

*new zealand's natural cover®*

# Crombie Lockwood NZI Agreed Material Damage Policy Wording



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## Agreement

In consideration of the Insured having paid or having promised to pay the required premium, the Insurer agrees to indemnify the Insured for Loss or Damage to Insured Property at the Location during the Period of Insurance in accordance with the terms of this policy.

The Policy Schedule, endorsements and warranties attached to this policy forms part of the policy.

## Basis of Settlement – Categories of Insured Property

The insurer will at its option pay for the cost to reinstate or repair the Insured Property

### 1. Buildings, Plant and Other Property

Where designated with the words "Reinstatement Value" in the Schedule, the basis of settlement for the categories of Buildings, Plant and Other Property will be as detailed in Reinstatement Memorandum MD26.

Where designated with the words "Indemnity Value" in the Schedule, the basis of settlement will be one of the following options the Insurer chooses

- (a) by paying the cost of repairs to restore the Insured Property to a condition that is as near as possible to its condition immediately prior to the loss, or
- (b) by replacing the Insured Property with property of a similar condition, age and specification, as it was in, immediately prior to the loss or
- (c) by payment of an amount equal to the indemnity value of the damaged portion of the Insured Property, or where a total loss occurs and the Insured Property is destroyed, the indemnity value of that property.

### 2. Stock

For the category of Stock the basis of settlement will be the cost of raw material, work in progress and finished goods, plus the cost of labour and other overhead charges expended at the time of the Loss or Damage.

## Basis Of Settlement – Special Types Of Insured Property

The basis of settlement for the following types of Insured Property will apply regardless of the basis of settlement shown in the Schedule.

### 1. Records

- (a) Electronic Data.  
The cost of blank media plus the cost of copying the Electronic Data from back-up or from originals of a previous generation.  
These costs will not include research and engineering, nor any costs of recreating, gathering or assembling the electronic data.  
If the media is not repaired or reinstated, it will be the cost of blank media. However, there is no cover for the value of the Electronic Data to the Insured, even if the Electronic Data cannot be recreated, gathered or assembled.
- (b) Software.  
For loss to Software, 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.
- (c) All other records.  
For other records and documents manuscripts, deeds, drawings, specifications, plans, designs, business books and microfilm records, it will be the cost of reinstatement if replaced, including the information they contain, or if not replaced the indemnity value but in all cases excluding the value to the Insured of the information contained therein.

### 2. Money

The basis of settlement for Money will be its actual value immediately prior to the Loss or Damage.

### 3. Electronic Items

The basis of settlement for the following property, where insured for replacement value, will be the replacement cost for items three years old or less;

- (a) cell phones, video data projectors, digital cameras,
- (b) other audio visual equipment,
- (c) portable computing devices and portable data storage devices.

The basis of settlement in all other circumstances will be the indemnity value of the item lost or damaged.

### 4. Works of Art

The Insurer 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.

#### Where Destroyed

If the valuer or restorer determines that the work of art cannot be economically restored to its pre-damage condition, the work of art will be deemed destroyed. Its pre-damage value will be determined by the valuer, or, providing the restorer is suitably qualified, by the restorer. The amount payable as indemnity will be the difference between the pre-damage value and any salvage value of the damaged work of art.

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

#### Where it is can be repaired

If the valuer or restorer determines that the work of art can be economically restored to its pre-damage condition, the amount payable as indemnity will be the cost of restoration or, if the restoration is not carried out, the restorer's reasonable estimate of the cost of restoration.

Providing a work of art has been satisfactorily restored following Loss or Damage, this insurance does not cover any reduction in value due solely to the fact of the work of art having been damaged and restored. The onus of proving that any restoration work is unsatisfactory rests with the Insured.

## **Basis of Settlement - Maximum Amount Payable**

### **1. Maximum Sum Insured**

Subject to the Reinstatement of the Amount of Insurance clause, (MD25), the maximum amount payable under the policy for all Loss or Damage during the Period of Insurance for each item of Insured Property declared in the Policy Schedule of Property Insured is the sum insured specified in the Policy Schedule for that item.

However, the most that the Insurer will pay for all Insured Property in any one Period of Insurance is the total sum insured shown in the Policy Schedule.

### **2. Reduction for Unrepaired Items**

Notwithstanding paragraph 1. Maximum Sum Insured above, where there has been Loss or Damage to an item of Insured Property that occurred prior to the Period of Insurance the Insurer's liability during the Period of Insurance will not exceed the sum insured for that item under this policy, less the cost of any Loss or Damage which occurred prior to the Period of Insurance that is not yet repaired or reinstated.

Where the repair or, replacement of the damaged item of Insured Property:

- (a) is covered under this policy during the repair/ reinstatement 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 reinstated.
- (b) is not covered under this policy during the repair/ reinstatement of it, the amount deducted for the unrepaired portion is only added back to the sum insured once the repair/ reinstatement of that item has been completed and the principal for the contract works hands the finished works back to the Insured.

### **3. Margin for Plant and Stock at each Location**

Notwithstanding paragraph 1. Maximum Sum Insured above, the maximum amount payable:

1. For all Plant at each Location as declared in the Policy Schedule is increased by 10% of the Plant sum insured declared at that Location or \$100,000, whichever is the lesser.
2. For all Stock at each Location as declared in the Policy Schedule is increased by 10% of the Stock sum insured declared at that Location or \$100,000, whichever is the lesser.

Provided however that:

- (a) the increases do not apply to Loss or Damage caused by Natural Disaster, and
- (b) the maximum sum insured for all Plant and all Stock at all Locations is not increased by this clause and the Insurer's liability is limited to the total sum insured as specified in the Policy Schedule.

## Standard Material Damage Policy Clauses

These clauses form part of and are incorporated into the policy.

Except as otherwise stated any special limit applicable to a clause shall not increase the liability of the Insurer beyond the sums stated in the Policy Schedule.

### MD01 Alternative Residential Accommodation

Where any Insured Property comprising residential accommodation, that is owned and occupied by the Insured, is rendered uninhabitable due to Loss or Damage during the Period of Insurance as insured under this policy, or would have been covered by this policy but is covered by EQC instead, for which a claim is payable, this policy covers the additional reasonable costs and expenses of temporary alternative accommodation (including the accommodation of resident domestic pets) necessarily incurred by the Insured provided that:

1. the costs and expenses are not otherwise insured,
2. the alternative accommodation is of a similar standard as the residential accommodation rendered uninhabitable.

The Insurer's liability for any one event will not exceed the special limit for Alternative Residential Accommodation shown in the Policy Schedule.

### MD02 Capital Additions

This policy covers property (including, but not limited to, alterations, additions and improvements to existing Insured Property) acquired by the Insured during the Period of Insurance.

Additional Conditions

1. The cover under this clause does not apply to:
  - (a) Stock;
  - (b) property that is excluded by Policy Exclusion 4. (Excluded Property);
  - (c) any appreciation in value which is not due to a physical alteration, addition or improvement.
2. Cover on the acquired property commences when the risk in the property passes to the Insured.
3. Cover for Insured Property under this policy will not be prejudiced where the process of installing or incorporating the acquired property necessitates the shut down or partial shut-down of the premises to effect the alteration, addition or improvement.

The Insurer's liability for any such acquisition will not exceed the special limit for Capital Additions shown in the Policy Schedule.

Unless otherwise specified the special limit for Capital Additions shall be in addition to the sums insured stated in the Policy Schedule.

### MD03 Change of Temperature

This policy covers Loss or Damage insured by this policy during the Period of Insurance to Insured Property arising from a change in temperature.

This clause does not cover Loss or Damage directly or indirectly caused by mechanical or electrical breakdown.

This includes reasonable costs incurred by the Insured in the removal to and/or storage of such property at alternative premises.

Policy exclusion 9(c)(iii) does not apply to this Clause.

#### **MD04 Claims Assessment**

This policy covers costs and fees reasonably incurred by the Insured for the preparation, presentation and certification of claims covered under this policy. Salaries, wages, overheads and other related expenses of the Insured's employees shall be deemed to be part of such costs and expenses.

This policy does not cover any costs incurred to investigate or negotiate a claim made under this policy.

#### **MD05 Contractual Value**

Where Insured Property is the subject of a lease, rental, hire or similar agreement which requires the Insured to insure and/or be responsible for the property at an agreed value then the cover provided will be the agreed value as stipulated in the lease, rental, hire or similar agreement.

The Insurer's liability for any one event will not exceed the special limit for Contractual Value shown in the Policy Schedule.

#### **MD06 Designation of Property**

Where it is necessary to determine the designation of any Insured Property for the purpose of this insurance, the Insurer will accept the designation under which the property is entered in the Insured's records.

#### **MD07 Excess**

Each loss or series of losses arising out of one event will be adjusted separately.

The adjusted claim will be net of salvage and other recoveries. From each adjusted claim, the excess amount specified in the Policy Schedule will be deducted.

A series of events arising from any one cause during any period of 72 consecutive hours will be treated as one event for the purpose of applying the excess.

Where the Insured holds separate policies with the Insurer for property at one Location, only one excess per event will be applied, being the highest applicable. However this will not apply to any Natural Disaster Excess

#### **MD08 Expediting Costs**

This policy covers the additional and reasonable costs of express freight, air freight, overtime labour and night, weekend or holiday working that may be reasonably incurred for the purpose of expediting the repair or reinstatement of Insured Property as a result of Loss or Damage covered by this policy.

#### **MD09 General Average**

When this policy applies to transit of Insured Property by coastal shipping between ports of New Zealand it covers the Insured for general average and salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with any freight contract.

#### **MD10 Goods and Services Tax (GST)**

Provided that Goods and Services Tax (GST) is recoverable by the Insurer, the sums insured (including any special limits) by this policy are exclusive of GST.

The Insurer will pay a maximum of the sum insured plus additional GST for any accepted claim to a maximum of the current rate of GST applied to that sum insured.

Policy excesses are inclusive of GST.

### **MD11 Gradual Damage**

This policy covers:

1. Gradual Damage to a Building that happens and that you discover during the Period of Insurance, and
2. any other part of the Building that is not directly affected but must be removed, damaged or destroyed to locate the cause of the hidden Gradual Damage, provided that the insurer has first given their permission.

Gradual Damage means hidden rot, hidden mildew or hidden gradual deterioration, caused by water leaking from any: internal tank, internal water pipe, internal waste disposal pipe, installed at the Building

The Insurer's liability for any claim will not exceed the special limit for Gradual Damage shown in the Policy Schedule.

Policy exclusion 9(a) does not apply to this clause.

### **MD12 Hazardous Substance Emergency Charges**

This policy covers the Insured for any charge which the New Zealand Fire Service is authorised to make against the Insured in respect of any Hazardous Substance Emergency during the Period of Insurance arising out of or in connection with any Insured Property, as a result of Loss or Damage as insured by this policy or threat of Loss or Damage as insured by this policy to the Insured Property.

The Insurer's liability for any one event will not exceed the special limit for Hazardous Substance Emergency Charges shown in the Policy Schedule.

"Hazardous Substance Emergency" has the same meaning as defined in the Fire Service Act 1975.

### **MD13 Keys and Locks**

This policy covers the cost of replacing any lock, key, combination, electronic card or other locking system or device:

1. Where the key, combination, electronic card or other locking system or device are lost or stolen, or
2. Where the Insured has reasonable grounds to believe that the key, combination, electronic card or other locking system or device has been stolen or duplicated, during the Period of Insurance.

The costs include the reasonable cost of opening any safe or strongroom as a result of the loss of its key, combination, or card.

### **MD14 Landslip and Subsidence**

This policy covers Loss or Damage during the Period of Insurance to Insured Property caused by landslip or subsidence.

The Insurer's liability for any one Location during the Period of Insurance will not exceed the special limit for Landslip and Subsidence shown in the Policy Schedule.

Policy exclusion 8(a) does not apply to this clause.



### **MD15 Machinery Breakdown Damage**

This policy covers Loss or Damage during the Period of Insurance from mechanical or electrical Breakdown, derangement or failure of any Machine that has a cost of Reinstatement (as set out in MD26 Reinstatement Memorandum) not exceeding the special limit for Machinery Breakdown Damage shown in the Policy Schedule.

This clause does not provide cover for Loss or Damage 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 Clause the following definitions apply:

#### Machine

Any contrivance for the conversion and direction of motion or energy or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

#### Breakdown

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

Exclusion 10 of this policy does not apply to this clause.

### **MD16 Money**

This policy covers the Insured for Loss or Damage during the Period of Insurance to Money as set out below.

#### Section A

1. In transit, or
2. At the Insured's Location, places of business or sites of contract during business hours, or
3. At the Insured's Location, places of business or sites of contract while in a securely locked safe or strongroom outside business hours.

#### Section B

At the Insured's Location, places of business or sites of contract outside business hours and not in a securely locked safe or strongroom.

This clause does not provide for:

- (a) Loss or Damage 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 the Insured 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.
- (d) Loss occurring while the Money is in an unlocked and unoccupied vehicle.

The Insurer's liability for any one event will not exceed the special limits for Money shown in the Policy Schedule.

If an additional "Special Carry" limit designated is shown in the Policy Schedule it will operate for the period as noted in the Policy Schedule. The "Special Carry" Limit will apply to Section A only.

Policy exclusions 4(d) and 20 do not apply to this clause.

### **MD17 Other Interests**

This policy covers any person or entity having an insurable interest in the Insured Property. This includes contractors and subcontractors as co-insureds to the extent required by any contract. Subrogation is waived against such interested parties to the extent required by the contract. The words "unintended or unforeseen" in this policy are to be interpreted from the standpoint of the person or entity seeking cover in respect of Loss or Damage.

### **MD18 Other Premises Storage**

Where the Insured enters into a contract for the storage of property and the terms of such storage contain a disclaimer clause then the insurance for that property will not be prejudiced by the Insured agreeing to such terms.

### **MD19 Professional Fees**

This policy covers the Insured for the cost of professional fees (including those of architects, engineers, surveyors, building consultants, council, legal fees, training consultants and IT technicians) that are necessarily and reasonably incurred as a result of Loss or Damage during the Period of Insurance as insured by this policy to Insured Property.

This clause excludes cover for those fees for the preparation or proving of claims.

### **MD20 Property in the Course of Construction**

This policy covers Loss or Damage during the Period of Insurance to property that the Insured owns, will own, occupies or will occupy in the course of installation, construction, demolition, erection, or testing following any of them for the Insured.

The special limit shown in the Policy Schedule for Property in the Course of Construction includes allowances for:

- (a) Professional Fees
- (b) Demolition Costs
- (c) Escalation in Cost during the building and rebuilding periods

The property insured under this clause will also be insured in transit and elsewhere in New Zealand.

The Insured shall declare to the Insurer the value of such works as soon as the Insured becomes aware of the necessity to do so at which a time a suitable premium will be paid if required by the Insurer.

This clause provides cover for contracts where the completed value of the works does not exceed the special limit for Property in the Course of Construction shown in the Policy Schedule.

Unless otherwise specified the special limit stated is additional to the sums insured stated in the Policy Schedule.

Policy exclusions 4(g) and 20 do not apply to this clause.

### **MD21 Property Sold**

This policy covers Loss or Damage during the Period of Insurance to any building insured which is for sale, and where an agreement to sell the Insured's interest in the building has not been fully completed and is not otherwise insured by or on behalf of the purchaser against such Loss or Damage.

### **MD22 Protection Costs**

This policy covers costs reasonably incurred during the Period of Insurance by the Insured for the purpose of fighting or controlling Loss or Damage as insured by this policy or threat of Loss or Damage as insured by this policy to Insured Property.

### **MD23 Redundant Plant**

Where there is Loss or Damage as covered by this policy to Insured Property covered by this policy and any undamaged or salvaged:

- (a) plant forming part of the same interdependent system or line; or
  - (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 as lost by the same Loss or Damage.

Claims payable under this clause will be net of any realisable salvage value of the redundant plant and parts.

Policy exclusion 2 does not apply to this clause.

### **MD24 Redundant Stock**

Where there is Loss or Damage as covered by this policy to Insured Property covered by this policy that leads to a reduction in the value of undamaged Stock, the reduction in value of the undamaged Stock will be treated as lost by the same Loss or Damage.

Policy exclusion 2 does not apply to this clause.

### **MD25 Reinstatement of the Amount of Insurance**

Notwithstanding Basis of Settlement 1. Maximum Sum Insured, following any Loss or Damage during the Period of Insurance to Insured Property, the amount of the insurance reduced by the Loss or Damage will only be automatically reinstated as follows:

Where the repair or reinstatement of the damaged item of Insured Property:

- (a) is covered under this policy during the repair or reinstatement 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 or reinstatement of it, the amount deducted for the unrepaired portion is only added back to the Sum Insured once the repair or reinstatement of that Property Insured has been completed.

The Insured agrees to pay a reasonable additional premium for the increased risk if required to by the Insurer.

There will be no automatic reinstatement of the sum insured following Loss or Damage as a result of a Natural Disaster unless the Insurer agrees to this.

## MD26 Reinstatement Memorandum

Where Insured Property is insured for 'Reinstatement' (designated by the words "reinstatement Value" in the Policy Schedule), this Reinstatement Memorandum applies to the applicable Insured Property comprising Buildings, Plant and Other Property.

This Reinstatement Memorandum does not apply to Insured Property that is shown in the Policy Schedule as being insured on a basis other than Reinstatement.

Following any Loss or Damage to any Insured Property to which this clause applies, the amount payable under this policy will be calculated on the basis of Reinstatement cost. Claims payable under this memorandum are subject to the Special Provisions set out below and to all other terms of this policy in so far as they can apply.

### Definitions

1. 'Reinstatement' means:
  - (a) where property is lost or Destroyed, its Reinstatement by an 'Equivalent Building' or by 'Equivalent Plant and Other Property' as the case may require,
  - (b) where property is damaged but not Destroyed, the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new.
  
2. 'Equivalent Building' means:
  - (a) a building or structure that is as nearly as practicable the same as the building or structure lost or Destroyed, using current industry accepted building materials and construction methods and incorporating such alterations as are necessary to comply with any Regulation.
  - (b) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph 2(a) can be constructed, a building or structure that is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or Destroyed.
  - (c) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph 2(a) is suitable to the Insured's reasonable requirement, then, with the consent of the Insurer (which will not be unreasonably withheld), a building or structure that is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the building or structure lost or Destroyed.
  
3. 'Equivalent Plant and Other Property' means any plant, equipment or property as nearly as practicable the same as or equivalent to the plant, equipment or property lost or Destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or Destroyed plant, equipment or property, but not greater capacity unless plant, equipment or property with an equivalent capacity is not available and the replacement plant, equipment or property has the nearest to an equivalent capacity.
  
4. 'Destroyed' means the insured Loss or Damage is so great that that the property, by reason only of that damage, cannot be repaired.
  
5. 'Regulation' means any statutory, regulatory or code requirement imposed under the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.

### Special Provisions

1. The amount payable under this memorandum will include any additional cost necessarily incurred in complying with any Regulation. However, this 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 Loss or Damage, or
  - (b) in respect of any part of the Insured Property that was not damaged, other than;
    - (i) it's foundation, subject to Seismic Strengthening exclusion 17, or
    - (ii) where the cost is incurred as the result of Loss or Damage to other Insured Property at the site.
2. Where Insured Property is Destroyed, the Insured may reinstate it upon any site owned or occupied by the Insured.  
However, the Insurer's liability will not exceed the cost that would have been incurred had Reinstatement been carried out at the original site.
3. No payment, beyond the amount that would have been payable had this clause not been incorporated in the policy, will be made:
  - (a) if the Insured elects not to Reinstatement the property, or
  - (b) if the work of Reinstatement is not commenced and carried out with reasonable despatch, or
  - (c) until the cost of Reinstatement has been actually incurred, or
  - (d) where a building or structure is damaged, but not Destroyed, and the repair of the damage is not permissible because of any Regulations, or because of the undamaged portion of the property.
4. The Insurer's liability under this clause will not exceed the sum insured on the lost or damaged property. If the property is damaged but not Destroyed, the Insurer's liability for the cost of Reinstatement will not exceed the amount for which they would have been liable had the property been Destroyed.

### **MD27 Removal of Debris**

This policy covers the following costs necessarily and reasonably incurred in consequence of Loss or Damage during the Period of Insurance to Insured Property covered by this policy:

1. The cost of demolishing, dismantling, shoring up or propping of the Insured Property
2. The cost of removing and disposing of debris and foreign matter from the Location of the Insured Property and any immediately adjoining site.
3. The cost of removing, temporarily storing and returning any damaged and undamaged Insured Property.
4. The cost of temporary repairs and other measures necessary to make it safe or suitable for continued use, including the cost of erecting and maintaining any temporary fencing, hoardings and scaffolding, where necessary to make the Insured Property safe and secure.

This clause MD27 does not include any sums which the Insured becomes legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris

These costs are included and are not additional to the sum insured for each item of Insured Property unless a separate amount for removal of debris is specified in the Policy Schedule.

### **MD28 Repair or Reinstatement by Insured**

This policy covers any repair or reinstatement work in relation to Loss or Damage to Insured Property, which is undertaken by the Insured, who is duly qualified to undertake any repair or reinstatement, and due allowance will be made for a reasonable margin of profit for such work provided these costs are reasonable.

### **MD29 Reservoirs, Tunnels and Bridges**

This policy covers Loss or Damage as insured by this policy during the Period of Insurance to reservoirs, tunnels and bridges owned by the Insured at any Location.

The Insurer's liability for such Loss or Damage will not exceed the special limit shown in the Policy Schedule.

Policy exclusion 4(c) in relation to reservoirs, tunnels and bridges does not apply to this clause.

### **MD30 Residential Property – Natural Disaster Damage**

Where the Insured Property includes residential property subject to compulsory EQC cover under the Earthquake Commission Act 1993, then, should the property suffer Natural Disaster damage during the Period of Insurance this policy does not insure Loss or Damage to the extent it is covered by the Earthquake Commission Act or that would have been covered but for:

1. the deduction of the EQC cover excess, or
2. the Earthquake Commission exercising its power to decline a claim for that Loss or Damage.

Where the Earthquake Commission agrees to provide cover, but the Insured's Loss or Damage exceeds the Earthquake Commission payment, the most the Insurer will pay is the difference between what the Earthquake Commission pays, or would have covered (including the EQC cover excess) whether or not that is actually paid to the Insured, and the Insured's maximum entitlement under this policy.

### **MD31 Restoration and Reproduction Costs**

This policy covers all costs and expenses incurred by the Insured for the replacement, reinstatement, repair, restoration and/or reproduction of proof materials that have suffered Loss or Damage covered by this policy, including but not limited to print blocks, plates lettering, films (positive or negative), artwork, typeset and/or paste-up.

This also includes the property of customers and shall provide cover to the owners of the Insured Property as joint insureds.

The reinstatement, repair, restoration and/or reproduction means the restoration of the damaged property to a condition substantially the same as but not better or more extensive than its condition when new or if destroyed its replacement by similar property in a condition substantially the same as but not better than the condition of the Insured Property when new.

In all cases, the cover under this clause excludes the value to the Insured of the information contained therein.

This clause does not cover the restoration or reproduction costs for Electronic Data.

### **MD32 Rewards**

This policy covers the cost of any reward paid by the Insured for the purpose of protecting or recovering any Insured Property during the Period of Insurance providing that:

- (a) No payment will be made unless it contributes to the protection or recovery of all or part of the property, and
- (b) The terms of the reward are agreed by the Insurer prior to the reward being offered.

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

### **MD33 Sanctions Clause**

This policy shall not be deemed to provide cover and the Insurer 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.

### **MD34 Several Liability**

If more than one Insurer subscribes to this policy the liability of each Insurer is several and not joint with any other Insurer.

The liability of each Insurer for each sum payable under the policy will not exceed the percentage set against the Insurer(s) name. The Insurers and their respective percentages will be shown in the Policy Schedule.

The Insurer first named is deemed to be the leading Insurer.

Each following Insurer agrees to follow the decision of the leading Insurer in all matters arising out of this policy.

### **MD35 Smoke Damage**

For the avoidance of any doubt where adjoining or adjacent premises that are not owned by or occupied by or in the Insured's care custody or control are damaged by fire any damage to Insured Property by smoke or water or other material used in the extinguishing of the fire is deemed to be fire damage to the Insured Property.

Policy exclusion 9(b)(ii) does not apply to this clause .

### **MD36 Spoilage**

If Stock is insured under this policy it is insured for:

1. deterioration during the Period of Insurance of goods stored in refrigerated cabinets or chambers or coolstores arising from any breakdown, defect or stoppage of the refrigerating plant from any cause, and
2. expenses reasonably incurred to avoid or diminish such deterioration to the said goods as provided under (a) above by transferring the threatened goods to alternative storage, or by other means.

Provided always that:

- (a) The words "goods stored in refrigerated cabinets or chambers or coolstores" includes goods which, at the time of the breakdown, defect or stoppage of the refrigerating plant giving rise to the deterioration, are elsewhere on the Insured's premises, and which would, but for the breakdown, defect or stoppage of the refrigerating plant, have been placed in the said cabinets or chambers.
- (b) Damage to goods arising from disconnection of the public electricity supply by the supply authorities where the disconnection was advised by the appropriate authority prior to the damage is excluded.

The Insurer's liability will not exceed the special limit shown in the Policy Schedule.

Policy exclusion 9(c)(i) does not apply to this clause.

### **MD37 Temporary Removal**

This policy covers any Insured Property (except Stock) for Loss or Damage during the Period of Insurance while temporarily removed to any place in New Zealand and while in transit.

The amount recoverable under this clause shall not exceed the amount which would have been recoverable had the Loss or Damage occurred at the Location from which the Insured Property is temporarily removed providing that the property is not otherwise insured.

Policy exclusion 20 does not apply to this clause.

### **MD38 Theft**

This policy covers Loss or Damage during the Period of Insurance caused by theft or attempted theft of Insured Property at the Location.

Policy exclusion 18(a) does not apply to this clause.

### **MD39 Theft From Motor Vehicle or Storage Container**

This policy covers Loss or Damage during the Period of Insurance to Insured Property at any of the following:

1. any Storage Container,
2. any vehicle.

Provided that the Loss or Damage is caused by theft or attempted theft where that theft is accompanied by violence, or threat of violence, to any person, or involving violent and forcible entry to, or exit from, the Storage Container or vehicle.

The Insurer's liability for any one loss will not exceed the special limit shown in the Policy Schedule.

Policy exclusions 18(a) and 20 do not apply to this clause.

#### **MD40 Transit of Property**

This policy covers Loss or Damage during the Period of Insurance to Insured Property while in transit within New Zealand.

Where the property comprises goods destined for transit beyond New Zealand, cover on the goods ceases at the earliest of:

1. the time the goods pass over the ships rail or through air transport loading doors for overseas transit from any New Zealand port or airport, or
2. when the Insured's risk in the goods ceases in accordance with the contract of sale.

The Insurer's liability will not exceed the special limit shown in the Policy Schedule.

The special limit does not apply to Loss or Damage that would be recoverable under this insurance without the benefit of this clause.

Policy exclusions 18(a) and 20 of this policy do not apply to this clause.

#### **MD41 Undamaged Foundations**

Subject always to Exclusion 17 – Seismic Strengthening, where any foundation of Insured Property is undamaged or damaged in part then:

1. If by order of competent authority, replacement cannot be carried out on the same site, or
2. If due to damage to other Insured Property such foundation is rendered unsuitable or unusable or of no further value

the foundation will be deemed to be destroyed and the Insured will be indemnified according to the provisions of this policy.

This clause also covers the costs of any necessary removal of such foundations.

#### **MD42 Unharmed Property**

Where, for the purpose of reinstating Insured Property that has suffered Loss or Damage covered by this policy, it is necessary to demolish, damage or remove any property or part unharmed by that Loss or Damage, the Insurer will pay the costs to

- (a) demolish, damage or remove, and
- (b) subsequently repair or reinstatement

the insured property in accordance with the Reinstatement Memorandum MD26

The amount payable under this clause does not increase the Insurer's total liability under this policy.



## Optional Material Damage Policy Clauses

Where the optional clause is noted as included in the Policy Schedule those clauses form part of and are incorporated in to the policy.

Except as otherwise stated any special limit applicable to a clause shall not increase the liability of the Insurer beyond the sums stated in the Policy Schedule.

### MD43 Computer Breakdown

This policy extends to cover Loss or Damage during the Period of Insurance caused by Breakdown of Insured Property, where it consists of computer or electronic control equipment.

For the purpose of this clause, Breakdown means: any mechanical, electrical, electro-mechanical, electronic or hydraulic malfunction, failure, derangement or breakdown of whatsoever kind.

The Insurer's liability under this clause will not exceed the special limit shown in the Policy Schedule.

Exclusion 10 of this policy does not apply to this clause.

### MD44 Pressure Vessel Clause

This policy covers Loss or Damage during the Period of Insurance to Pressure Vessels and associated piping arising from Explosion, Rapture, Bursting, Collapse or Overheating of the particular Pressure Vessel or piping.

Definitions for the purpose of this optional clause:

1. "Pressure Vessels" means those parts of the permanent structure of any item of such plant which in normal use are subject to generated or applied fluid pressure or vacuum up to and including fittings and direct attachments (subject to such pressure) which are connected to the permanent structure without intervening valve or cock.
2. "Explosion" means the sudden and violent rending of the permanent structure of the particular item of plant by force of internal steam or fluid pressure (other than pressure of ignited flue gases) causing bodily displacement of any part of the structure together with the forcible ejection of its contents.
3. "Collapse" means the sudden and dangerous distortion of the furnace or firebox of an internally fired Boiler or any part of a Boiler or Pressure Vessel caused by bending or crushing of the permanent structure by force in internal steam or fluid pressure (other than pressure of ignited flue gases) or vacuum.
4. "Overheating" means overheating caused by deficiency of fluid therein.

The Insurer's liability for such Loss or Damage will not exceed the special limit shown in the Policy Schedule.

The special limit does not apply to Loss or Damage that is not otherwise excluded by this policy.

Policy exclusion 10 does not apply to this clause.

### MD45 Seasonal Stock Increase

The Stock sum insured detailed in the Policy Schedule is increased by the percentage or amount specified and for the period of time specified in the Policy Schedule.

#### **MD46 Stock Declaration Conditions**

The initial premium charged for Stock is provisional and is adjustable at the end of the Period of Insurance in accordance with the following conditions:

1. Declarations of the actual value of the Stock held on the last day of each month (or any agreed alternative date) within the Period of Insurance must be made in writing to the Insurer. Declarations made to the Insured's insurance broker will be deemed declarations made to the Insurer.
2. If any monthly declaration exceeds the sum insured on Stock, then, in calculating the average of the monthly declarations, the sum insured will be included in place of the actual declaration for that month.
3. If no declaration is received for any one month the sum insured on Stock as noted in the Policy Schedule will apply in its place.
4. 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 the greater).
5. If the provisional premium paid exceeds the actual premium payable, the Insurer will refund the difference to the Insured. If the actual premium payable exceeds the provisional premium paid, the Insured will pay the difference to the Insurer.

#### **MD47 Sustainable Rebuilding Costs**

This policy covers additional reasonable costs incurred to upgrade Building(s) with Sustainable Products, provided that:

1. the Building(s) have suffered a total loss covered by this policy, and
2. Reinstatement Conditions apply to the Building(s), and
3. the Building(s) are reinstated, and
4. the Insurer approves the Sustainable Products (approval will not unreasonably be withheld).

The Insurer's 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 clause is in addition to the total sum insured.

"Sustainable Products" means:

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

## Exclusions applying to the Material Damage Policy Wording

### 1. Building Defects

This policy does not cover Loss or Damage to a building or structure being affected by:

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

that is caused directly or indirectly by:

- (i) Non compliance with the NZ Building Code, or
- (ii) Faulty design or faulty specification, including but not limited to faulty sequence, procedure or program, or
- (iii) Faulty materials, or
- (iv) Faulty workmanship.

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

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

### 2. Consequential Loss

This policy does not cover any consequential economic loss including penalties, loss of use of any property, delays or loss of market.

### 3. Electronic Data

This policy does not cover loss or damage to Electronic Data and Software from any cause whatsoever including, but not limited to, a Computer Virus. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with Electronic Data and Software.

This exclusion does not apply to:

1. any Loss or Damage to other parts of the Insured Property, that occurs as a result of the Loss or Damage to Electronic Data and Software, or
2. the loss of Electronic Data and Software resulting from electronic equipment insured by this policy suffering Loss or Damage covered by this policy.

### 4. Excluded Property

This policy does not cover Loss or Damage to:

- (a) Motor vehicles, registered mobile plant, watercraft, aircraft, railway rolling stock, and their accessories unless held as Stock for the business or auction.

This exclusion does not apply to mobile plant used in or around the Insured's premises.

This exclusion does apply to motor vehicles, registered mobile plant, watercraft, aircraft, railway rolling stock, and their accessories held as Stock unless they are in use at the time the Loss or Damage occurs.

- (b) Livestock, animals, standing timber and growing crops.
- (c) Land, dams, canals, reservoirs (but not tanks), rail or road bridges, road or rail tunnels, docks, piers, wharves, mining property located beneath the surface of the ground.

The exclusion of any reservoir, tunnel or bridge does not apply to any such property located at sites owned or occupied by the Insured and whose individual value does not exceed the special limit specified in the Policy Schedule.

- (d) Money.
- (e) Bullion, precious stones, jewellery, fur or precious metals unless it is an item of Stock, or a component of any plant or machinery.
- (f) Transmission and distribution lines, wires, cables, towers, poles, pylons, standards, including any components or equipment attaching to these, unless they are at a Location shown in the Policy Schedule.
- (g) Property in the course of installation, construction, demolition, erection, or testing following any of them.

## **5. Exposure to weather**

This policy does not cover Loss or Damage to Insured Property caused solely by exposure to weather conditions where such property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

## **6. Faulty Materials Workmanship or Design**

This policy does not cover the cost of:

- (a) repairing or replacing faulty materials, or
- (b) fixing faulty workmanship, or
- (c) fixing any work performed to a faulty design plan, or design specification.

This exclusion does not apply to any resultant Loss or Damage arising from any of these.

## **7. Infectious Disease**

This policy does not cover Loss or Damage in connection with a Notifiable Infectious Disease under the Health Act 1956 or the Biosecurity Act 1993.

## **8. Landslip Subsidence**

This policy does not cover Loss or Damage directly or indirectly caused by:

- (a) Landslip, subsidence.
- (b) Erosion or expansion of the ground.
- (c) Normal settlement, normal shrinkage or normal expansion of buildings, foundations, walls, pavements, roads and other structural improvements.

This exclusion only applies to the part or parts immediately affected.

This exclusion will not apply to Loss or Damage arising from a cause that is not otherwise excluded by this policy.

## **9. Loss or Damage Not Covered**

This policy does not cover:

- (a) The following types of damage:
  - (i) Slowly developing deformation or distortion,
  - (ii) Gradual deterioration,
  - (iii) Rot, mould, fungi or mildew.
  - (iv) Marring or scratching
- (b) Loss or Damage directly or indirectly caused by any of the following:
  - (i) Corrosion (caused only by atmospheric conditions), action of light, or inherent nature of the property,
  - (ii) Fumes, gas, dust, smoke, smut or soot,
  - (v) Evaporation, loss of weight, change of flavour, change of colour, change of texture or finish,
  - (iii) Direct result of any maintenance of Insured Property including servicing, cleaning and subsequent testing,

This exclusion only applies to the parts of the Insured Property first affected and does not apply to any resultant physical loss or physical damage to other parts of the Insured Property.

- (c) Loss or Damage immediately preceded by any of the following:
  - (i) Interruption of the supply of water, gas, electricity, or any other fuel to the situation
  - (ii) Total or partial stoppage of work, or interruption or cessation of any process,
  - (iii) A change in artificially controlled temperature or atmosphere.

This exclusion will not apply to Loss or Damage arising from a cause that is not otherwise excluded by this policy.

## **10. Machinery and Pressure Vessels**

### **1. Machinery**

This policy does not cover mechanical or electrical Breakdown, derangement or failure of any Machine.

This exclusion will not apply to:

- (a) electric motors and starters to a limit of 10 kW unless a higher limit is stated in the Policy Schedule.
- (b) distribution switchboards, switchboards, circuit boards, circuit breakers, and permanently installed electrical reticulation,  
provided that the damage is fusion or burnout that is immediately preceded by:
  - (i) the failure of electrical insulation, or
  - (ii) abnormal electric current, or
  - (iii) electrically induced self-heating.
- (c) subsequent Loss or Damage to other Property that is not otherwise excluded by this policy.

For the purpose of this exclusion the following definitions apply:

#### **Machine**

Any contrivance for the conversion and direction of motion or energy or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

#### **Breakdown**

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

### **2. Pressure Vessels**

This policy does not cover Loss to Damage due to the explosion, rupture, bursting, cracking, leakage, collapse or overheating due to fluid pressure within or without (other than pressure caused solely by weight of contents or by chemical explosion) or vacuum of any Pressure Vessel (other than a boiler used for domestic purposes).

This exclusion will not apply to subsequent Loss or Damage to other Insured Property.

## **11. Micro-organisms, vermin, insects**

This policy does not cover Loss or Damage directly caused by action of micro-organisms, vermin or insects.

This exclusion only applies to the part or parts immediately affected.

This exclusion will not apply to Loss or Damage arising from a cause that is not otherwise excluded by this policy.

## **12. Normal working, wear and tear, corrosion**

This policy does not cover Loss or Damage directly caused by wear and tear, corrosion (caused only by atmospheric conditions), or normal working.

This exclusion only applies to the part or parts immediately affected.

This exclusion will not apply to Loss or Damage arising from a cause that is not otherwise excluded by this policy.

### **13. Nuclear Risks**

This policy does not cover Loss or Damage in connection with:

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

### **14. Order of Authorities**

This policy does not cover Loss or Damage in connection with confiscation, nationalisation, destruction or requisition of Insured Property by the order of government or local authority unless the order is given for the purpose of controlling Loss or Damage insured by this policy.

### **15. Pollution Contamination**

This policy does not cover Loss or Damage in connection with pollution or contamination.

This exclusion does not apply where the pollution or contamination is from a cause not otherwise excluded by this policy.

This exclusion only applies to the part or parts immediately affected.

### **16. Production Process**

This policy does not cover Loss or Damage to Stock undergoing any production process where the Loss or Damage is directly caused by the operation of that process.

This exclusion only applies to the part immediately affected.

This exclusion does not apply to where Loss or Damage is not otherwise excluded under this policy.

### **17. Seismic Strengthening**

Notwithstanding any provision in this policy to the contrary, the amount payable under this policy excludes any costs incurred solely to seismically strengthen the Insured Property to a level greater than its level before the Loss or Damage occurred.

### **18. Theft**

This policy does not cover Loss or Damage directly resulting from

- (a) Theft or attempted theft unless it is Burglary;
- (b) Theft, attempted theft or fraud by the Insured or an employee of the Insured, other than the cover provided in clause MD16 Money
- (c) Any fraudulent scheme or device, or false pretence practiced on the Insured.

### **19. Terrorism**

This policy does not cover Loss or Damage in connection an Act of Terrorism, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an Act of Terrorism.

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 of that, including the intention to influence any government or to put in fear the public or any section of the public which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s).

**20. Transit of Property**

This policy does not cover Loss or Damage to Insured Property in transit other than at premises owned or occupied by the Insured.

**21. Unexplained shortage**

This policy does not cover unexplained loss or inventory shortages revealed only at stocktaking or shortages due to accounting or clerical errors

**22. War**

This policy does not cover Loss or Damage in connection with war, invasion, act of foreign enemy, hostilities or war like operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

## Conditions applying to the Material Damage Policy Wording

### **GC01 Alteration of Risk**

Where the Insured becomes aware of any change in the nature of the business operations or change in the occupancy or change in circumstances that increases the risk of Loss or Damage to Insured Property, this will be notified to the Insurer within a reasonable time.

However, no notification is required and the policy continues in force where:

- (a) such change is usual and/or incidental to the business of the Insured and does not increase the risk.
- (b) alterations and/or repairs are not structural.
- (c) the Insured shuts down or ceases operations, and / or where buildings remain vacant or unoccupied for not more than 90 days.

The Insurer may change the terms of the policy and the Insured agrees to pay any reasonable additional premium if required by the Insurer.

### **GC02 Cancellation**

#### By the Insured

This policy may be cancelled by the Insured at any time, and with immediate effect, by providing written notice to the Insurer.

Following such cancellation the Insurer will be entitled to retain a pro-rata proportion of the premium (subject to any adjustment required under the terms of this policy) for the time during which the policy has been in force.

#### By the Insurer

This policy may be cancelled by the Insurer at any time by providing written notice to the Insured at the address last known to them or to the Insured's insurance broker or representative.

The cancellation will take effect at 4pm on the 30th day after the written notice has been delivered or posted. Following such cancellation, the Insurer will refund to the Insured a pro-rata proportion of the premium, subject to any adjustment required by the terms of this policy.

### **GC03 Due Precautions**

The Insured shall take all ordinary and reasonable precautions for the safety of the Insured Property.

### **GC04 Fraud**

If the Insured makes any claim with knowledge that it is false or fraudulent, all benefit under this policy in respect only of that claim will be forfeited.

### **GC05 Inspection**

The Insurer is entitled to inspect Insured Property subject to reasonable notice of the intention to do so to, and agreement from, the Insured. The Insured must provide such information as may be reasonably required by the Insurer in relation to the subject of this insurance.

Neither this condition, nor any inspection performed by the Insurer, nor any report arising from such an inspection, are to be regarded as an undertaking by the Insurer to determine or warrant that any operations or premises are safe.

### **GC06 Knowledge of Insured**

If the Insured has an insurance manager or equivalent the knowledge of the Insured is deemed to be restricted to the knowledge of the Insured's insurance manager or equivalent.



### **GC07 Joint Insureds**

"Insured" includes any person or corporation entitled to indemnity under the terms of this policy, whether or not the person or corporation is named in the Policy Schedule.

Where this policy is to the benefit of more than one Insured:

- (a) the Insured first named in the Policy Schedule will be responsible for payment, on behalf of all Insureds, of any premium due or which may become due.
- (b) the Insurer's obligation to make any payment to the Insured in terms of this policy will be discharged on making that payment to the Insured first named in the Policy Schedule.
- (c) any notice, for which provision is made in this policy, given by or given to the Insured first named in the Policy Schedule will be deemed sufficient notice by or to all Insured entities.
- (d) unless the context requires otherwise, any words such as "unintended", and "unforeseen", that appear in this policy or in any endorsement to this policy in relation to a loss or cause of loss, are to be interpreted from the standpoint of the Insured seeking indemnity in respect of the loss or cause of loss.

### **GC08 Misdescription**

This policy will not be voidable, prejudiced or invalidated by:

- (a) any innocent alteration or inadvertent misdescription 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.
- (c) any innocent misrepresentation or non-disclosure of any material particular.
- (d) the breach of any condition or warranty without the knowledge and consent of the Insured.

Provided that notice is given to the Insurer immediately the Insured becomes aware of any of the above circumstances.

### **GC09 Mutually Acceptable Assessors**

Any loss adjuster or assessor appointed by the Insurer in connection with a claim must be one that is mutually acceptable to the Insurer and the Insured.

### **GC10 Notification of Claims**

Following a loss that gives rise to or is likely to give rise to a claim on this policy the Insured must:

- (a) take prompt steps to minimise any Loss or Damage,
- (b) notify the Insurer as soon as is practicable,
- (c) provide the Insurer with as much information as may reasonably be required in connection with the claim,
- (d) inform the police if a criminal act is suspected.

### **GC11 Observance of Terms**

The due observance and fulfilment of the terms and conditions of this policy by the Insured in so far as they relate to anything to be done or complied with by the Insured, and the truth of statements made in the proposal for this insurance, and of any other statements made in support of this insurance are conditions precedent to any liability of the Insurer to provide any indemnity under this policy.

### **GC12 Other Insurance**

If at the time of insured Loss or Damage, there is any other contract of insurance that is valid and collectable by the Insured on the same Loss or Damage, no claim will be payable under this policy unless and until the Insured has first made a claim on the other insurance and the amount of the other insurance has been exhausted.

### **GC13 Progress Payments**

Following a claim under this policy, payments on account will be made promptly to the Insured at any time before final settlement on production to the Insurer of reasonable evidence in support of the amount claimed

### **GC14 Recoveries**

If in exercising its right of subrogation, the Insurer recovers all or any part of a loss payable under this policy the amount of the recovery will be shared between the Insurer and the Insured in the following manner:

- (a) Excluding the excess applicable the Insured will be fully reimbursed for any uninsured portion of the loss.
- (b) The remaining amount after the application of (a) above will be shared between the Insured and the Insurer in the ratio of their respective losses; the loss to the Insured being that portion of the loss which is uninsured by reason of the excess, and the loss to the Insurer being the amount of its actual payment under the policy.

The expenses of all of the recovery effort will be borne in the ratio of the respective recoveries. If no recovery is made then the costs will be for the account of the Insurer.

Notwithstanding anything in the excess clause, no account will be taken of any subrogated recoveries in establishing the amount of the adjusted loss to which the excess applies.

### **GC15 Release of Liability**

Where the Insured is required by legislation or by contractual agreement to release any of the following from liability arising from Loss or Damage insured by this policy, the release is allowed without prejudice to this insurance:

- (a) the Crown.
- (b) any government-owned corporation.
- (c) any municipal or local authority.
- (d) the New Zealand Fire Service.
- (e) any certified fire protection equipment supplier.
- (f) any lift maintenance engineer.
- (g) any oil company.
- (h) any party to a contract entered into by the Insured for the storage of goods or the leasing of property.
- (i) any other party to an agreement where such agreement was in place prior to the occurrence of any loss indemnified by this policy.

### **GC16 Salvage**

Where Insured Property suffers Loss or Damage the Insurer may:

- (a) enter any building where the Loss or Damage has occurred and take and keep possession of the damaged property.
- (b) deal with the salvage in any reasonable manner:

Provided that:

1. Where branded stock insured under this policy suffers Loss or Damage, the Insurer may not sell or otherwise dispose of such stock without the consent of the Insured.
2. Where the Insured declines to give that consent, the Insured will retain possession of the salvaged goods and the reasonable salvage value of the stock will be deducted from the amount of claim otherwise payable.
3. 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.

### **GC17 Subrogation**

Where, upon accepting liability for a claim under this policy, the Insurer is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation then the Insured must, at the Insurer's expense, do and concur in doing and permit to be done anything reasonably required by the Insurer 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.

### **GC17 Territorial Limits**

Unless otherwise agreed by the Insurer property insured under this policy is only covered within New Zealand territorial limits.

## Definitions

### **Burglary**

Theft or attempted theft:

1. accompanied by threat of violence, or actual violence, to any person, or
2. involving physical evidence of violent and forcible entry to, or exit from, an enclosed building (or part of an enclosed building), or
3. involving physical evidence of violent and forcible entry to, or exit from, a securely locked motor vehicle or Storage Container, or
4. of a permanently attached part of the building by the forcible removal of it.

### **Computer Virus**

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

### **Electronic Data**

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

### **Insured**

The persons or entities named in the Policy Schedule.

Where any entity is a company, this includes any subsidiary company provided that more than half the nominal value of the subsidiary company's equity share capital is owned by that entity either directly or through other subsidiaries, and includes any other entity over which that subsidiary company exercises management control.

### **Insurer**

The Insurer named in the Policy Schedule.

### **Insured Property**

All tangible property of every description at the Location not expressly excluded by this policy:

- (a) owned by the Insured,
- (b) in the Insured's care, custody or control (other than Buildings),
- (c) held by the Insured jointly or in trust,
- (d) held by the Insured on commission,
- (e) for which the Insured is legally responsible or had assumed legal responsibility at the time of any Loss or Damage, including property which is sold but not delivered or for which payment has not been received (other than Buildings).
- (f) clothing, personal effects and tools of trade of principals, directors and employees, provided that, the property is being worn, carried or used by while they are acting in the course of their duties or employment,
- (g) employee social clubs, sports club or similar body whose activities are for the benefit of the Insured's employees,

within the following categories shown in the Policy Schedule

#### Categories of Insured Property

Buildings:

Structures of every description including underground and above-ground services, walls, retaining walls, fences, gates, poles, permanent signs, under and above ground storage tanks as well as site improvements, including but not limited to:

- (a) paths,
- (b) landscaping, gardens, ornamental trees and shrubs,
- (c) roads,

- (d) yards,
- (e) permanent fixtures and fittings at the building(s), including but not limited to permanently wired alarm systems and permanently wired security cameras.

**Plant:**

Plant, machinery, improvements, chattels, equipment, spare parts, tools, moulds, patterns, dyes, computer records, switchboards, cables, piping, telecommunication equipment and all other contents of every description and any other item not insured within the definition of Buildings above or Stock below (except for Other Property and Money).

**Stock:**

stock and materials in trade including manufactured or unmanufactured and in the course of manufacture, all materials used in making or packing goods, raw materials, produce, work in progress, property sold but not delivered or uplifted, constructional or building supplies and all other property as defined above considered by the Insured to be stock.

Other Property: As more specifically detailed in the Policy Schedule.

Money: As defined in this policy.

**Location**

- (a) All premises owned, leased or used by the Insured as detailed in the Schedule of Insured Property attaching to the policy.
- (b) Trade shows or exhibitions where any Insured Property is located to a maximum of \$25,000.
- (c) Any premises anywhere else in New Zealand where any Insured Property is located, limited to 20% of the sums insured to a maximum of \$100,000.

Where premises are separated by a public road they are deemed to be separate Locations for the purpose of this definition.

**Loss or Damage**

Sudden and unintended and unforeseen physical loss or physical damage.

**Money**

- (a) Current coin, bank notes, currency notes,
- (b) Cheques including non-negotiable cheques, postal notes, postal orders, travellers cheques,
- (c) Bank drafts and money orders,
- (d) Credit card vouchers, redeemable vouchers and tokens,
- (e) Phone cards,
- (f) Unused postage and revenue stamps,
- (g) Petrol vouchers, tickets,
- (h) Unused postage, unused franking machine credits and revenue stamps belonging to the Insured,
- (i) Other tangible negotiable instruments.
- (j) Any of (a) to (i) that is not the property of the Insured but in their custody or under their control for which the Insured is responsible
- (k) Any of (a) to (i) that is owned by the Insured's social club if not otherwise insured

**Natural Disaster**

Earthquake, volcanic activity, hydrothermal activity, subterranean fire, tsunamis, geothermal activity, or fire caused by any of these.

**Period of Insurance**

The period that commences and ends at the times and dates specified in the Policy Schedule.

**Policy Schedule**

The most recent policy schedule attaching to and forming part of this policy.

**Pressure Vessel**

Is any boiler or economiser or pipe or other vessel which in normal use is subject to generated or applied fluid pressure or vacuum and includes all related parts, controls and systems

**Region**

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

**Software**

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

**Storage Container**

Any fully enclosed:

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

**Temporary Removal**

Means removal from the Location for a particular purpose, with the intention that the property be returned to the place from which it has been removed once that purpose has been served.