
Ando Insurance Group Limited

Material Damage Policy Wording



ANDO

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1. Introduction

1.1 Our promise to you

In return for **you** having paid or promised to pay the required premium **we** agree to insure **you** as set out in this policy.

1.2 The policy

The policy consists of any information provided to **us** by **you** on which this insurance is based, **your** proposal, the applicable parts of this policy, any endorsements or warranties that **we** apply to **your** policy and the **schedule**.

1.3 Reading this policy

Certain words in this policy have a specific meaning. These words appear in **bold** and **you** will find the meaning listed in the 'Definitions' section of this policy. The definitions also apply to the plural and any derivatives of the words in bold.

You will also find examples and comments to make parts of this policy easier to understand. These examples and comments, which appear in *italics*, do not affect the meaning of the section they refer to.

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

1.4 Fair Insurance Code

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

This means we will:

- a) Provide insurance contracts which are understandable and show the legal rights and obligations of both us and you, the policy holder;
- b) Explain the meaning of legal or technical words or phrases;
- c) Explain the special meanings of particular words or phrases as they apply in the policy;
- d) Settle all valid claims fairly and promptly;
- e) Clearly explain the reason(s) why a claim has been declined;
- f) Provide policyholders with a written summary of our complaints procedure as soon as disputes arise and advise them how to lodge a complaint and tell them about the Insurance and Savings Ombudsman Scheme;
- g) Be financially sound as measured by our Claims paying rating.

2. Definitions

Accident

A sudden and unforeseen **event** that causes **loss** that was not expected or intentionally caused by **you**.

Act of Terrorism

Act of Terrorism is an act including but not limited to the use of force or violence and/or the threat of that 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.

Building

Any building together with underground and above ground services directly associated with the building, permanently attached fixtures and fittings, including but not limited to signs, fire protection systems, wired security systems, site improvements and landscaping.

Burglary

Loss following the entry without authority of a **building**, securely locked motor vehicle, or container including any attempt there at.

Business

The business described in the **schedule**, carried on by **you** or on **your** behalf including any trade or occupation similar to that business.

Business days

The days **your business** normally operates.

Business hours

The hours that **you**, any director, manager or any of **your** employees who are entrusted with the care, custody or control of **money**, are on **your business** premises for the purpose of **your business**.

Computer virus

A set of corrupting, harmful or otherwise unauthorised instructions, or code including a set of maliciously introduced unauthorised instructions or code that propagate themselves through a computer system or network (*such as "Trojan Horses", "Worms", and "Time or Logic bombs"*).

Contents

Contents of a **building**, chattels in the open or under shelter tenant's improvements and all other tangible property not specifically defined as **buildings, stock, plant** and other specified items; and landlord's fixtures and fittings for which **you** are legally responsible for damage.

Electronic data and software

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

Excess

The applicable excess shown in this policy that will be deducted from the amount payable for each **loss**.

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

Event

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

Immediately preceded by

The last **event** occurring immediately prior to the **loss**.

Insured property

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

- a) **buildings**, and
- b) **contents**, and
- c) **plant**, and
- d) **stock**, and
- e) any other property provided that:

the property is specified in the **schedule**, and the property is owned by **you** (including joint ownership with others) or for any property, other than **buildings**, in **your** care, custody or control.

Landscaping

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

Loss

Sudden physical loss of or damage to **insured property** that is **accidental**.

Machine

Any device that converts and directs motion or energy, or performs any electronic process, including any protective component connected with that device.

Money

Current coin, bank and currency notes, cheques, traveller's cheques, postal notes, money orders, unused postage stamps, credit card vouchers, redeemable vouchers and tokens, franking machine credits and other tangible instruments.

Natural disaster

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

Period of insurance

The period of insurance shown in the **schedule** that begins on the 'From' date and ends at 4.00pm on the 'To' date.

Plant

Plant, machinery, improvements, chattels, equipment, spare parts, tools, moulds, patterns, dyes, switchboards, cables, piping and telecom equipment.

Pressure vessel

Any vessel designed for containing substances, reactions etc. at pressures above atmospheric pressure.

Production process

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

Region

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

Regulations

Any Act of Parliament or regulations made under or framed in accordance with any Act of Parliament, or regulation or bylaw of any local authority.

Schedule

The most recent version of the **schedule** issued for this policy.

Site or Situation

Any parcel of land that **you**, or **your business** own or occupy that is referred to in the **schedule**.

Site improvements

Footpaths, driveways, car parks, site roads, yards, retaining walls, gates, fences, permanently sited water storage tanks, septic tanks and heating oil tanks.

Site sum insured

The total sum insured for all **insured property** located at a particular site.

Stock

Stock and materials in trade, including raw materials and work in progress.

Temporarily removed

The removal of **Insured property** that is ordinarily located in **your** premises and for a particular purpose within New Zealand, with the intention that the property be returned to the place from which it has been removed once that purpose has been completed.

Undamaged

Not damaged physically and directly by an insured event.

We, us, our

Ando Insurance Group Ltd on behalf of the underwriters noted the **schedule**.

Work of art

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

You

The person(s) or entity named in the **schedule** as "Insured" including any subsidiary company, associated managed company, associated social or sporting club, or new organisation formed or acquired by **you** during the **period of insurance**.

3. General Conditions

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

3.1 Breach of any condition

If **you**, or any other person or entity **we** cover under this policy, or anyone acting on **your** behalf, breaches any of the terms and/or conditions of this policy, **we** may decline **your** claim either in whole or in part, and/or declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist.

3.2 Cancellation

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

We may cancel or modify this policy by advising **you** (or **your** Broker or Agent) by letter, fax or email. Cancellation will take effect at 4.00pm, on the 30th day after the date of **our** advice. We will refund any premium that is due to **you** based on the unused portion of the **period of insurance**.

3.3 Cross liability

Where **you** are comprised of more than one person or entity as named on the **schedule**, the term "You" will be considered as applying to each person or entity separately (as though a separate insurance policy had been issued to each person).

The maximum combined amount **we** will pay to all parties, is the amount stated in each part of this policy for any **event**.

3.4 Currency

Any amounts shown in this policy are in New Zealand dollars.

3.5 Excess

The relevant **excess** will be deducted from the claim payment **we** are required to make.

3.6 Goods and Services Tax (GST)

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

- a) all sums insured exclude GST, and
- b) all sub limits exclude GST, and
- c) all **excesses** include GST.

GST will be added, where applicable, to claim payments.

3.7 Laws and Acts that govern this policy

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

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

3.8 Other interests

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

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

4. Your Obligations

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

You (and any other person or entity **we** cover) must comply with the conditions of this policy at all times. If **you** fail to comply, **we** may not pay **your** claim.

4.1 True statements and answers

You must make sure that all statements are true (whether given by **you** or any other person), when:

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

4.2 Other insurance

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

This policy does not cover **your** liability or **loss** if it is insured to any extent under any other insurance policy. **We** will only pay the amount of any **loss** in excess of that recoverable under the other insurance policy.

4.3 Reasonable care

You must take reasonable care at all times to avoid circumstances that could result in a claim. **Your** claim will not be covered if **you** are reckless or grossly irresponsible.

If **you** fail to tell us of a change in the risk, we may declare this **policy** unenforceable, and/or decline any subsequent claim either in whole or in part.

4.4 Your duty of disclosure

When **you** apply for insurance, **you** have a legal duty of disclosure. This means **you** or anyone on **your** behalf must tell **us** everything **you** know (or could be reasonably expected to know) that might affect **our** decision when deciding:

- a) to accept or decline **your** insurance, and/or
- b) the cost or terms of the insurance, including the **excess**.

In particular, **you** should tell **us** anything which may increase the chance of a claim under this policy, or the amount of a claim under this policy.

You also have this duty every time **your** policy renews and when **you** make any changes to it.

If **you** do notify **us** of a change, **we** may alter the premium and/or the terms of **your** policy.

If **you** or anyone on **your** behalf breaches this duty, **we** may treat this policy as being of no effect and to have never existed.

*Please ask **us** if **you** are not sure whether **you** need to tell **us** about something.*

5. Scope of Cover

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

6. Exclusions

6.1 Property not covered

This policy does not insure:

- a) any **insured property** during:
 - (i) demolition;
 - (ii) installation, construction or erection; or
 - (iii) testing following any of above.

- b) jewellery, precious stones, furs, precious metals, money or bullion.

This exclusion does not apply if any of these items are **stock of your business**, or a component of any **plant** or machinery.

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

Exclusion (c) i and (c) ii do not apply to mobile plant used in or around **your site** or **situation** listed in the **schedule**.

- d) any of the following property:
 - (i) standing timber or growing crops or live plants, trees, livestock, dams, canals, or reservoirs;
 - (ii) road or railway tunnels and/or bridges;
 - (iii) docks, piers, or wharves;
 - (iv) mining property located below ground level;
 - (v) any land (including topsoil and backfill);
 - (vi) any living creature.

This exclusion does not apply to an item of property listed above, if the item of property is specifically listed in the **schedule** as being insured.

6.2 Losses not covered

This policy does not insure:

- a) any of the following types of damage to **insured property**:
 - (i) slowly developing deformation or distortion;
 - (ii) marring or scratching;
 - (iii) gradual deterioration;
 - (iv) rot or mildew,

- b) **loss immediately preceded by** any of the following: interruption of the supply of water, gas, electricity or any other fuel to the **situation**;

- c) total or partial stoppage of work, or interruption or cessation of any process’;

- d) a change in artificially controlled temperature or atmosphere;

- e) **loss** caused by any of the following:
 - (i) action of micro-organisms, vermin or pests;
 - (ii) corrosion (caused only by atmospheric conditions), action of light, or inherent nature of the property;
 - (iii) wear and tear;
 - (iv) fumes, gas, dust, smoke or soot unless caused by a sudden single identifiable event;
 - (v) maintenance of insured property;

- (vi) Spontaneous combustion;
- (vii) Spontaneous fermentation.

This exclusion only applies to **your** property, or to the part of the **insured property** directly affected. It does not apply to any resultant **loss** to separate **insured property**, or to the other parts of the same **insured property**.

- f) **loss** caused by any of the following:
 - (i) unexplained disappearances, shortages revealed only by the taking of an inventory, and shortages resulting from clerical or accounting errors;
 - (ii) theft;
 - (iii) any fraudulent scheme or device, or false pretence practiced on **you** or any other person;
 - (iv) theft or fraud by **you** or an employee of **yours**.
- g) **loss** following any of these events:
 - (i) exposure to weather conditions if the **insured property** is not designed to be left in the open (unless reasonable precautions have been taken to protect the **insured property** from those conditions);
 - (ii) landslip, subsidence, erosion, settling, cracking or movement of the land, normal settlement, shrinkage, or expansion of **buildings**, foundations, walls, pavements, roads and other structural improvements.

6.3 Asbestos

This policy does not insure **loss**, costs or expenses directly or indirectly arising out of or resulting as a consequence of or related to the manufacture, mining, processing, ownership, distribution, testing, remediation, removal, storage, disposal, sale, transportation, use of or exposure to asbestos or silica or polychlorinated biphenyls or materials or products containing such substances (or any other component building material hazardous to health) whether or not there is another cause of loss which may have contributed concurrently or in any sequence to a loss.

6.4 Building defects

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

- a) materials; or
- b) a design; or
- c) a system; or
- d) a standard of workmanship

that effectively prevents or manages the presence or penetration of moisture or water to which the **building** or structure might reasonably be subjected.

6.5 Confiscation

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

6.6 Consequential loss

This policy does not insure any kind of consequential financial **loss**, including the following:

- a) delays;
- b) loss of market;
- c) penalties;
- d) rates, taxes, duties, development charges;
- e) other charges or assessments arising out of capital appreciation, that are payable to comply with any regulations.

6.7 Costs not insured

This policy does not insure the cost of:

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- a) putting right or repairing or replacing faulty materials;
 - b) putting right faulty workmanship;
 - c) putting right work performed to a faulty or defective design, plan or design specification;
 - d) putting right faulty or defective work where the fault or defect results from an error or omission in design, plan or design specification;
 - e) altering or modifying any part of any refrigeration or air conditioning plant to enable the plant to operate with a more ozone friendly refrigerant.

This exclusion does not apply to any consequential damage occurring as a result of (a) to (e) above that is not otherwise excluded.

6.8 Cyber Attack

This policy does not insure **loss**, damage, liability, or expense directly or indirectly caused by or contributed to by, or arising from the use or operation, as a means for inflicting harm, of any computer, computer system, computer software programme, malicious code, **computer virus** or process or any other electronic system.

6.9 Damage to machinery, boilers, and pressure vessels

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

This exclusion does not apply where **loss** covered under this policy occurs completely outside the **machine** resulting in the machinery breakdown occurring.

This proviso does not apply to machinery breakdown resulting directly or indirectly from any:

- a) error in setting, programming or operating the **machine**;
- b) stock or part of the machine being drawn into the **machine**;
- c) failure to service or maintain the **machine** correctly:
 - (i) To resultant sudden and unforeseen loss to other parts of the **machine** that is not machinery breakdown, or
 - (ii) To the cover provided by Electric Motors Cover
 - (iii) To the cover provided by Refrigerated Goods Cover

6.10 Electronic data and software

This policy does not insure **loss**, destruction, distortion, erasure, corruption, or alteration of **electronic data and software**, from any cause whatsoever (including, but not limited to, a computer virus).

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

This exclusion does not apply to any **loss** to other parts of the **insured property**, that occurs as a result of the loss to **electronic data and software**.

6.11 Infectious disease exclusion

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

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

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

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

6.12 Natural disaster

This policy does not insure against **natural disaster** damage unless selected as an optional policy extension.

6.13 Nuclear risks

This policy does not cover **loss** or damage caused by:

- a) ionizing radiation or contamination by radioactivity from:
 - (i) any nuclear fuel;
 - (ii) any nuclear waste from the combustion or fission of nuclear fuel;
- b) nuclear weapons material.

6.14 Sanctions

This policy does not cover and **we** will not be liable to pay any claim or provide any benefit under this policy to the extent that the provision of such cover, payment of such claim or provision of such benefit would be in violation of any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom, United States of America or New Zealand.

6.15 Seepage, pollution and contamination

This policy does not insure **loss**, or liability, prosecution or expense of any type in connection with seepage, pollution or contamination unless arising from a **loss** otherwise covered by this policy.

6.16 Seismic strengthening

Notwithstanding any provision in this policy to the contrary, the amount payable under this policy for reinstatement of any damaged **building** excludes any additional costs incurred necessary to comply with **regulations** in connection with its seismic strength to a level greater than its level before the **loss** occurred.

6.17 Terrorism

This policy does not cover **loss**, liability, prosecution or expense of any type in connection with controlling, preventing, suppressing, retaliating against or responding to an **Act of Terrorism**.

6.18 Communication and transmission lines

This policy does not insure any above ground communication, transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which is related to such installations.

This exclusion does not apply to all such equipment which is on or within 300 metres of an insured building and which is **your** responsibility.

This exclusion applies both to **loss** to the equipment and all **business** interruption, consequential loss, and/or other contingent losses related to communication, transmission and distribution lines.

6.19 War

There is no cover under this policy for any **loss** or liability resulting from or directly or indirectly caused by or arising in connection with:

war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, civil commotion assuming the proportions of or amounting to a popular rising, martial law, military rising, mutiny, rebellion, revolution, insurrection, military or usurped power.

7. Automatic Policy Extensions

7.1 Alternative residential accommodation

Where **your insured property** is residential accommodation and it is rendered uninhabitable by an insured **event** for which a claim is payable, or access to that property is prevented by a lawfully constituted civil authority to prevent or restrict **loss**, this policy covers the reasonable costs and expenses of alternative accommodation necessarily incurred by **you** or the occupant provided that:

- a) the costs and expenses are not otherwise insured;
- b) **we** may deduct a reasonable allowance for costs reduced or avoided as a result of **your insured property** being rendered uninhabitable;
- c) **our** liability for such costs arising out of any one event will not exceed 25% of the basis of settlement had a total loss occurred to the residential accommodation.

7.2 Capital additions cover

You are insured for:

- a) **accidental loss** to **buildings** or **contents** that **you** acquire during the **period of insurance**, provided **you** own or are responsible for the property, and
- b) appreciation in value of **buildings** or **contents** that results from a physical:
 - (i) alteration;
 - (ii) addition;
 - (iii) improvement,

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

The most **we** will pay under this extension during any annual period is 10% of the sum insured for **buildings** and **contents**, and no more than \$100,000 in total for any one **event**.

However, once **you** have notified **us we** may charge **you** an additional premium and any increased value of the property will be added to **your** sum insured.

7.3 Demolition and other costs

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

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

In respect of any one **event**, **our** liability for these costs will not exceed the limit shown in the **schedule**. If no limit is shown, the costs will be deemed to be included in the sum insured of the affected property.

The cover provided does not include any amount 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.

7.4 Disclaimers and release of liability

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

- a) the Fire Service Commission;
- b) any fire protection installation, service or equipment suppliers;
- c) any oil company;
- d) any corporation, authority or quasi government organisation;
- e) any municipal or local authority;
- f) any state owned enterprise;
- g) any rail division of Toll NZ Limited;
- h) any lift installation or maintenance engineers;

-
- i) any storer of goods, or entity leasing property to **you**;
 - j) any other party to an agreement that has been declared to and accepted by **us**,

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

7.5 Electric motor cover

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

- a) electric motors and starters not exceeding 5kw (6.67hp), and
- b) distribution switchboards and permanently installed electric reticulation at the **situation**,

that happens during the **period of insurance**, provided that the **loss** is fusion or burnout that is immediately preceded by:

- (i) the failure of electrical insulation;
- (ii) abnormal electric current;
- (iii) electrically induced self-heating.

Exclusion 6.9 Damage to Machinery, Boilers, or Pressure Vessels does not apply to this extension.

7.6 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 the **situation**, or elsewhere whilst being worn, kept, carried or used by **your** 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 the **contents** as if they were owned by **you**.

This extension of 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.

We will not liable for more than the amount specified in the **schedule** for any one director or employee, and the amount specified in the **schedule** for any one **event**, and **period of insurance**.

The amount payable is included in the sum insured under this policy.

7.7 Expediting costs cover

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

You must have our prior approval before incurring any costs and **our** approval will be based on the economic benefit gained.

7.8 General average

You are insured for general average and salvage charges adjusted or payable in connection with the **insured property** being transported by sea or air between places in New Zealand according to the contract of affreightment and/or the governing law and practice.

The amount payable is included in the applicable sum insured under this policy.

7.9 Gradual Damage

This policy covers **loss** during the **period of insurance** to **insured property** due to gradual damage, mildew, mold or rot caused by water that leaks, overflows or is discharged from any internal piping or water system installed at the premises.

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

Exclusion 6.2 (a) iii Gradual Deterioration does not apply to this extension.

7.10 Hazardous substance emergency

We will cover **you** for any charge the New Zealand Fire Service is authorised to make against **you** in respect of any hazardous substance emergency at the **situation** where there is damage, or threat of damage to the **insured property**.

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

The most **we** will pay under this extension is \$25,000 for any one **event**, unless a higher amount appears in the **schedule**.

7.11 Landscaping

The most **we** will pay for **landscaping** at a **site** in total during any **period of insurance** is:

- a) 5% of the maximum amount payable for **building(s)** at that **site**, or
- b) \$50,000

whichever is the lesser, unless a higher amount for **landscaping** is shown in the **schedule**.

7.12 Landslip

Despite anything contained in Exclusion 6.2 (g) ii this policy extends to cover **loss** to any **insured property** following:

- a) landslip that is neither gradual nor progressive; and/or
- b) the movement (whether by way of falling, sliding or flowing) of ground; but excluding:
 - (i) subsidence; and/or
 - (ii) the expansion, shrinkage, compaction or erosion of soil.

The most **we** will pay under this extension is \$500,000 or the **site sum insured** (whichever is the lesser) for any one **event**. An excess of \$25,000 applies for each **event** under this extension, unless a higher amount appears in the **schedule**.

7.13 Machinery breakdown

We will pay for **loss** during the **period of insurance** from mechanical or electrical breakdown, derangement or failure of any **machine** up to \$10,000 any one **event** and any one **period of insurance**. \$10,000 is the most **we** will pay for a combined Material Damage and Business Interruption **loss** where **you** have both policies with **us**.

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

For the purpose of this extension the following definition applies:

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

Exclusion 6.9 Damage to Machinery, Boilers, or Pressure Vessels does not apply to this extension.

7.14 Money

You are insured for **loss of money**, provided that the **loss** occurs in any of the circumstances described below:

Section A

- a) in transit, or
- b) at a **site** during **business hours**, or
- c) at a **site** while in a securely locked safe or strong room outside **business hours**.

Section B

Whilst at **your** residence or at the residence of any duly authorised principal or employee of **your business**, or at a **site** outside **business hours** and not in a securely locked safe or strong room.

Provided that:

-
- a) **loss** to money insured by professional money carriers is excluded except for any amount not recoverable from such professional carriers;
 - b) **loss** due to the fraud or dishonesty of any employee of **your business** is excluded unless such **loss** is discovered within 72 **hours** of its occurrence excluding any Saturday, Sunday or public holiday;
 - c) **loss** due to shortages resulting from clerical or accounting errors is excluded.

The most **we** will pay under this extension is \$10,000 for Section A and \$2,000 for Section B, unless a higher amount appears in the **schedule**.

If an additional "Special Carry" limit is shown in the **schedule** it will operate for the period shown in the **schedule**.

Exclusion 6.1 (b) Types of property not covered does not apply to this extension.

7.15 Portable tools of trade (including electronic equipment)

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 used in **your business** anywhere in New Zealand including whilst in transit.

The following conditions apply:

- a) The most **we** will pay under this extension is \$5,000 for any **event**, unless a higher amount appears in the **schedule**;
- b) the **excesses** are those stated in the **schedule**; and
- c) **we** will not cover **you** for the theft of portable tools of trade including electronic equipment from unlocked or insecure premises, vehicles or containers, or from in the open air, unless theft cover is specifically selected and appears in the **schedule**.

7.16 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 the Material Damage Section of this policy.

This extension does not apply to fees for preparing claims made under this policy.

The amount payable is included in the sum insured under this policy.

7.17 Property under construction

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

- a) demolition, or
- b) installation, construction or erection, or
- c) testing following (a) or (b) above,

provided that:

- (i) the property is owned, will be owned or will be occupied by **you**, and
- (ii) the completed value of contract works does not exceed \$100,000, unless a higher value is stated in the **schedule**.

Exclusion 6.1 (a) Types of property not covered does not apply to this extension.

7.18 Protection costs

You are insured for reasonable costs **you** incur to prevent or minimise an imminent **loss** to **insured property** that happens during the **period of insurance**, provided that the **loss** would be covered under this policy if it did occur.

7.19 Redundant foundations

You are insured for undamaged foundations that are made redundant where the **insured property** resting on them has been destroyed as a result of a **loss** covered by this policy.

Where the redundant and **undamaged** foundations are not demolished, and the presence of them increases the market value of the **site** to which they are fixed, the amount of the market value increase will be deducted from the amount payable to **you** provided **you** own the **site**.

7.20 Redundant plant and stock

We will pay for:

- a) **stock;**
- b) **plant;**

which is interdependent with **insured property**, rendered redundant as a result of **loss** covered by this policy. Regardless of the Basis of Settlement shown in the **schedule**, we will only ever pay **you** the indemnity value of the redundant **stock** and **plant**.

7.21 Refrigerated goods

You are insured for:

- a) **accidental loss** to refrigerated **stock** that happens during the **period of insurance** and occurs at the **situation** provided that the **loss** is caused by:
 - (i) **accidental** breakdown, damage, stoppage or malfunction or failure of the refrigeration **plant** from any cause, including **accidental** or malicious disconnection of the power supply, or
 - (ii) sudden failure of power supplied by a public utility to the **situation**, or
 - (iii) the operation of an overload switch, or contamination by the escape of refrigerant gas or liquid into the refrigerated cabinet, chamber or cool store, and
- b) reasonable costs **you** incur to avoid or minimise **loss** to refrigerated **stock** that is covered by (a) above (such as moving the goods to an alternative storage unit).

The most **we** will pay under this extension for any **event** is \$10,000 unless a higher amount appears in the **schedule**.

Exclusion 6.2. (d) does not apply to this extension.

7.22 Rewards

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

- a) the **loss** is covered under this policy, and
- b) **you** have **our** prior approval to offer the reward.

7.23 Site improvements

The most **we** will pay for **site improvements** at a **site** in total during any **period of insurance** is:

- a) 10% of the maximum amount payable for **building(s)** at that **site**, or
- b) \$500,000

whichever is the lesser, unless a higher amount for **site improvements** is shown in the **schedule**.

7.24 Social club

We will cover **you** for the property of any social club, sports club or similar body whose activities are principally for the benefit of **your** employees.

The property is deemed to be included in the description of **insured property** as if it was owned by **you**.

7.25 Stolen keys

You are insured for the reasonable costs to:

- a) open a safe or strong room, and
- b) alter or replace locks, keys and combinations that give access to **your insured property**, provided that the keys or combinations are stolen, lost or believed on reasonable grounds to have been duplicated without proper authority during the **period of insurance**.

Exclusion 6.2 (f) does not apply to this extension.

7.26 Subsidence

You are insured for **loss** to any **insured property** arising from:

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

but excluding:

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

The most **we** will pay under this extension is \$500,000 for any one **event**. An **excess** of \$25,000 applies for each **event** under this extension, unless a higher amount appears in the **schedule**.

Exclusion 6.2 (e) ii does not apply to this extension.

7.27 Temporary removal

We will cover **your insured property** (except **stock**) whilst **temporarily removed** to any place in New Zealand and whilst in transit to or from that place.

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

7.28 Theft

We will cover theft of **insured property**.

Exclusion 6.2 (f) ii does not apply to this extension.

7.29 Transit

We will cover **your insured property** whilst in transit anywhere in New Zealand.

In respect of any **insured property** destined for transit beyond New Zealand, cover under this policy ceases at the time the **insured property** pass over the ship's rail or through air transport loading doors at any New Zealand port or airport.

The most **we** will pay under this extension is the limit for cover is specified in the **schedule**.

7.30 Unharmed property

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

We will also cover **you** for the cost of reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior to the demolition, **loss**, or removal.

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

8. Optional Policy Extensions

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

8.1 Natural disaster

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

Our liability in respect of **natural disaster damage** in any one **period of insurance** will not exceed the total **sum insured** for **natural disaster**. **Our** liability in respect of **natural disaster damage** at a **site** will not exceed the **site sum insured** for that **site**.

The sum adjustment for existing damage provided in Basis of Settlement 9.13 will apply to all sums insured for **natural disaster**.

Each **loss** or series of **losses** at a **site** arising out of an **event** will be adjusted separately.

The most **we** will pay is the difference between what the Earthquake Commission pays or ought to pay, and **your** maximum entitlement under the policy for **natural disaster**.

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

Your natural disaster excess is the most **you** will pay for **natural disaster** claims under this policy and any Business Interruption policy **you** have with **us** arising from any one **event** at each **site**.

For the purposes of this extension:

“Earthquake Commission Act” includes the Earthquake Commission Act 1993 and any replacement Act or other statutory scheme providing insurance against **natural disaster**.

The amount payable under the Earthquake Commission Act (as defined in this extension) is deemed to include the amount of any excess imposed by the Earthquake Commission Act.

Exclusion 6.12 does not apply if this optional extension is specified in the **schedule**.

8.2 Season Stock Increase

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

8.3 Sustainable Rebuilding Costs

This policy covers additional reasonable costs incurred to upgrade **building(s)** with sustainable products provided that:

- a) the **building(s)** has suffered a total **loss** covered by this policy, and
- b) reinstatement conditions apply to the **building(s)**, and
- c) the **building(s)** is reinstated, and
- d) **we** approve the sustainable products (approval will not be unreasonably withheld).

Our liability for such additional costs will be the lesser of 5% of the actual cost of reinstatement of the **building** or \$250,000.

The amount payable under this extension is in addition to the total sum insured.

“Sustainable products” means products that increase the efficiency of the **building** relating to the use of energy and/or water and rebuilding materials that reduce environmental impacts (such as double glazing, solar water heating systems, environmentally friendly timber, rainwater collection tanks and/or water efficient interior plumbing etc.).

Sustainable products do not include fire protection devices or systems, security devices or systems, or natural hazard protection.

*If **you** are unsure whether a product is considered “sustainable” please discuss with **us** prior to proceeding.*

9. Basis of Settlement

9.1 Reinstatement

When any item(s) of **insured property** is insured for reinstatement it will be shown in the **schedule**. Whenever reinstatement cover applies, **we** will indemnify **you** by reinstating the **insured property** to the same state it was immediately prior to the **loss**. **Our** agreement to reinstate is subject to the following:

“Destroyed” means so damaged that the **insured property**, by reason only of that damage, cannot be economically repaired for less than the relevant sum insured. For the avoidance of doubt, damaged **insured property** will not be considered destroyed by reason only of any uninsured cost in reinstatement.

“Equivalent building” means a **building** that is nearly as practicable the same as the **building** lost or destroyed, using modern equivalent materials, skills and techniques that are readily available and incorporating such alterations that are necessary to comply with any **regulations** that are in force when the **loss** occurs, but subject to clause 9.2 below.

Where an equivalent **building**:

- a) cannot be constructed, or
- b) is not suitable to **your** reasonable requirements,

then with **our** consent (which will not be unreasonably withheld), **B** will pay for another similar building.

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

“Reinstatement” means in respect of **insured property**:

- a) where **insured property** is lost or destroyed, its replacement by an equivalent building or by equivalent plant as the case may require;
- b) where **insured 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 pre-damage condition when new, using modern equivalent materials, skills and techniques that are readily available.

9.2 Compliance with Regulations

All reasonable costs and expenses incurred in complying with **regulations** that are in force on the date that the **loss** occurs, are included in the amount payable for reinstatement, except for the following:

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

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

9.3 Location of Reinstatement

Where reinstatement is required, it must be carried out on the same **site**, unless:

- a) this is not allowed because of any **regulations**, or
- b) this 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** in New Zealand.

9.4 Limitations on Amount Payable

Where the work of reinstatement is carried out in terms of paragraphs (a) or (b) of the equivalent building definition above, or at any location other than the original **site**, **our** liability will not exceed the cost that would have been incurred had reinstatement been carried out in terms of the first paragraph of the equivalent building definition at the original **site**.

Where the **insured property** is damaged but not destroyed, **our** liability will not exceed the amount **we** would have been required to pay for reinstatement if the property had been destroyed.

Our liability in respect of any item of **insured property** will not exceed the lesser of the **site sum insured** or the amount that appears in the **schedule** in respect of that item of **insured property**.

9.5 Circumstances where Reinstatement does not apply

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

- a) if **you** elect not to reinstate the property;
- b) if the work of reinstatement is not started and completed within a reasonable period of time;
- c) until the cost of reinstatement has been actually incurred; or
- d) if any of the following apply:
 - (i) repair of the damage is not permissible under any **regulations**;
 - (ii) repair of the damage is not permissible because of the undamaged portion of the property.

In any of these circumstances, **we** will settle **your** claim for **loss** on an indemnity basis as per **clause** 9.6 below.

9.6 Indemnity

When any item(s) of the **insured property** is insured for indemnity it will be shown in the **schedule**. Whenever indemnity cover applies, **we** will indemnify **you** using whichever of the following options **we** choose:

- a) where **insured property** is lost or destroyed, **we** will pay the cost of replacing the property with property of a similar condition, age and specification, as it was in, immediately prior to the **loss**; or
- b) where **insured property** is damaged but not destroyed, **we** will pay the cost of repairing the property, as nearly as possible, to the condition it was in prior to the **loss**; or
- c) **we** will pay the indemnity value of the damaged part of the **insured property**.

9.7 Reinstatement of Amount of Insurance

In the **event** of any **loss** under this policy the total sum insured shall automatically and immediately reduce by the amount **we** have to pay for the **loss**. The reduced total sum insured as a result of the **loss** will be automatically reinstated from the date the **insured property** has been fully repaired, replaced or reinstated.

You must pay **us** the further premium required by **us** for the reinstated cover.

However if the claim is a result of **natural disaster** there will be no automatic reinstatement of the total sum insured unless specifically agreed in writing by **us**.

9.8 Valuation of the Property

If **we** request it, **you** must provide **us** with a professional property valuation certificate at the start of each annual period.

This certificate is required for all items of **insured property** that are covered for reinstatement, and must cover the forthcoming **period of insurance**, and must contain all information that **we** ask for.

9.9 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**.

9.10 Electronic Data and Software

For **loss** to **electronic data and software** we will pay the cost of blank media plus the cost of transferring data from a back-up or from originals to the blank media.

We will not pay any costs to recreate, gather or assemble data, or any research or engineering costs.

9.11 Software

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

9.12 Works of Art

Where there is **loss** to **insured property** 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 a total **loss**. Its pre-damage value will be determined by the valuer, or, providing the restorer is suitably qualified, by the restorer. We will pay the pre-damage value less 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. We will pay the cost of restoration or, if the restoration is not carried out, the restorer's reasonable estimate of the cost of restoration.

In the **event** of the total **loss** of any **work of art**, or **works of art**, that forms part of a set, we will pay the cost of the complete set and **you** must give **us** the remainder of the set.

We will not pay for any reduction in value due to a **work of art** having been damaged and restored.

The most we will pay for a **work of art** is \$5,000, unless a higher amount appears in the **schedule**.

What we will pay

9.13 Maximum Sum Insured

Subject to 9.1, the maximum amount payable under the policy for **loss** caused by an **event** during the **period of insurance** for all items of **insured property** is the total sum insured as specified in the **schedule**.

The maximum amount payable under this policy for each category of **insured property** is the sum insured for that category at each **situation** as stated in the **schedule** of **insured property** or as otherwise provided for by this policy.

9.14 Reduction for Unrepaired Items

Notwithstanding clause 9.13. Maximum Sum Insured above, where there has been **loss** to an item of **insured property** that occurred prior to the **period of insurance** our liability will not exceed the sum insured for that item under this policy, less the cost of any **loss** which occurred prior to the **period of insurance** that is not yet repaired, replaced or reinstated.

Where the repair or replacement of the damaged **insured property**:

- a) is covered under this policy during the repair/replacement of it, the amount deducted for the unrepaired portion is progressively added back to the sum insured for that item at the rate it is progressively repaired or replaced;
- b) is not covered under this policy during the repair/replacement of it, the amount deducted for the unrepaired portion is only added back to the sum insured once the repair/replacement of that item has been completed and the principal for the contract works hands the finished works back to the Insured.

9.15 Margin for Plant and Stock at each Location

Notwithstanding clause 9.13. Maximum Sum Insured above, the maximum amount payable:

- a) for all **plant** at each location as declared in the **schedule** is increased by 10% of the **plant sum insured** declared at that Location or \$100,000, whichever is the lesser;

-
- b) for all **stock** at each Location as declared in the **schedule** is increased by 10% of the **stock sum insured** declared at that Location or \$100,000, whichever is the lesser;

The increases do not apply to **loss** caused by optional extension for **natural disaster** and **our** liability is limited to the total sum insured as specified in the **schedule**.

10. Claims

What you need to know

10.1 What to do immediately following a loss

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

- a) take prompt steps to minimise the **loss**, damage, or liability and avoid further **loss**, damage, or liability;
- b) notify **us** as soon as reasonably possible;
- c) lay a complaint with the Police if **you** suspect burglary, theft, arson, or intentional damage.

You must not:

- a) dispose of or abandon any property which **you** intend to make a claim for;
- b) start any repairs without **our** permission unless it is necessary to prevent further **loss**, damage or liability;
- c) admit responsibility for any **loss** or damage.

10.2 When making a claim

When making a claim on this policy **you** must:

- a) provide all information **we** reasonably require to assist with **your** claim;
- b) give **us** access to examine and assess any **loss**, damage or liability;
- c) forward to **us** any letter of demand or legal document.

10.3 Subrogation

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

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

10.4 Recoveries

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

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

10.5 Reparation

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

10.6 Branded Stock

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

Thank you

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