



Policy

# Wordings

Natural Disaster  
Policy

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## Insurance Clause

In consideration of the Insured named in the Schedule having paid or promised to pay the required Premium, the Insurer named in the Schedule will indemnify the Insured as set out in this Certificate. Except where provided to the contrary, the Insurer's liability will not exceed the Sum Insured and, if more than one Item is included in the Schedule, will not exceed in respect of each Item the Sum Insured applicable to that Item.

**Certain Underwriters at Lloyd's and/or Companies (Insurers) acting through their agent International Underwriting Agencies Ltd ("IUA"), a member of the DUAL Group.  
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## Definitions

**'Accident'** means an event that is unintended and unforeseen by the Insured occurring at a specific time and place. 'Accidental' has a corresponding meaning.

**'Breakdown'** means the actual breaking, seizing, deformation or burning out of any part of the machinery or equipment while in use; the cause being a defect in the machinery or equipment while in use; the result being a stoppage in the function of the machinery or equipment; and repair or replacement being necessary before the machinery or equipment can resume working.

**'Building'** means any building, other structure, and its appurtenances including but not restricted to the plant, fixtures, fittings, pipes and cables pertaining to the building or structure, and includes any fixed sign and lettering, tank, pole, power line and its supports, wall, gate, fence, road, path, yard and the like.

**'Contents'** means the contents of a building, and includes chattels in the open or under shelter, tenants improvements and all other tangible property not more specifically defined, all being owned by the Insured or held by the Insured in trust or on commission and for which the Insured is responsible, or for which the Insured is under a contractual obligation to arrange insurance.

**'Damage'** means physical loss of or physical damage or destruction of the Insured Property. „Damaged' has a corresponding meaning

'Event' means an event or series of events originating from one source or original cause.

**'Insured Property'** means tangible property of every description not expressly excluded, the Insured's own or held by the Insured jointly or in trust or on commission and for which the Insured is responsible.

**'Money'** means current coin, bank notes, cheques, postal notes, traveller's cheques, money orders, postage stamps, franking machine credits, tickets, unrealised credit card vouchers or other negotiable instruments.

**'Natural Disaster'** means earthquake or volcanic eruption or subterranean fire or hydrothermal activity.

**'Premises'** means any premises owned or occupied by the Insured anywhere in the Territory specified in the Schedule.

**'Stock'** means stock in trade and includes stock owned by the Insured or held by the Insured in trust or on commission and for which the Insured is responsible, or for which the Insured is under a contractual obligation to arrange insurance.

**'Territory'** means within the territory or locations named in the Schedule.

## Section 1 – Material Damage

If, during the Period of Insurance, the Insured suffers Damage to Insured Property which is caused directly or indirectly by a Natural Disaster, the Insurer will indemnify the Insured for the Damage subject to the terms of this Section of the Certificate.

In the event of the Insured having insured residential property for which compulsory Natural Disaster Damage cover under the Earthquake Commission Act 1993 applies then in the event of such property suffering Natural Disaster Damage during the Period of Insurance and covered by Natural Disaster Damage cover as provided under Earthquake Commission, then the Insurer's liability will be limited to the amount of loss in excess of the Natural Disaster cover. In the event that residential contents are covered under this insurance and suffer Natural Disaster Damage, for the purposes of Section 20 of the Earthquake Commission Act 1993, each situation (and/or resident is deemed to have a separate fire insurance contract).

## Exclusions to Section 1

This insurance does not cover

### 1. Boilers and Pressure Vessels

explosion, rupture, bursting, cracking, leaking, or collapse of any steam boiler or pipe or economiser or any other pressure vessel due to fluid pressure within or without, but this exclusion only applies to the vessel in which the explosion, rupture, bursting, cracking, leakage, or collapse occurs and does not apply to damage by chemical explosion.

### 2. Breakdown

mechanical or electrical Breakdown of machinery or electrical equipment, but this exclusion only applies to the machine or equipment in which the Breakdown occurs and does not apply to subsequent loss or damage resulting from an ensuing cause that is not otherwise excluded.

### 3. Contract Works

property in the course of installation, construction, demolition, erection, or testing following any of them.

### 4. Disappearance

Damage directly resulting from shortages revealed only by the taking of an inventory or shortages due to clerical or accounting errors.

### 5. Electronic Date Recognition

any Damage, cost, claim or expense, whether preventative, remedial, or otherwise, directly or indirectly arising out of or relating to:

the calculation, comparison, differentiation, sequencing, or processing of data involving the date change.

- a) to the year 2000, or any other date change, including leap year calculations, by any computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not; or
- b) any change, alteration, or modification involving the date change to the year 2000, or any other date change, including leap year calculations, to any such computer system, hardware, programme or software and/or any microchip, integrated circuit or similar device in computer equipment or non-computer equipment, whether the property of the Insured or not.

This Exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss, damage, cost, claim or expense.

## 6. Faulty Materials, Workmanship or Design

for the avoidance of doubt, the cost of:

- a) repairing or replacing defective materials;
- b) putting right defective workmanship;
- c) putting right work performed to a defective design plan or design specification;

but this Exclusion does not apply to any Damage occurring as a result of the defective materials, workmanship, or work..

## 7. Fumes, Dust, Smoke, Soot

Damage to the property or part immediately affected caused by or arising out of fumes, dust, smoke or soot unless the fumes, dust, smoke or soot resulting from an Accident not otherwise excluded.

## 8. Interruption

Damage directly caused in respect of the property or part immediately affected by total or partial cessation of work, retarding or interruption or cessation of any process, but this Exclusion does not apply to Damage arising from an ensuing cause not otherwise excluded.

## 9. Land Movement

Damage directly caused by or resulting from subsidence, landslip or erosion of land.

For the avoidance of doubt this Exclusion does not exclude damage caused by or resulting from subsidence, landslip or erosion of land as a result of an event covered by this Certificate.

## 10. Nature of the Property (Stock)

Damage to the property or part immediately affected caused by or arising out of the nature of the property (including shrinkage, evaporation, loss of weight, change in flavour, or colour or texture or finish) or the action of light.

## 11. Normal Damage

Damage comprising wear and tear, erosion, corrosion, slowly developing deformation or distortion or the consequences of normal working. Nor does this insurance cover the cost of normal maintenance. However, this Exclusion does not apply to consequent Accidental Damage not otherwise excluded.

## 12. Order of Authorities

confiscation, requisition or Damage to property by lawful order of any government or local authority unless the order is given for the purpose of controlling any peril of a kind insured against under this Certificate.

## 13. Pollution

Damage to the property or part immediately affected caused by or arising out of pollution or contamination unless the pollution or contamination itself is caused by an Accident not otherwise excluded.

## 14. Precious Goods

Jewellery, precious stones, furs, precious metals, or bullion, other than as Stock of the Business or as part of any plant.

## 15. Process

Damage caused to property by the normal operation of a process where the Damage is a direct and natural consequence of the process.

## 16. Utilities

Damage in respect of the property or part immediately affected directly caused by interruption of the supply to the site of water, gas, electricity, or any fuel.



## Conditions to Section 1

### 1. Claims

Upon becoming aware of any event giving rise, or likely to give rise, to a claim under this insurance, the Insured must:

- a) take prompt steps to minimise the Damage;
- b) take reasonable steps to protect the property from further Damage; immediately notify the Insurer;
- c) if a criminal act is suspected, inform the police;
- d) as soon as practicable, submit full particulars of the claim in writing to the Insurer;
- e) at the Insured's expense, provide the Insurer with any reasonably required proof and information in respect of the claim.

### 2. Margin Clause – Limit of Liability

Where no Schedule of Insured Property is incorporated in this Certificate, the Insured undertakes to provide the Insurer with an itemised declaration of the property, including a reasonable estimate of the value of each item, at inception of the Period of Insurance. The Insurer's liability in respect of Damage to any one item of Insured Property so declared will not exceed 110% of the value declared for that item. Nothing in this condition is to be construed as increasing the Insurer's liability beyond the total Sum Insured under Section 1 of the Certificate.

### 3. Other Interests

Where the Insured is under an obligation to insure the interest of any mortgagee, debenture holder, lessor, agent or any other person with an insurable interest in the property, this Certificate extends to indemnify that mortgagee, debenture holder, lessor, agent, other person, or any of them, together with the Insured, for their respective rights and interests.

### 4. Progress Claim Payments

In the event of Damage giving rise to a claim under this insurance, the Insurer will make progress claim payments on production of acceptable evidence of insured loss.

If the aggregate of progress payments exceeds the total amount of the adjusted loss, the Insured will immediately refund the difference between the amount of adjusted loss and the aggregate of payments actually made.

### 5. Salvage

Where the Insurer has agreed to indemnify the Insured for Damage, the Insurer may:

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

However:

- a) the Insured will not be entitled to abandon any property to the Insurer; and
- b) the Insurer will not be entitled to sell or otherwise dispose of salvaged branded goods without the prior consent of the Insured. In the event of the Insured declining to give consent, the Insured 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 the Insured, the salvage value of the goods will be determined after such removal at the Insurer's expense.

## 6. Stock Declaration Conditions

The premium charged for the cover on Stock is provisional and represents 75% of the full premium payable for the Sum Insured on Stock. It is adjustable at the end of the Period of Insurance in accordance with the following conditions:

- a) Declarations of the actual value of the insured Stock held on the last day of each month within the Period of Insurance must be made to the Insurer not later than six weeks after the end of each month. The Sum Insured on Stock is the limit of the Insurer's liability in respect of that Stock. If any monthly declaration exceeds that amount, then in computing the average of the monthly declarations, the Sum Insured on Stock will be included in place of the actual declaration for that month.
- b) If no declaration is received for any one month, the Sum Insured on Stock will apply in place of the declaration for that month.
- c) The average of these monthly declarations will be computed at the end of the Period of Insurance and the actual premium payable will be assessed on that average (or on one half of the Sum Insured on Stock, whichever is greater).
- d) The Insurer will refund to the Insured the amount by which the provisional premium paid exceeds the actual premium payable as calculated above. Alternatively, the Insured will pay to the Insurer the amount by which the provisional premium paid falls short of the actual premium.

## Extensions to Section 1

In the event of any conflict or inconsistency between this Section of the Certificate and any Extension incorporated in this Section, the terms of the Extension will prevail. In the event of any conflict or inconsistency between Extensions, the Extension most favourable to the Insured will prevail.

Unless stated otherwise all Extensions below are included in the Sum Insured of the Damaged Insured Property and not in addition.

The following Extensions only apply if there is a monetary amount entered alongside the applicable Extension in the Material Damage and Business Interruption Schedule Section 1.

### 1. Capital Additions

Additions to:

- a) any newly acquired buildings, machinery, plant, or other similar property, but not Stock in trade;
- b) alterations, additions and improvements to buildings, machinery, plant, or other similar property, but not Stock in trade;

at any location specified in the Schedule.

PROVIDED THAT:

- a) at any one time, cover under this Extension will not exceed the amount specified in the Schedule; the Insured must give particulars to the Insurer within 28 days of the last day of each quarter of the Period of Insurance of any extension of cover becoming operative during the preceding quarter.
- b) Following notification of the particulars, the Insured must pay the appropriate additional premium on the Insured Property, retrospective to the date on which the cover became operative.
- c) the provisions of this Extension will be fully reinstated following notification of particulars in accordance with paragraph b) above;
- d) cover under this Extension will be deemed to have become operative upon the date on which the risk in the Insured Property passes to the Insured.
- e) this Extension does not apply to any appreciation in value of the Insured Property that is not consequent upon any acquisition, alteration, addition or improvement covered by this Extension;
- f) if any Reinstatement Extension is incorporated in this insurance, and unless the Insured gives notice to the contrary, the insurance on Insured Property described in a) and b) above will be subject to that Reinstatement Extension.

## 2. Claim Preparation Costs

The reasonable cost of fees incurred by or on behalf of the Insured for the purpose of assessing insured Damage, preparing a claim on the insurance, or both. The cost is deemed to be included in the Sum Insured on the Damaged Insured Property.

## 3. Constructive Loss

Losses where, in the event of Damage, any local authority refuses to issue the necessary permit or permits for reinstatement of the Insured Property and, in consequence of that refusal, the Insured is prevented from making reasonable use of the Damaged Insured Property and any other structures on the same site, then the Damaged Insured Property and other structures will be deemed constructively totally lost for the purpose of claims under this insurance. In determining whether reasonable use can be made of the affected Insured Property and any other structures, due account will be taken of the reasonable requirements of the Insured's Business at the site.

## 4. Contract Works

Damage to contract works undertaken at the Insured Premises during the course of installation, construction, demolition, erection or testing.

The Insurers liability under this Extension is limited to Damage arising out of contracts where the contract price does not exceed the Special Limit specified in the Schedule; where no limit is specified, cover is not provided under this Certificate.

## 5. Demolition and Removal of Debris

The following costs which are incurred in consequence of Damage for which a claim is payable under this Certificate:

- a) costs incurred in the necessary demolition, dismantling, shoring up or propping of the Damage, disposal of debris (whether or not the debris is part of the Insured Property), and the recovery, removal, storage, and return of chattels whether Damaged or Undamaged;
- b) costs actually incurred for temporary repairs and other measures necessary to secure the Damaged property or to make it safe or suitable for continued use;

Cover under this Extension is deemed to be included in the Sum Insured on the Damaged property.

## 6. Employees Effects

employees' personal effects (including Money) as if the effects were owned by the Insured, but only while the effects are in or about Premises owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by employees acting in the course of their employment. The Insurer's liability under this Extension will not exceed the amount stated in the Schedule any one loss or series of losses arising out of any one Event. Where no limit is specified, cover is not provided under this Certificate.

## 7. Expediting Costs

Such additional costs of express freight and overtime labour as are reasonably incurred where a claim is payable under this insurance for the cost of reinstating any of the Insured Property, for the purpose of expediting that reinstatement. However, this Extension does not increase the Insurer's liability beyond the Sum Insured on that Insured Property.

## 8. General Average

General Average and Salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with the contract of affreightment, but only where the charges are payable in consequence of threat to a ship carrying Insured Property. This Extension of cover is not subject to any Deductible.

## 9. Money

Damage to Money while:

- a) in transit; or
- b) on the Insured's Premises; or
- c) at any of the Insured's contract sites; or at the Insured's residence; or

- d) at the residences of the Insured's principals; or
- e) authorised employees.

### Special Exclusions

The insurance under this Extension does not cover:

- a) loss recoverable under insurance arranged by professional Money carriers; or
  - a. loss of Money entrusted to any person other than the Insured, the Insured's principals, its employees or its authorised agents: or
  - b. loss due to fraud or dishonesty of any employee of the Insured unless the loss is discovered within 72 hours (excluding Saturdays and Sundays and statutory holidays) of its occurrence;
  - c. or loss due to shortages resulting from clerical or accounting error.

The Insurer's liability under this Extension is subject to the Special Limit shown in the Schedule. Where no limit is specified, cover is not provided under this Certificate.

#### 1. Professional and Other Fees

All professional and clerk of works fees, salaries and costs necessarily incurred in the reinstatement of Damage by an insured peril. The insured fees, salaries and costs are deemed to be included in the Sum Insured on the property.

This Extension does not cover fees for preparing claims on this insurance.

#### 2. Protection Costs

Costs or Damage directly resulting from, or reasonably incurred by or imposed on the Insured for the purpose of protection against or fighting any fire or other insured peril that either involves or threatens to involve Insured Property. The Insurer's liability under this Extension will not exceed the amount stated in the Schedule for any one loss or series of losses arising out of any one Event. In respect of claims payable under this Extension, the Deductible specified in the Schedule is amended to \$100.

#### 3. Records

the expression 'tangible property' is deemed to include documents, manuscripts, computer systems media, business books, microfilm, technical drawings and other records. Insured Property of these descriptions is covered by this insurance, but only for their value as materials plus the cost of collecting and reproducing the information on them. The value of the information is not insured. The Insurer's liability under this Extension will not exceed the amount stated in the Schedule for any one loss or series of losses arising out of any one Event. Where no limit is specified, cover is not provided under this Certificate

#### 4. Redundant Foundations

where building or plant foundations are rendered redundant for any reason in sole consequence of Damage to the superstructures or plant resting on them, the affected foundations will be deemed constructively totally lost for the purpose of claims on this insurance. If it is not necessary to demolish the foundations in order to effect reinstatement of Damage, and if the presence of the abandoned foundations increases the market value of the Insured Property to which they are fixed, the amount of increase will be treated as salvage and will be deducted from the amount of claim payable by the Insurer.

#### 5. Redundant Plant

where, in sole consequence of Damage comprising plant, any undamaged or salvaged:

- a) plant in the same interdependent system or line; and
- b) spare parts held exclusively for the lost or damaged plant or other plant in that system or line;

are rendered redundant; the redundant plant and parts will be treated for the purpose of this insurance as lost by the same Event that caused the Damage. Claims payable under this Extension will be net of any realisable salvage value of the redundant plant and parts.

## 6. Reinstatement of Property

in so far as it can, this Extension applies to all Insured Property other than Stock unless otherwise provided. Where any Insured Property to which this Extension applies is Damaged, then, subject to the Special Provisions set out below, the basis on which the amount payable under Section 1 of this Certificate is to be calculated will be the cost of its Reinstatement.

## Definitions

In this Certificate, unless the context requires otherwise:

- a) 'Reinstatement' means:
  - I. where property is lost or Destroyed, its replacement by an Equivalent Building or by Equivalent Plant as the case may require.
  - II. 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, but including any alterations that may be necessary to comply with any Regulations.
- b) 'Equivalent Building' means:
  - I. building or structure that is as nearly as practicable the same as the building or structure lost or Destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any Regulations.
  - II. where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) can be constructed; a building or structure that is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or Destroyed.
  - III. where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) is suitable to the Insured's reasonable requirement, a building or structure that is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the building or structure lost or Destroyed.
- c) '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.
- d) 'Destroyed' means so damaged by an insured Event that the property, by reason only of that damage, cannot be repaired.
- e) 'Site' means any parcel of land owned or occupied by the Insured.
- f) 'Regulations' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.
- g) 'Undamaged' means not damaged physically and directly by an event insured under this Section of the Certificate.

## Special Provisions

### 1. Compliance with Regulations

The amount payable under this Extension will include the cost incurred in Reinstatement that is necessary to comply with any Regulations; provided that the amount payable will not include any such cost:

- a) to the extent to which the work had already been required of the Insured by notice served prior to the happening of the loss or damage; or
- b) in respect of Undamaged property or Undamaged portions of property other than foundations (unless foundations are expressly excluded from insurance under this Section of the Certificate)

Special Provision b) will apply whether or not the Undamaged property or portion comprises a separate building or structure or a separate item of plant or equipment.

### 2. Site of Reinstatement

Where property is Destroyed, the work of Reinstatement must be carried out on the same Site; provided that the work may be carried out upon any other Site:

- a) where Reinstatement on the same Site is not permissible by reason of any Regulations, or
- b) where Reinstatement on the same Site is not suitable to the Insured's reasonable requirement.

### 3. Limitations on Amount Payable

- a) Where the work of Reinstatement is carried out in terms of Definition (b) ii. or (b) iii., or on any location other than the original location, the Insurer's liability in respect of the cost of Reinstatement will not exceed the cost that would have been incurred had Reinstatement been carried out in terms of Definition b) i. on the original location.
- b) Where the Insured Property is damaged but not Destroyed, the Insurer's liability will not exceed the amount the Insurer could have been called upon to pay for Reinstatement if the property had been Destroyed.
- c) The Insurer's liability under this Extension in respect of any item of Insured Property will not exceed the Sum Insured in respect of that item.

### 4. Circumstances Where This Extension Does Not Apply

No payment, beyond the amount that would have been payable had this Extension not been incorporated in the Certificate, will be made:

- a) if the Insured elects not to Reinstatement the property;
- b) if the work of Reinstatement is not commenced and carried out with reasonable despatch;
- c) until the cost of Reinstatement has been actually incurred;
- d) where a building or structure is damaged, but not Destroyed, and the repair of the damage is not permissible by reason of any Regulations, or by reason of the condition of the Undamaged portion of the property.

Where, by reason of any of these circumstances, no payment is to be made beyond the amount that would have been payable if this Extension had not been incorporated in the Certificate, the rights and liabilities of the Insured and the Insurer in respect of the loss or damage will be the same as if this Extension had not been incorporated in the Certificate.

### 5. Rates, Tax and Other Charges

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

### 6. Social Club Property

the property of any pension fund, social club, sports club, or similar entity, whose activities are principally for the benefit of the Insured's employees, as if it were owned by the Insured.

### **7. Temporary Removal**

Insured Property (other than Stock) while temporarily removed to a different location anywhere in the Territory, including while in transit to and from that location (but not international transit). The Insurer's liability under this Extension will not exceed the amount for which the Insurer would have been liable had the loss occurred at the Insured Property's original location.

This Extension does not apply to loss that would be recoverable under this insurance in the absence of this Extension.

### **8. Unharmed Property**

If, for the sole purpose of reinstating Damaged Insured Property, it is necessary to demolish, Damage or remove any property or part unharmed by that peril, the Insurer will indemnify the Insured for the cost of doing so. The Insurer will also indemnify the Insured 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. Cover under this Extension will not be deemed to increase the Insurer's liability beyond the Sum Insured on the Damaged Insured Property

## Section 2 – Business Interruption

If, during the Period of Insurance, any property or part used or to be used by or for the Insured at the Premises for the purpose of the Business is Damaged as a result of a Natural Disaster as covered under Section 1 of this Certificate, and the Business carried on by the Insured at the Premises is consequently interrupted or interfered with, the Insurer(s) will pay to the Insured in respect of each item of Insured Interest the amount of loss resulting from the interruption or interference in accordance with the provisions of this insurance.

However, the Insurer(s) will not be liable for any loss under this insurance unless the Insured's property, if Damaged at the Premises, is insured against the applicable and the Insurers of the Insured Property have (or would have, but for the application of an excess or Deductible) paid for or admitted liability in respect of the Damage.

## Interests Insured Under Section 2

These Items shall only apply if specified with a Sum Insured in the Schedule to this Certificate:

### ITEM A. Loss of Gross Profit

This insurance covers Loss of Gross Profit due to (a) Reduction in Turnover and (b) Increase in Cost of Working and the amount payable as indemnity will be:

**a) In Respect of Reduction in Turnover**

the sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period falls short of the Standard Turnover in consequence of Damage.

**b) In Respect of Increase in Cost of Working**

costs necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover that would otherwise have occurred during the Indemnity Period in consequence of Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided;

less any sum saved during the Indemnity Period in respect of such costs of the Business payable out of Gross Profit as may cease or be reduced in consequence of Damage.

### Definitions applicable to Item A. Loss of Gross Profit

**Gross Profit:**

The amount by which the sum of the Turnover and closing Stock exceeds the sum of opening Stock and Uninsured Working Costs. The amount of the opening and closing Stocks is to be arrived at in accordance with the Insured's normal accountancy methods.

Uninsured Working Costs:

All costs deducted by the Insured from Turnover in arriving at the sum to be insured on Gross Profit.

**Turnover:**

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Business at the Premises. For the avoidance of doubt, Rent paid or payable to the Insured is deemed to be money paid or payable to the Insured for service in the course of the Business.

**Rate of Gross Profit:**

The Rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or that would have affected the Business had the Damage not occurred so that the figures thus adjusted represent as nearly as reasonably practicable the results that, but for the Damage, would



have been obtained during the relative period after the Damage.

**Standard Turnover:**

The Turnover during that period in the twelve months immediately before the date of the Damage that corresponds with the Indemnity Period;

- a) Where the Damage has occurred before completion of the first year's trading of the Business, the words 'during the financial year immediately before the date of the Damage' are deemed to read 'during the period between the date of the commencement of the Business and the date of the Damage'.
- b) Where Damage occurs before sufficient Gross Profit or Turnover has been realised for the above definitions to produce an equitable result, the Rate of Gross Profit will be the Rate of Gross Profit that would have been earned and the Standard Turnover will be the Turnover that would have been realised during the Indemnity Period had no Damage occurred.

**Provisions (Gross Profit) applicable to Item A. Gross Profit**

**a) Alternative Trading**

If, during the Indemnity Period, goods are sold or services are rendered elsewhere than at the Premises for the benefit of the Business, either by the Insured or by others on behalf of the Insured, the money paid or payable in respect of those sales or services will be brought into account in arriving at the Turnover during the Indemnity Period.

**b) Departments**

If the Business is conducted in departments or other units, the independent trading results of which are ascertainable, the provisions of Gross Profit clauses a) and b) will apply separately to each department or other unit affected by the Damage.

**c) Reduced Margin**

If, in consequence of Damage giving rise to a claim on this insurance, Turnover is maintained at a reduced Rate of Gross Profit, an equitable allowance will be made for the Loss of Gross Profit resulting from an increase in the ratio of stock usage or purchases (adjusted for stock variation) to Turnover. No allowance will be made for an increase in the ratio of any other uninsured cost to Turnover.

**d) Uninsured Fixed Costs**

If any fixed costs of the Business are not insured by this Certificate (having been deducted in arriving at the Gross Profit), then, in computing the amount payable as Increase in Cost of Working, that proportion only of any additional cost will be brought into account that the Gross Profit bears to the sum of the Gross Profit and those uninsured fixed costs.

**ITEM B. Loss of Revenue**

This insurance covers Loss of Revenue and Increase in Cost of Working and the amount payable as indemnity will be:

**a) In Respect of Loss of Revenue**

the amount by which the Loss of Gross Revenue during the Indemnity Period falls short, in consequence of Damage, of the Loss of Gross Revenue that would have been earned during that period had no Damage occurred;

**b) In Respect of Increase in Cost of Working**

any additional cost incurred for the sole purpose of avoiding or diminishing the Loss of Gross Revenue that would have taken place during the Indemnity Period in consequence of Damage had the cost not been incurred, but not exceeding the amount by which the Loss of Gross Revenue is thereby avoided or diminished;

less any sum saved during the Indemnity Period in respect of such costs of the Business payable out of Gross Revenue as may cease or be reduced in consequence of Damage.

### Definitions applicable to Item B. Loss of Gross Revenue

**'Gross Revenue'** means the money paid or payable to the Insured for services rendered in the course of the Business at the Premises, including any money paid or payable by tenants to others for rates, insurance and other fixed costs that would otherwise be payable by the Insured.

**'Rate of Gross Revenue'**: The Rate of Gross Revenue earned during the financial year immediately before the date of the Damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or that would have affected the Business had the Damage not occurred so that the figures thus adjusted represent as nearly as reasonably practicable the results that, but for the Damage, would have been obtained during the relative period after the Damage.

**'Standard Gross Revenue'** shall mean the anticipated total amount of Revenue due to the Insured at the commencement of the Period of Insurance which amount shall be adjusted as necessary to take account of any circumstances affecting the Business such that the amount so adjusted represents as nearly as may be reasonably practicable the results that would have been obtained had the Business not been interrupted or interfered with.

Where the Damage has occurred before completion of the first year's trading of the Business, the words 'during the financial year immediately before the date of the Damage' are deemed to read 'during the period between the date of the commencement of the Business and the date of the Damage'.

Where Damage occurs before sufficient Revenue has been realised for the above definitions to produce an equitable result, the Rate of Gross Revenue will be the Rate of Gross Revenue that would have been earned and the Standard Gross Revenue will be the Gross Revenue that would have been realised during the Indemnity Period had no Damage occurred.

#### Alternative Services

If, during the Indemnity Period, services are rendered elsewhere than at the Premises for the benefit of the Business, either by the Insured or by others on behalf of the Insured, the money paid or payable in respect of those services will be brought into account in arriving at the Loss of Revenue during the Indemnity Period.

### ITEM C. Loss of Rental Income

This insurance covers loss of Rental Income and Increase in Cost of Working and the amount payable as indemnity will be:

#### a) In Respect of Rental Income

the amount by which the Rental Income during the Indemnity Period falls short, in consequence of Damage, of the Rental Income that would have been earned during that period had no Damage occurred;

#### b) In Respect of Increase in Cost of Working

any additional cost incurred for the sole purpose of avoiding or diminishing the loss of Rental Income that would have taken place during the Indemnity Period in consequence of Damage had the cost not been incurred, but not exceeding the amount by which the loss of Rental Income is thereby avoided or diminished;

less any sum saved during the Indemnity Period in respect of such costs of the Business payable out of Rental Income as may cease or be reduced in consequence of Damage.

### Definitions applicable to Item C. Loss of Rental Income

**'Rental Income'** means the money paid or payable to the Insured for services rendered in the course of the Business at the Premises, including any money paid or payable by tenants to others for rates,

insurance and other fixed costs that would otherwise be payable by the Insured.

**'Rate of Gross Rental Income':** The Rate of Gross Rental Income earned during the financial year immediately before the date of the Damage to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business either before or after the Damage or that would have affected the Business had the Damage not occurred so that the figures thus adjusted represent as nearly as reasonably practicable the results that, but for the Damage, would have been obtained during the relative period after the Damage.

**'Standard Gross Rental Income'** shall mean the anticipated total amount of Rental Income due to the Insured at the commencement of the Period of Insurance which amount shall be adjusted as necessary to take account of any circumstances affecting the Business such that the amount so adjusted represents as nearly as may be reasonably practicable the results that would have been obtained had the Business not been interrupted or interfered with.

Where the Damage has occurred before completion of the first year's trading of the Business, the words 'during the financial year immediately before the date of the Damage' are deemed to read 'during the period between the date of the commencement of the Business and the date of the Damage'.

Where Damage occurs before sufficient Rental Income has been realised for the above definitions to produce an equitable result, the Rate of Gross Rental Income will be the Rate of Gross Rental Income that would have been earned and the Standard Gross Rental Income will be the Gross Rental Income that would have been realised during the Indemnity Period had no Damage occurred.

### Alternative Services

If, during the Indemnity Period, services are rendered elsewhere than at the Premises for the benefit of the Business, either by the Insured or by others on behalf of the Insured, the money paid or payable in respect of those services will be brought into account in arriving at the Loss of Rental Income during the Indemnity Period.

### ITEM D. Wages (Dual Basis)

This insurance covers loss in respect of Wages due to a) Reduction in Turnover and b) Increase in Cost of Working and the amount payable as indemnity will be:

#### a) In Respect of Reduction in Turnover

- I. during the portion of the Indemnity Period beginning with the occurrence of the Damage and continuing for not more than the Initial Period stated in the Schedule, the sum produced by applying the Rate of Wages to the Shortage in Turnover during that portion of the Indemnity Period less any saving, during that portion of the Indemnity Period, through reduction in consequence of the Damage in the amount of Wages paid;
- II. during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Wages to the Shortage in Turnover during that remaining portion of the Indemnity Period less any saving during that remaining portion of the Indemnity Period through reduction, in consequence of the Damage, in the amount of Wages Paid;

but not exceeding the sum produced by applying the percentage, stated in the Schedule, of the Rate of Wages to the Shortage in Turnover during that remaining portion of the Indemnity Period, increased by such amount as is deducted for savings under the terms of Clause 1).

NOTE: At the option of the Insured, the number of weeks referred to in Clause a) i. above may be increased to the consolidated number of weeks stated in the Schedule, provided that the amount arrived at under the provisions of Clause a) ii. will not exceed such amount as is deducted under Clause a) i. for savings effected during the increased number of weeks.

**b) In Respect of Increase in Cost of Working**

so much of the additional expenditure described in Clause (b) of the Wages (Dual Basis) item as exceeds the amount payable under that item but not more than the additional amount that would have been payable in respect of Reduction in Turnover under the provision of Clauses a) i. and ii. of this item had such expenditure not been incurred.

**Definitions applicable to Specification D. Wages (Dual Basis)**

**'Wages'**: The remuneration (including all payments pertaining to wages, such as accident compensation levies, bonuses, holiday pay, superannuation contributions and the like) of all employees other than those where remuneration is treated as salaries in the Insured's accounting records.

**'Rate of Wages'**: The rate of Wages to Turnover during the financial year immediately before the date of the Damage, to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business, either before or after the Damage or that would have affected the Business had the Damage not occurred, so that the figures thus adjusted will represent as nearly as reasonably practicable the results that, but for the Damage, would have been obtained during the relative period after the Damage.

**'Shortage in Turnover'**: The amount by which the Turnover during a period, in consequence of the Damage, falls short of the part of the Standard Turnover that relates to that period.

Where the Damage has occurred before completion of the first year's trading of the Business, the words 'during the financial year immediately before the date of the Damage' are deemed to read 'during the period between the date of the commencement of the Business and the date of the Damage'.

Where Damage occurs before sufficient Wages have been paid for the above definition to produce an equitable result, the Rate of Wages will be the Rate of Wages that would have applied during the Indemnity Period had no Damage occurred.

**ITEM E. Wages – Limited Period Basis**

The Insurance under this Item on the Schedule is limited to the loss incurred by the Insured by the payment of Wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks thereafter described in the Schedule as the Limited Period.

The amount payable as indemnity under this Item shall be the actual amount which the Insured shall pay as Wages for such period to employees whose services cannot in consequence of the Damage be utilised by the Insured at all and an equitable part of the Wages paid for such period to employees whose services cannot in consequence of the Damage be utilised by the Insured to the full,

PROVIDED THAT,

if the Sum Insured by this Item shall be less than the aggregate amount of the Wages that would have been paid during the number of weeks described in the Schedule as the Limited Period immediately following the Damage had the Damage not occurred, the amount payable shall be proportionately reduced.

**Definitions applicable to Specification E. Wages (Limited Period Basis)**

For the purpose of this Item

**Wages**: shall mean the remuneration (including National Insurance Contributions, Payments pertaining to Wages, Bonuses, Holiday Pay and the like) of all employees other than those whose remuneration is insured as part of a different Item of the Schedule.

**Limited Period** : shall mean the payment of Wages for a period beginning with the occurrence of the Damage and ending not later than the number of weeks

### **Adjustment of Premium**

In the event of the Sum Insured under this Item being greater than the amount arrived at by, taking that proportion of the Wages paid by the Insured during the accounting period most nearly concurrent with any period of Insurance which the Limited Period specified in the Schedule bears to 52 weeks, a pro rata return of premium not exceeding 50 per cent. of the premium paid on such Sum Insured for such period of Insurance will be made in respect of the difference,

PROVIDED THAT,

if any Damage shall have occurred giving rise to a claim under this Item, no such return of premium shall be made.

### **ITEM F. Professional and Other Fees**

This insurance covers the actual costs incurred by the Insured, of reasonable fees payable to the Insured's accountants, architects, auditors, engineers, or other professionals and the cost of using the Insured's employees, for producing and certifying any particulars or details contained in the Insured's books or documents, or such other proofs, information or evidence required by the Insurers resulting from an insured loss payable under this Certificate for which the Insurers have accepted liability.

### **ITEM G. Additional Costs**

This insurance covers additional costs reasonably incurred by the Insured in consequence of the Damage for the purpose of resuming or maintaining any normal operation or service of the Business during the Indemnity Period, but excluding costs: 18 IUA MD/BI Wording September 2011

- a) to the extent the costs are otherwise recoverable under this Section of the Certificate; or
- b) incurred in the reinstatement of physically Damaged property other than those incurred in the reconstitution of records.

### **ITEM H. Book Debts**

This insurance covers loss sustained by the Insured in respect of outstanding debit balances directly due to Damage and the amount payable will be:

- a) the difference between the outstanding debit balance and the total of the amounts received or traced in respect of that balance; and
- b) the additional cost incurred with the Insurer's prior consent in tracing and establishing customer's debit balances after the Damage.

## Extensions to Section 2

In the event of any conflict or inconsistency between this Section of the Certificate and any Extensions incorporated in this Section, the terms of the Extension will prevail. In the event of any conflict or inconsistency between Extensions, the Extension most favourable to the Insured will prevail.

Unless states otherwise all Extensions below are included in the Sum Insured on the Insured item and not in addition.

### This insurance extends to cover

#### 1. Advance Interruption

for the purpose of claims arising from Damage to property in the course of construction, erection, alteration, installation or testing (and the materials, components and works pertaining to any of them), the Indemnity Period will begin on the date that the property would, but for the Damage, have been put in to use for the purpose of the Business, and not as otherwise stated. The insurance by this Extension shall only apply if such work is covered under Extension 5 of Section 1 of this Certificate.

#### 2. Prevention of Access

loss consequent upon Damage or threat of Damage to any property within one kilometre of the Premises that prevents or hinders the use of or access to the Premises as if it were loss resulting from Damage to property used by the Insured at the Premises.

For the purpose of any claim under this Extension, the Indemnity Period will commence 48 hours after the loss to which this insurance applies has commenced in consequence of the Damage, and not as otherwise stated.

The Insurer's liability under this Extension in respect of any one loss or series of losses arising out of any one Event is limited to 10% of the Sum Insured for each specific insured item.

#### 3. Public Authorities

loss if an order of a Public Authority prohibits or hinders the use of or access to the premises consequent upon Damage to any property (whether the property is at the Premises or elsewhere within one kilometre of the premises and whether or not the property is used or to be used by the Insured for the purpose of the Business) as if it were loss consequent upon Damage to property used by the Insured at the Premises.

This Extension does not apply to loss that falls within the scope of any other Extensions incorporated in this Section of the Certificate.

The Insurer's liability under this Extension in respect of any one loss or series of losses arising out of any one Event is limited to 10% of the Sum Insured for each specific insured item.

#### 4. Utilities

loss consequent upon any of the following as if it were loss consequent upon Damage to Insured Property used by the Insured at the Premises:

- a) Damage to the property of any supplier of electricity, gas or water anywhere in New Zealand or Australia resulting in interruption to or interference with the supply of electricity, gas or water to the Premises; or
- b) Damage to the property of any public authority in New Zealand or Australia resulting in interruption to or interference with the discharge of effluent from the Premises.

The Insurer's liability under this Extension in respect of any one loss or series of losses arising out of any one Event is limited to 10% of the Sum Insured for each specific insured item of Gross Profit, Revenue, Wages, Claim Preparation Costs, Additional Costs or Book Debts.

## Conditions to Section 2

### 1. Accumulated Stocks

In adjusting any loss, account will be taken, and an equitable allowance made, if any shortage in Turnover due to the Damage is postponed by reason of the Turnover being temporarily maintained from accumulated stocks of goods held by the Insured.

### 2. Adjustment of Premium

The premium charged for this insurance is adjustable at the end of the Period of Insurance in accordance with the following conditions:

- a) Within six months after the end of the Period of Insurance, or as soon as practicable thereafter, the Insured must submit to the Insurer(s) a Certificate setting out the actual Gross Profit or Revenue (and, if separately insured, the actual Wages) in the accounting year most nearly concurrent with the Period of Insurance.
- b) The premium will be adjusted at the agreed rates on the amounts so certified.
- c) If any claim occurs during the period for which the premium is to be adjusted, the amount paid or payable for loss (other than loss payable under a non-adjustable item) occurring during that period will be regarded as actually earned.

### 3. Alternative Index

A claim on this insurance will be adjusted on the basis of Turnover or any other index of business activity, whichever affords the more equitable result. Except in the definition of **'Turnover'**, the word 'Turnover' wherever used in this Certificate is understood to mean 'Turnover or Alternative Index'.

### 4. Claims

Upon becoming aware of the happening of any Damage, the Insured must;

- a) forthwith give notice thereof in writing to the Insurer(s);
- b) use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business and to avoid or diminish the loss;
- c) forthwith deliver to the Insurer(s) a statement in writing of any claim certified by the Accountant, whose reasonable fee will be paid by the Insurer(s), with all particulars and details reasonably practicable of the loss;
- d) produce and furnish all books of account and other business books, invoices, vouchers and other documents, proofs, information, explanations and other evidence and facilities as may reasonably be required for investigation and verification of the claim and, if required, a statutory declaration in verification of the particulars.

The term **'Accountant'** under this condition means an accountant or adjuster whose qualifications are acceptable to both the Insurer(s) and the Insured and is appointed by both the Insurer(s) and Insured.

### 5. Departments

If the Business is conducted in departments or other units, the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of the Gross Profit Item (and, if separately insured, of the item on Wages) will apply separately to each department or other unit affected by the Damage.

### 6. Increased Costs – Joint Insured's

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

### 7. Progress Claim Payments

Progress claim payments will be made to the Insured during the Indemnity Period if desired on production of a statement of claim certified by the Accountant appointed in accordance with the

Claims conditions of this insurance.

### **8. Winding Up or Cessation of Interest**

This Certificate will be void if, for any reason other than Damage:

- a) the Business is wound up or carried on by a liquidator or receiver or is permanently discontinued; or
- b) the Insured's interest ceases otherwise than by death;

at any time during the Period of Insurance, unless its continuance is agreed by the Insurer(s).

## **General Conditions Applicable To Sections 1 and 2**

### **1. Innocent Breach of Warranty or Condition**

This Insurance will not be invalidated by breach of any warranty or condition where the breach occurs without the Insured's knowledge, providing the Insurer is advised of the circumstances immediately they become known to the Insured. For the purpose of this condition, knowledge of the Insured is deemed to mean knowledge of the Insured's Insurance Manager (or equivalent).

### **2. Cancellation by the Insurer(s)**

This Certificate may be cancelled by the Insurer(s) at any time by giving written notice to the Insured. The notice may be delivered personally, posted, or by electronic delivery, to the Insured's last known postal, or electronic delivery address (or the address of their appointed Insurance Broker or Agent). The cancellation will take effect at 4 pm on the 30th day after the notice has been delivered or posted. In the event of such cancellation, the Insurer(s) will refund to the Insured a pro-rata proportion of the premium, subject to any adjustment required by the terms of this Certificate.

### **3. Cancellation by the Insured**

This Certificate may be cancelled by the Insured at any time, and with immediate effect, by written notice delivered to the Insurer(s). In the event of such cancellation, the Insurer(s) will be entitled to a pro-rata proportion of the premium (subject to any adjustment required by the terms of this Certificate) for the time during which the Certificate has been in force.

### **4. Deductible**

Each loss or series of losses arising out of one Event will be adjusted separately. The adjusted loss will be net of salvage and other recoveries. From each adjusted loss the amount specified in the Schedule will be deducted. Where more than one deductible could apply to the same loss, only the highest of them will be deducted from that loss.

### **5. Diligence and Compliance**

The Insured must make reasonable endeavours to ensure:

- a) that all fire protection and security devices in the Insured's control at Premises where Insured Property is located are maintained in working condition at all times;
- b) compliance with relevant government and local authority laws and regulations, including but not limited any law or regulation relating to the storage of dangerous goods and smoking in the workplace.

### **6. Disclaimers and Release of Liability**

This insurance will not be invalidated by reason of the Insured having released:

- a) any fire brigade or firefighting authority;
- b) any fire protection equipment supplier;
- c) any oil company;
- d) any government authority;

from liability for loss that is covered by this Certificate.



Further, this insurance will not be invalidated by reason of the Insured having agreed to a disclaimer clause in any contract entered into by the Insured for:

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

whether or not the disclaimer has been disclosed to the Insurer(s).

#### **7. Fraud**

If any claim is in any respect fraudulent or if any false declaration is made or used in support of any claim, or if any fraudulent means or devices are used by the Insured or anyone acting on behalf of the Insured to obtain any benefit under this Certificate in respect of the claim, all benefit under this Certificate will be forfeited.

#### **8. Goods and Services Tax**

Where the Insured is liable to pay GST on receiving any indemnity payment under this Certificate, the Insurers will reimburse the Insured for the cost of that tax. The reimbursement will be made in addition to the indemnity otherwise payable and will not be subject to any Sum Insured or other limit of the Insurers liability. For the purposes of this clause "GST" means tax payable under section 5 (13) of the Goods and Services Tax Act 1985, or under any statutory amendment to or re-enactment of the Section or Act.

#### **9. Mis-description**

This insurance will not be prejudiced by:

- a) any innocent alteration or inadvertent mis-description of property or occupancy;
- b) any act of the occupier whereby the risk of loss or damage to property not in the occupation of the Insured is increased without the authority or knowledge of the Insured;

provided that notice is given to the Insurer immediately the Insured's Insurance Manager (or equivalent) becomes aware of any of the above happenings. The Insured agrees to pay an appropriate additional premium if required.

#### **10. Mutually Acceptable Adjusters**

Where the Insurer wishes to appoint any loss adjuster or assessor in respect of any claim on this insurance, the appointee must be mutually acceptable to the Insurer and the Insured.

#### **11. Observance**

The due observance and fulfilment of the terms of this Certificate in so far as they relate to anything to be done or complied with by the Insured, and the truth of statements made in writing, are conditions precedent to any liability of the Insurer(s) to provide indemnity under this Certificate.

#### **12. Other Insurance**

If, at the time of any claim arising under this insurance, there is any other valid and collectable insurance covering all or part of the same loss:

- a) the amount payable under the other insurance will be determined as though this insurance did not exist; and
- b) this insurance will only apply to any loss in excess of either;
  - i. the amount payable under the other insurance; or
  - ii. the amount of any Deductible applicable to this insurance;

whichever is the greater.

#### **13. Recovery Apportionment**

If the Insurer, having exercised its right of subrogation, recovers any part or all of a loss in respect of which a claim has been paid or is payable under this Certificate, the amount so recovered will be apportioned as follows:

- a) The Insured will be fully reimbursed for the uninsured portion of the loss, excluding that portion of

the loss uninsured by reason of a Deductible.

- b) Any remaining balance will be apportioned between the Insured and the Insurer in the ratio of their respective losses; the loss to the Insured being that portion of the loss that is uninsured by reason of any Deductible, and the loss to the Insurer being the amount of its actual payment under the Certificate.

The costs of all recovery proceedings will be apportioned in the ratio of respective recoveries. If no recovery is made, proceedings conducted solely by the Insurer will be at its own expense.

Notwithstanding anything to the contrary in the Deductible clause of this Certificate, no account is to be taken of subrogated recoveries in determining the amount of adjusted loss to which the Deductible applies.

#### **14. Reinstatement of Sum Insured**

In the event of loss for which a claim is payable under this Certificate, and in the absence of written notice by the Insurer or the Insured to the contrary, the amount of insurance cancelled by the loss will be automatically reinstated but only when the lost or destroyed insured property has been replaced. Where insured property is damaged, reinstatement of the amount of the insurance cancelled by the loss will only occur as and when repairs have been completed, and only to the extent of the value of those completed repairs. The Insured undertakes to pay such pro rata premium at the rate applicable to the item or items or insured property concerned as may be required for the reinstatement.

#### **15. Renewal Terms**

If the Insurer intends to refuse renewal of this Certificate, or to offer renewal on any terms less favourable to the Insured than those applying during the current Period of Insurance, the Insurer will give the Insured notice of that intention. The notice must be received by the Insured not less than 30 days before the expiry of the current Period of Insurance. If the notice is not received by that time, the Insurer will, if so required by the Insured, extend the current Period of Insurance so that it will expire not less than 30 days after the notice is received by the Insured. The Insured undertakes to pay a pro rata proportion of the annual premium for the period of any such extension.

#### **16. Subrogation**

Where, upon accepting liability for a claim under this Certificate, the Insurer(s) is (are) entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation, the Insured must, at the Insurer's expense, do and concur in doing and permit to be done anything reasonably required by the Insurer(s) for the purpose of enforcing that right. The Insured must comply with this condition when required, whether before or after having been indemnified by the Insurer(s).

#### **17. Waiver of Recovery Rights**

Where the Insured is a parent or subsidiary in a group of related companies, this insurance will not be invalidated by reason of the Insured waiving or having waived any right of recovery it may have against any other company in the same group.

Subsidiary company means a company, more than half the nominal value of whose equity share capital is owned by a parent company either directly or through other subsidiaries; and a group of related companies means a group of companies related to one another by virtue of such ownership.

This insurance will not be invalidated if the Insured, by agreement, waives right of recovery or indemnity from any party (other than a related company as provided for above in respect of loss or damage insured by this Certificate, provided that the waiver is made prior to the occurrence of loss or damage.

## General Exclusions Applicable To Sections 1 and 2

### 1. Antiques, Curiosities and Art

This insurance does not cover any one antique, curiosity or work of art whose value exceeds the amount specified in the Schedule.

### 2. Contract Works

This insurance does not cover any Insured Property during the course of installation, construction, demolition, erection, or testing. However, this Exclusion shall not apply to any such property for which a Special Limit is specified in the Schedule.

### 3. Explosives

This insurance does not cover explosives, being any material designed to explode with the object of causing Damage for commercial or military purposes.

### 4. Interruption

In respect of the property or part immediately affected this insurance does not cover Damage directly caused by total or partial cessation of work, retarding or interruption or cessation of any process, but this Exclusion does not apply to Damage arising from an ensuing cause not otherwise excluded.

### 5. LMA 5018 Micro-organism Exclusion (Absolute)

This Certificate does not insure any loss, Damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to: mould, mildew, fungus, spores or other micro-organism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human.

This Exclusion applies regardless whether there is

- a) Damage to Insured Property;
- b) any insured peril or cause, whether or not contributing concurrently or in any sequence;
- c) any loss of use, occupancy, or functionality; or
- d) any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

This Exclusion replaces and supersedes any provision in the Certificate that provides insurance, in whole or in part, for these matters.

### 6. Money

This insurance does not cover Money. However, this Exclusion shall not apply to any such property for which a Special Limit is specified in the Schedule.

### 7. NMA 464 War and Civil War Exclusion Clause

(Approved by Lloyd's Underwriters' Non-Marine Association)

Notwithstanding anything to the contrary contained herein this Certificate does not cover Damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or Damage to property by or under the order of any government or public or local authority.

### 8. NMA2915 Electronic Data Endorsement B

#### 1. Electronic Data Exclusion

Notwithstanding any provision to the contrary within the Certificate or any endorsement thereto, it is understood and agreed as follows:

- a) This Certificate does not insure loss, Damage, destruction, distortion, erasure, corruption or

alteration of Electronic Data from any cause whatsoever (including but not limited to Computer Virus) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

Electronic Data means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

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, that propagate themselves through a computer system or network of whatsoever nature. Computer Virus includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- b) However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Certificate, subject to all its terms, conditions and exclusions, will cover physical Damage occurring during the Certificate period to property insured by this Certificate directly caused by such listed peril.

**Listed Perils:**

Fire  
Explosion

## 2. Electronic Data Processing Media Valuation

Notwithstanding any provision to the contrary within the Certificate or any endorsement thereto, it is understood and agreed as follows:

Should electronic data processing media insured by this Certificate suffer Damage insured by this Certificate, then the basis of valuation shall be the cost of the blank media plus the costs of copying the Electronic Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such Electronic Data.

If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Certificate does not insure any amount pertaining to the value of such Electronic Data to the Insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

## 9. NMA 2920 Terrorism Exclusion Endorsement

Notwithstanding any provision to the contrary within this Certificate or any endorsement thereto it is agreed that this Certificate excludes loss, Damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any Act of Terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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

This Exclusion also excludes loss, Damage, cost or expense of whatsoever 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 any Act of Terrorism.

If the Insurer(s) allege that by reason of this Exclusion, any loss, Damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured.

In the event any portion of this Exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

#### **10. NMA 2962 Biological or Chemical Materials Exclusion**

It is agreed that this Certificate excludes loss, Damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.

#### **11. Property**

This insurance does not cover any of the following property unless it is specified in the Schedule: Any standing timber, growing crop, livestock, dam, canal, tunnel, bridge (other than a bridge on the Insured's premises), dock, pier, wharf, mining property located beneath the surface of the ground, or any land, including but not limited to topsoil and backfill.

#### **12. Radioactive Contamination and Explosive Nuclear Assemblies**

This insurance does not cover:

- a) loss or destruction of or Damage to any property whatsoever or any loss or expense whatsoever resulting or arising therefrom or any consequential loss.
- b) any legal liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from:
  - i. ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel.
  - ii. the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

#### **13. Riot, Civil Commotion and Industrial Dispute**

This insurance does not cover Damage caused directly by:

- a) partial or total cessation of work; or
  - b) delay, interruption or cessation of any process;
- consequent upon any riot, civil commotion or industrial dispute.

#### **14. Settling, Shrinkage or Expansion**

This insurance does not cover Damage directly caused by or resulting from normal settling, shrinking or expansion of buildings, foundations, walls, pavements, roads, or any other structural improvement. However, this Exclusion does not apply to Damage arising from an ensuing cause not otherwise excluded.

#### **15. Transit**

This insurance does not cover property in transit other than at Premises owned or occupied by the Insured.

#### **16. Utilities**

In respect of the property or part immediately affected this insurance does not cover Damage directly caused by interruption of the supply to the site of water, gas, electricity or any fuel.

#### **17. Vehicles**

This insurance does not cover any kind of motor vehicle or trailer or their accessories while in or on either of them. However, this Exclusion does not apply to any mobile plant used in and around the

Insured's premises unless the plant is insured under a policy of Motor Vehicle insurance.

### 18. Watercraft and Aircraft

This insurance does not cover any kind of watercraft or aircraft, or accessories while in or on any of them. However, this Exclusion does not apply to stock of the Insured's business.

### 19. Weather Conditions

In respect of the property or part immediately affected this insurance does not cover Damage 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.

## Endorsements

The insurance provided by this Certificate is endorsed as follows:

### NMA 2560 ADDITIONAL LIMITATIONS AND CONDITIONS ENDORSEMENT (STANDARD)

(FOR WORLDWIDE USE OTHER THAN IN U.S.A. & CANADA) THIS ENDORSEMENT CONTAINS PROVISIONS IN CLAUSES II, V AND VI THAT MAY LIMIT OR PREVENT RECOVERY UNDER THIS CERTIFICATE FOR DEBRIS REMOVAL (AS PROVIDED IN CLAUSE II) AND/OR RESULTING LOSS (AS PROVIDED IN CLAUSE V).

#### I. Land, Water and Air Exclusion Clause

Notwithstanding any provision to the contrary within the Certificate of which this Endorsement forms part (or within any other Endorsement which forms part of this Certificate), this Certificate does not insure land (including but not limited to land on which the insured property is located), water or air, howsoever and wherever occurring, or any interest or right therein. The foregoing exclusion shall not apply to water which is contained in plumbing or firefighting installations in the Insured's buildings at the time of any Damage insured by this Certificate.

#### II. Debris Removal Clause

Nothing contained in this Clause shall override any seepage and/or pollution and/or contamination exclusion or any radioactive contamination exclusion or any other exclusion applicable to this Certificate. The inclusion of this Clause shall in no event increase the Limit of Liability of the Insurer(s) under this Certificate or any other endorsement applicable to this Certificate.

Any provision within this Certificate (or within any other Endorsement which forms part of this Certificate) which insures debris removal is cancelled and replaced by the following:

1. In the event of Damage to property, for which the Insurer(s) agree to pay hereunder, or which but for the application of a deductible or underlying amount they would agree to pay, this Certificate also insures, subject to the limitations below and method of calculation in Clause VI of this Endorsement and to all the other terms and conditions of the Certificate, expense:
  - a) which is reasonably and necessarily incurred by the Insured in the removal, from the premises of the Insured at which the Damage occurred, of debris which results from the Damage; and
  - b) of which the Insured becomes aware and advises the amount to the Insurer(s) hereon within one year of the commencement of the Damage;
 provided however, that nothing in this Clause shall insure any expense provided under Clause V of this Endorsement.
2. The maximum amount of expense for removal of debris (subject to the limitations of paragraph 1 above) that can be included in the method of calculation in Clause VI of this Endorsement, shall be the greater of \$50,000 (fifty thousand New Zealand Dollars, or the equivalent in local currency) or 10% (ten per cent) of the amount of the Damage from which expense results.

### III. Seepage and/or Pollution and/or Contamination Exclusion Clause

Notwithstanding any provision to the contrary within the Certificate of which this Endorsement forms part (or within any other Endorsement which forms part of this Certificate), this Certificate does not insure:

1. any loss, Damage, cost or expense; or
2. any increase in insured loss, Damage, cost or expense; or
3. any loss, Damage, cost, expense, fine, penalty or other sum which is incurred, sustained or imposed by, or by the threat of, any judgement, order, direction, instruction or request of, or any agreement with, any court, government agency, any public, civil or military authority or any other person (and whether or not as a result of public or private litigation);

which arises from any kind of seepage or any kind of pollution and/or contamination, or threat thereof, whether or not caused by or resulting from a peril insured, or from steps or measures taken in connection with the avoidance, prevention, abatement, mitigation, remediation, clean-up or removal of such seepage or pollution and/or contamination, or threat thereof.

The term "any kind of seepage or any kind of pollution and/or contamination" as used in this Endorsement includes (but is not limited to):

1. seepage of or pollution and/or contamination by anything, including but not limited to that which is designated by any governmental, public or regulatory body or authority as toxic, hazardous, dangerous or deleterious to persons, property or the environment under any law, ordinance, regulation or decree;
2. the presence, existence, or release of anything which endangers or threatens to endanger the health, safety or welfare of persons or the environment.

### IV. Listed Perils Resulting from Seepage and/or Pollution and/or Contamination Clause

This Certificate is amended as set forth below. All other terms and conditions of this Certificate remain unchanged and continue to apply with full force and effect. Nothing contained in this Clause shall override any radioactive contamination exclusion applicable to this Certificate. If any of the perils listed below results from seepage and/or pollution and/or contamination, then such resultant perils shall not be excluded solely by the foregoing Seepage and/or Pollution and/or Contamination Exclusion Clause.

#### Listed Perils:

Fire  
Explosion

Nothing in this Clause, however, shall extend this Certificate to insure:

1. loss, Damage, cost, expense, fine or penalty, or other sum arising from any kind of seepage or any kind of pollution and/or contamination that causes or results from a listed peril; or
2. Damage at any premises other than the premises where the listed peril took place; or
3. property and/or interests other than those insured by this Certificate against the listed perils.

### V. Limited Seepage and/or Pollution and/or Contamination resulting from Physical Damage caused by Listed Perils Clause

THIS CLAUSE IS VOID AND OF NO FORCE OR EFFECT UNLESS AN AMOUNT IS SPECIFIED IN PARAGRAPH 2) BELOW.

This Certificate is amended as set forth below. All other terms and conditions of this Certificate remain unchanged and continue to apply with full force and effect. Nothing contained in this Clause shall override any radioactive contamination exclusion or, except as set forth herein, the foregoing Seepage and/or Pollution and/or Contamination Exclusion Clause. The inclusion of this Clause shall in no event increase the Limit of Liability of the Insurer(s) under this Certificate or any other endorsement applicable to this Certificate.

If,

- a) any of the perils listed below is the sole, immediate and direct cause of Damage to property insured by this Certificate against such listed peril (hereinafter in this Clause referred to as "Original Damage"); and
- b) the Original Damage is the sole, immediate and direct cause of seepage onto, and/or pollution and/or contamination of property which is:
  - i. at the same premises as the Original Damage; and
  - ii. insured by this Certificate against the listed peril causing the Original Damage; and

A said property is Damaged thereby (hereinafter in this Clause referred to as "Resulting Damage");

then this Certificate, subject to the following additional terms and limitations and the method of calculation in Clause VI of this Endorsement, also insures:

- a) the Resulting Damage; and
- b) the reasonable and necessary expense incurred by the Insured for debris removal and/or cleanup which is:
  - i. limited to the same premises as the Original Damage; and
  - ii. made necessary solely by the Resulting Damage;

but which shall in no event include any expense of clean up or removal of land, water or air, (which Resulting Damage and expense of debris removal and/or clean up, hereinafter in this Clause are referred to as "Resulting Loss");

provided, however, that this Certificate only insures the Resulting Loss where:

- a) the Insurer(s) have agreed to pay for the Original Damage or, but for the operation of a deductible or underlying amount, would have agreed to pay for the Original Damage; and
- b) within one year of the commencement of the listed peril which caused the Original Damage, the Insured became aware and advised the Insurer(s) of the amount of:
  - i. the Resulting Loss; and
  - ii. any other interest to be claimed under this Certificate as a result of the Resulting Damage, whether physical Damage, Business Interruption, Extra Expense or otherwise.

#### Listed Perils

Fire,  
Lightning,  
Explosion.

Nothing in this Clause, however, shall extend this Certificate to cover any condition that existed prior to the Original Damage nor to insure any loss, Damage, cost, expense, fine, penalty, or other sum which is incurred, sustained or imposed by, or by the threat of, any judgement, order, direction, instruction or request of, or any agreement with, any court, government agency, any public, civil or military authority or any other person (and whether or not as a result of public or private litigation) in;

- a) the amount of the Damage (as defined in Clause II) or the amount of the Original Damage (as defined in Clause V); and
- b) all other amounts, if any, insured under this Certificate as a result of the same occurrence that the Insurer(s) hereon agree to pay or, but for the application of a deductible or underlying amount, they would agree to pay;

then the resulting sum shall be the amount of which first all deductibles and then any underlying amounts to which this Certificate is subject shall be applied and then balance, if any, shall be the amount payable, subject to all other provisions of this Certificate and to the applicable limit(s), sub-limit(s) and aggregate limit(s).



## **VI. Method of Calculation**

In calculating the amount, if any, payable under this Certificate for a claim including expense of debris removal (as provided for and limited in Clause II of this Endorsement) and/or Resulting Loss (as provided for and limited in Clause V of this Endorsement), the amount of such expense of debris removal and/or such Resulting Loss shall be added to:

- a) the amount of the Damage (as defined in Clause II) or the amount of the Original Damage (as defined in Clause V); and
- b) all other amounts, if any, insured under this Certificate as a result of the same occurrence that the Insurer(s) hereon agree to pay or, but for the application of a deductible or underlying amount, they would agree to pay;

then the resulting sum shall be the amount of which first all deductibles and then any underlying amounts to which this Certificate is subject shall be applied and then balance, if any, shall be the amount payable, subject to all other provisions of this Certificate and to the applicable limit(s), sub-limit(s) and aggregate limit(s).

# Contact Us

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