made a fraudulent claim under this *policy* or any other policy of insurance (whether with us or some other insurer) that provided insurance cover during any part of the period during which this *policy* provides insurance cover;
- (vi) *you* failed to notify us of any specific act or omission where such notification is required under the terms of this *policy*; or
- (vii) *you* acted in contravention of or omitted to act in compliance with any condition of this *policy* which empowers us to refuse to pay, or reduce its/their liability in respect of, a claim in the event of such contravention or omission.

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

If the premium has been funded by a premium funding company which holds a legal right over this *policy* by virtue of a notice of assignment and irrevocable power of attorney, a refund will be made to the premium funding company of the proportionate part of the premium applicable to the unexpired portion of the *period of insurance* excluding any tax or duty paid or owing for which we are unable to obtain a refund.

4. Change of facts or circumstances

You must notify us as soon as reasonably practicable if the risk of *loss*, damage, injury, illness or liability covered by *your policy* is materially increased by any change in circumstances, existing at the commencement of *your policy*, or at any subsequent renewal date, including, for example, a change to:

- (a) the nature or type of *business* carried on by you or your tenants; or
- (b) other circumstances that affect the premises or the *property* insured in such a way as to materially increase the risk of *loss* or damage.

We reserve the right to assess any such change and may accept or deny coverage and/or vary the terms of coverage for any increased risk the change poses. If we and *you* agree to accept or vary the terms of coverage, *you* must pay such reasonable additional premium as we may require for any such coverage.

If *you* fail to comply with this condition, we may be able to:

- (i) refuse a claim;
- (ii) reduce our liability to pay a claim by an amount that fairly represents the extent to which our interests are prejudiced by the failure to comply; or
- (iii) cancel this *policy*.

However, this insurance will not be prejudiced by:

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

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

5. Claims

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

You must:

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

You must not:

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

You must then:

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

Your compliance with the terms and conditions of this *policy*, and the truth of any statements made to us (whether made by *you* or not), are conditions precedent to any liability for us to provide any indemnity under this *policy*. In the *event* of a valid claim under this *policy*, we will make progress claim payments on production of acceptable evidence of insured *loss*;

Provided that, if the aggregate of progress payments exceeds the total amount of the adjusted loss, *you* will immediately refund the difference between the amount of adjusted loss and the aggregate of payments actually made.

6. Fraud

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

7. Headings

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

8. Goods and Services Tax

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

However, all excess specified in this *policy* are inclusive of GST.

9. Inspection

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

10. Misdescription

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

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

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

11. More than one insured

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

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

12. Mutually acceptable adjusters

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

13. Other Insurance

When you make a claim on *your policy* you must provide us with details of all insurance policies that may respond in whole or in part to that claim.

14. Other interested parties

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

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

15. Proper law and jurisdiction

The construction, interpretation and meaning of the provisions of this *policy* shall be determined in accordance with New Zealand law.

A reference to any statute, regulation or subordinate legislation includes any amendment, replacement, successor or equivalent to or of that statute, regulation or subordinate legislation.

In the event of any dispute arising under this *policy* including, but not limited to, its construction and/or validity and/or performance and/or interpretation, *you* will submit to the exclusive jurisdiction of any competent Court in New Zealand.

16. Recovery apportionment

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

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

Notwithstanding anything to the contrary in the excess Clause of this *policy*, no account will be taken of subrogated recoveries in determining the amount of adjusted loss to which the excess applies.

17. Sanctions regulation

Notwithstanding any other terms or conditions under this *policy*, Zurich shall not be deemed to provide coverage and will not make any payments nor provide any service or benefit to *you* or any other party to the extent that such cover, payment, service, benefit and/or any *business* or activity of *yours* would violate any applicable trade or economic sanctions, law or *regulation*.

18. Subrogation

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

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

19. Waiver of recovery

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

1. having waived any right of recovery or indemnity *you* may have against any:
 - (a) party to a contract or agreement *with you* in the ordinary course of *your business*, provided the contract or agreement is not for the supply of goods or services by *you* and the waiver was made in writing before the *loss* occurred;
 - (b) related company forming part of a *group of related companies* of which *you* are a member. For the purpose of this General Condition, 'related company' has the same meaning as the definition of those words in the Companies Act 1993;
 - (c) other party provided that the waiver is made and has been declared to and accepted by us; or
2. having to release from liability any party in accordance with any legislative or regulatory requirement.

20. Bankruptcy or insolvency

In the event that *you* should become bankrupt or insolvent, we shall not be relieved thereby of the payment of any claims because of such bankruptcy or insolvency. In case of execution against *you* of any final judgement covered by this *policy* being returned 'unsatisfied' by reason of such bankruptcy or insolvency, then an action may be maintained by the injured party or their representative against us in the same manner, and to the same extent as *you*, but not in excess of the Total Sum Insured.

21. Diligence

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

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

22. Fat frying warranty

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

1. an automatic 'over temperature' device must be fitted to the fryer and maintained to prevent fire by overheating by isolating the power supply from the deep fat fryer;
2. during non working hours a close-fitting metal lid must be fitted to the deep fat fryer; during working hours it must be readily available to be used if required;
3. grease filters must be fitted in the flue venting and must be clean and free of any build-up of grease at all times;

4. an F rated extinguisher or other similar suitable extinguisher must be installed near the fryer and accessible in the *event* of a fire in the unit. The extinguisher/s must be serviced at least once a year and maintained in good working order. If a fire blanket is installed, it must be a minimum of 1.2m x 1.8m in size and staff should be trained in its use;
5. the fryer must have a master switch for the energy supply, which must be remote from the fryer and the switch must be in the 'off' position at the finish of each day's operation and/or when the premises are unattended. The switch must be easily accessible at all times.

23. Reinstatement of amount of insurance

In the *event* of a claim payment under this *policy*, and in the absence of written notice by us or *you* to the contrary, any amount of insurance cancelled by the payment will be automatically reinstated. *You* will not be required to pay any additional premium.

24. Salvage

Where insured *property* suffers *loss*, we or anybody we appoint may, for reasonable purposes and in a reasonable manner:

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

provided that:

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

25. Reinstatement

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

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

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

Special Provision

Compliance with Regulations

The amount payable under this clause will include the cost incurred in *reinstatement* which is necessary to comply with any *regulations*, provided that the amount payable will not include any such cost:

1. to the extent to which the work had already been required of *you* by notice served prior to the happening of the *loss*; or
2. in respect of *undamaged property* or *undamaged* portions of *property* other than foundations (unless foundations are expressly excluded from insurance under this *policy*).

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

Site of reinstatement

Where *property* is *destroyed*, the work of *reinstatement* must be carried out on the same site; provided that the work may be carried out upon another site:

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

Limitations on amount payable

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

Circumstances where this clause does not apply

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

1. if *you* elect not to reinstate the *property*;
2. if the work of *reinstatement* is not commenced and carried out with reasonable dispatch;
3. until the cost of *reinstatement* has been actually incurred;
4. where a *building* or structure is damaged, but not *destroyed*, and the repair of the damage is not permissible by reason of any *regulations*, or by reason of the *undamaged* portion of the *property*.

Where, by reason of any of these circumstances, no payment is to be made beyond the amount which would have been payable if this clause had not been incorporated in this *policy*, the rights and liabilities of *you* and us in respect of the *loss* will be the same as if this clause had not been incorporated in this *policy*.

Valuation of the property

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

Rates, tax and other charges

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

26. Excess

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

Zurich Australian Insurance Limited

(incorporated in Australia)

Trading as Zurich New Zealand

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