



Material Damage & Business Interruption Insurance

Policy wording



1.0 OUR PROMISE TO YOU

In return for **You** agreeing to pay the required premium **We** will provide **You** with the cover set out in this **Policy**.

2.0 IMPORTANT INFORMATION

2.1 Reading This Policy

This **Policy** is not a completed contract unless provided with a completed **Schedule** which together shall be read as one contract.

Words and phrases appearing in capital letters have the meaning defined in the definitions section. In addition:

- a The definitions apply to the plural and any derivatives of the words in capitals.
- b The headings are for descriptive purposes only;
- c "Person" includes individuals, partnerships, body corporates and associations;

If any portion of the **Policy** is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

2.2 About The Insurers – Several Liability

This insurance is underwritten by Certain Underwriters at Lloyd's. Delta Insurance New Zealand Limited is a Lloyd's Coverholder.

An insurer is liable only for the proportion of liability it has underwritten. An insurer is not jointly liable for the proportion of liability underwritten by any other insurer. Nor is an insurer otherwise responsible for any liability of any other insurer that may underwrite this **Policy**.

The proportion of liability under this **Policy** underwritten by an insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all members of the syndicate taken together) is shown in the **Schedule**.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is an insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being

the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other insurer that may underwrite this contract.

You can obtain further details of the syndicate numbers and the proportions of this insurance for which each of the Lloyd's Underwriters is liable by requesting them from US.

2.3 The Fair Insurance Code

Lloyd's is a member of the Insurance Council of New Zealand, and is committed to comply with the Council's Fair Insurance Code.

For further information on the Code, please visit www.icnz.org.nz

2.4 Complaints And Dispute Resolution Process

We view seriously any complaint made about **Our** products or services and will deal with it promptly and fairly. Any enquiry or complaint relating to this **Policy** should be referred to **Us** in the first instance by writing to **Our** office for the attention of the Managing Director:

The Managing Director
Delta Insurance New Zealand Limited
Level 2, 204 Quay Street,
Auckland, 1010
PO Box 106 276, Auckland 1143
+64 9 300 3079
andrew@deltainsurance.co.nz

If this does not resolve the matter or **You** are not satisfied with the way a complaint has been dealt with, **You** can write to:

Lloyd's General Representative in New Zealand
c/o Hazelton Law
Level 29 Plimmer Towers
2-6 Gilmer Terrace, Wellington
New Zealand

Email: scott.galloway@hazelton.co.nz

Tel: 04 472 7582

Or

Lloyd's Market Services
Lloyd's, One Lime Street London
EC3M 7HA, England
Email: complaints@lloyds.com
Tel: +44 (0)20 7327 5693

Where Lloyd's Underwriters' General Representative receives a complaint this will be acknowledged within three working days of receipt. The Lloyd's General Representative will forward details of the complaint to Lloyd's and will assist with liaison with **You** and **Us** if required.

Upon receipt of the complaint, Lloyd's will forward it (via the London Broker) to the syndicate concerned. A response on behalf of the syndicate is required to be sent to **You** via Lloyd's within 14 days. Lloyd's will also send an acknowledgement to you and advise that **Your** complaint has been sent to the syndicate concerned for response.

When Lloyd's receives the syndicate's response, Lloyd's will forward it to **You** and will advise **You** of the steps Lloyd's can take to help resolve the complaint if **You** are dissatisfied with the syndicate's response. Lloyd's will provide you with the name and contact details of the person handling the complaint. Thereafter Lloyd's will send written advice to **You** about the progress of the investigation of **Your** complaint.

Lloyd's will send **You** a final response within eight weeks from the date of the complaint or if there are problems with resolving the complaint within this time, the reasons for this and when it expects to finalize the matter.

If **You** are not satisfied with the final decision, **You** may wish to contact the Insurance and Financial Services Ombudsmen Scheme (**IFSO**). The **IFSO** is a free independent external disputes resolution service provided to customers to review and resolve complaints where **We** have been unable to satisfy **Your** concerns. **You** can contact the **IFSO** as follows: The Insurance and Financial Services Ombudsman Scheme

PO BOX 10-845, Wellington 6143
T: 0800 888 202 or +64 (09) 499 7612
E: info@ifso.nz
www.ifso.nz

2.5 Governing Law And Jurisdiction

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

Any summons, notice or process to be served upon **Us** for the purpose of instituting any legal proceedings against **Us** in connection with this **Policy** must be served upon:

Lloyd's General Representative in New Zealand
c/o Hazelton Law
Level 29 Plimmer Towers
2 – 6 Gilmer Terrace Wellington
New Zealand
P O Box 5639, Wellington 6145
New Zealand

3.0 YOUR OBLIGATIONS UNDER THIS POLICY

3.1 Duty Of Disclosure

Before **You** take out insurance with **Us**, **You** have a duty to tell **Us** of everything that **You** know, or could reasonably be expected to know, that may affect **Our** decision to insure **You** and on what terms. If **You** are not sure whether something is relevant **You** should inform **Us** anyway.

You have the same duty to inform **Us** of those matters before **You** renew, extend, vary, or reinstate **Your Policy**. The duty applies until the **Policy** is entered into, or where relevant, renewed, extended, varied or reinstated. If anything changes between when the answers are provided to **Us** or disclosures are made, **You** need to tell **Us**.

However, **You** are not required to disclose matters that:

- reduce the risk;
- are common knowledge;
- **We** know or, in the ordinary course of **Our** business, ought to know; or
- **We** have indicated **We** do not want to know.

If **You** do not comply with **Your** duty of disclosure, **We** may:

- Refuse to pay all or part of **Your** claim;
- cancel the **Policy**; or

- cancel **Your** insurance from the start date of the **Policy**.

After the **Policy** is entered into, ongoing disclosure obligations can apply. These are set out in the **Policy**.

3.2 Alteration Of Risk

You must notify **Us** as soon as possible if you become aware of any change in the nature of the occupation, use or otherwise of the **Property**. Unless such change is notified to **Us** prior to the happening of any circumstances giving rise to a claim, **You** may not be covered in relation to the **Insured Property** affected by the increased risk.

However, no notification is required to:

- do such work and to make such changes in the use or occupancy of the **Situation** as is usual and/or incidental to the **Business**.
- Carry out any alterations and/or repairs to any **Insured Property** provided structural alterations and/or repairs are reported to **Us** within a reasonable time and any reasonable additional premium for the increased risk is paid.
- Shut down or cease operations and for individual buildings to remain vacant or unoccupied for up to 90 days.

3.3 False Or Fraudulent Claim

You must make sure that all statements are true (whether given by **You** or any other person) when **You** apply for this insurance, **You** notify **Us** regarding any change in circumstance and/or **You** make any claim under the **Policy**.

If **You** make any statement to **Us** that is false in any way, **We** may:

- Refuse to pay all or part of **Your** claim;
- cancel the **Policy**; or
- cancel **Your** insurance from the start date of the **Policy**.

For the purposes of this condition, if the **Insured** comprises more than one person or corporation, each **Insured** will be treated as having been issued with a separate **Policy**.

3.4 Notification Of Claims

If any **Event** is likely to give rise to a claim under the **Policy** **You** must:

- take prompt steps to avoid or minimise further **Loss Or Damage** or **Business Interruption Loss**;
- notify **Us** immediately by contacting **Us** by post, email or telephone as follows:

Delta Insurance New Zealand Property Claims

Level 2, 204 Quay Street

Auckland 1010

P.O. Box 106 276

Auckland 1143

Tel 09 300 3079

Tel Claims - 0800 260 079

Claims email - propertyclaims@deltainsurance.co.nz

- Provide **Us** with all information as **We** reasonably require in connection with the claim;
- If a criminal act is suspected, notify the police.

SECTION 1: MATERIAL DAMAGE

4.0 Insuring Clause – What You Are Covered For

You are covered for **Loss Or Damage** to **Insured Property** during the **Period Of Insurance** due to an **Event**.

The maximum amount payable by **Us** during the **Period Of Insurance** shall not exceed the **Total Sum Insured** stated in the **Schedule**.

5.0 Additional Cover To Section 1

Where the **Schedule** contains a **Sub-Limit** in relation to any additional cover referred to below then **Our** liability shall not exceed that **Sub-Limit** in respect of the additional cover.

5.1 Acts Of Civil Authorities

You are covered for all acts of destruction undertaken at the order of any lawfully constituted civil authority for the prevention or restriction of **Loss Or Damage** covered by this **Policy**.

5.2 Alternative Residential Accommodation

Where any residential accommodation insured under this **Policy** is rendered uninhabitable as a result of **Loss Or Damage** covered by this **Policy**, **You** are covered for the reasonable costs and expenses of alternative accommodation necessarily incurred by **You** or the occupant (being **Your** employee only) provided that:

- a The costs and expenses are not otherwise **Insured**;
- b The period for which the costs and expenses are covered will be limited to the period reasonably required for reinstatement of the **Insured Property**;
- c **We** may deduct a reasonable allowance for costs and expenses reduced or avoided as a result of the **Insured Property** being rendered uninhabitable; and
- d **Our** liability for such costs and expenses is limited to \$10,000 or an amount equal to 25% of the cost of reinstating any one dwelling or residential unit following **Loss Or Damage**, whichever is the lesser.
- e **Our** liability for such costs and expenses arising out of one **Event** is included in the **Sum Insured** of the **Insured Property** that has been **Loss Or Damage**.

5.3 Capital Additions Cover

You are covered for **Loss Or Damage** to:

- a Alterations, additions (including additional buildings) and improvements to **Insured Property**; and
- a Property acquired by **You** after the commencement of the **Period Of Insurance** up to the **Sub-Limit** stated in the **Schedule**. Provided that **You** advise **Us** of any such alterations, additions, improvements or acquisitions (other than **Stock**) and **You** pay any additional premium and associated additional statutory levies and taxes required by **Us** for this additional cover.

You are not covered for any appreciation in value of the **Insured Property** which is not due to a physical alteration, addition or improvement.

5.4 Change In Temperature

You are covered for **Loss Or Damage** resulting from a change in temperature in connection with **Loss Or Damage** to any **Insured Property** following an **Event**, or as a result of accidental or malicious disconnection of the power supply, up to the **Sub-Limit** shown in the **Schedule**. This includes any reasonable costs **You** incur in the removal and/or storage of such property at alternative premises.

Material Damage Exclusion 7.10(d) does not apply to this additional cover.

5.5 Computer Breakdown

You are covered for any breakdown of **Your** computer or electronic systems up to the **Sub-Limit** shown in the **Schedule**.

Material Damage Exclusions 7.11 and 7.14 do not apply to this additional cover.

5.6 Cost Of Rewriting Records

You are covered for all reasonable costs and expenses **You** incur up to the **Sub-Limit** stated in the **Schedule** replacing or restoring office and business records that have been **Lost Or Damaged** which shall include documents, specifications, plans, books of account, and **Electronic Data**.

5.7 Demolition And Other Costs

You are covered for the reasonable costs necessarily incurred for the following purposes as a result of **Loss Or Damage** to **Insured Property**:

- a demolishing, dismantling, shoring up or propping of **Insured Property**;
- b the removal and disposal of debris and foreign matter (including the transport and storage costs of property whether damaged or undamaged); and
- c temporary repairs to the **Insured Property** that has been **Lost Or Damaged**, including the erection and maintenance of street and/or pavement hoardings and/or scaffolding.

Provided that **Our** total liability is not increased beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damaged**.

You are not covered for any sums that

You become legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property.

5.8 Expediting Costs

You are covered for the additional costs of express freight, air freight and overtime labour that **You** reasonably incur for the purpose of expediting the reinstatement of any **Insured Property**.

Provided that **Our** total liability is not increased beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damage**.

5.9 General Average

Where **Insured Property** is **Lost Or Damage** in transit **You** are covered for any general average and salvage charges payable in accordance with any freight contract.

5.10 Gradual Damage

You are covered for **Loss Or Damage** to **Insured Property** due to gradual damage, mildew, mould or rot caused by water which accidentally leaks, overflows, or is discharged from any piping or water system installed at the **Situation** up to the **Sub-Limit** shown in the **Schedule**. Provided that action is taken to minimise the **Loss Or Damage** and to prevent any further **Loss Or Damage** as soon as the **Loss Or Damage** is apparent. Material Damage Exclusion 7.10 (b) does not apply to this additional cover.

5.11 Hazardous Substance Emergency

You are covered for any charge(s) which Fire and Emergency New Zealand is authorised to make against **You** in respect of any Hazardous Substance Emergency arising out of or in connection with any **Insured Property**, as a result of any **Loss Or Damage** or threat of **Loss Or Damage** to **Insured Property**.

"Hazardous Substance Emergency" has the same meaning as defined in the Fire and Emergency New Zealand Act 2017 or any subsequent amending legislation.

5.12 Keys And Locks

You are covered for the reasonable costs necessarily incurred in altering or replacing

locks and keys (including electronic access devices) and combinations where keys and/or combinations are stolen or lost, or if **You** have reasonable grounds to believe these may have been stolen or duplicated without proper authority, together with the cost of opening safes and strong-rooms as a result of loss of keys up to the **Sub-Limit** specified in the **Schedule**.

5.13 Landslip And Subsidence

You are covered for **Loss Or Damage** to any **Building** shown in the **Schedule** caused by landslip or subsidence during the **Period Of Insurance** up to the **Sub-Limit** shown in the **Schedule**. Material Damage Exclusion 7.8 does not apply to this additional cover.

5.14 Mechanical Failure

You are covered for **Loss Or Damage** to **Insured Property** due to mechanical or electrical breakdown, derangement or failure (motors not exceeding 5kw) up to the **Sub-Limit** shown in the **Schedule**. This **Sub-Limit** applies to the combined Material Damage and Business Interruption **Loss**.

5.15 Money

You are covered for **Loss Or Damage** to **Money** up to the **Sub-Limit** shown in the **Schedule**.

5.16 Natural Disaster Damage

Where any **Insured Property** detailed in the **Schedule** comprises residential buildings or personal property (both as defined in the Earthquake Commission Act 1993), **You** are covered for **Natural Disaster Damage**, provided that:

- a the Earthquake Commission (**EQC**) admits liability, either in full or in part, for such **Natural Disaster Damage**; and
- b **Our** liability:
 - i shall not apply to the amount payable by **EQC**; and
 - ii shall not exceed the difference between the amount that the **EQC** pays or ought to pay, and the **Sum Insured**.

5.17 Professional Fees

You are covered for professional fees reasonably incurred as a result of **Loss Or Damage** to **Insured Property** up to the **SUB-LIMIT** specified in the **Schedule**. Provided that **Our** total liability is not increased beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damage**

You are not covered for any costs associated with the preparation or proving of claims made under this section of the **Policy**.

5.18 Property In Course Of Construction

You are covered for any property that **You Own**, will own, occupy or will occupy in the course of installation, construction, demolition, erection, or testing.

The **Sub-Limit** shown in the **Schedule** includes allowances for:

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

The **Insured Property** under this clause will also be insured in transit and elsewhere in New Zealand.

You shall declare to the **Us** the value of such works as soon as **You** become aware of the necessity to do so at which a time a suitable premium will be paid if required by **Us**.

This clause provides cover for contracts where the completed value of the works does not exceed the **Sub-Limit** shown in the **Schedule**.

The **Sub-Limit** stated is additional to the **Sum Insured** stated in the **Schedule** unless otherwise Specified.

5.19 Protection Costs

You are covered for any costs reasonably incurred as a direct result from fighting or controlling any **Event** that involves or threatens to involve **Insured Property**. Provided that **Our** total liability is not increased beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damage**.

5.20 Redundant Plant

You are covered for any undamaged or salvaged plant as if such plant had suffered **Loss Or Damage** where:

- a The plant forms 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 due to **Loss Or Damage** to other **Insured Property**.

The redundant plant and parts shall be treated as if the **Loss Or Damage** had occurred from the same **Event** that caused the **Loss Or Damage** covered by this **Policy**. Any claim for redundant plant shall be net of any salvage value from the redundant plant or parts.

This additional cover does not apply where **You** have elected to carry out replacement by changing the nature or use of the **Insured Property**.

5.21 Release Of Liability

Where **You** are required by legislation or by contractual agreement to release from liability:

- a the Crown;
- b any Government corporation;
- c any municipal or Local Authority
- d Fire and Emergency New Zealand
- e any fire protection equipment supplier approved by the Insurance Council of New Zealand Inc;
- f any lift maintenance engineers;
- g any oil company;
- h any party storing goods for, or leasing property to, **You**; or
- i any other party to an agreement which has been declared to and accepted by **Us**

in relation to **Loss Or Damage** covered by this **Policy**, the release is allowed without prejudice to this **Policy** and notwithstanding the subrogation condition of this **Policy**. Provided that the waiver was made in writing before the **Loss Or Damage** occurred.

5.22 Rewards

You are covered for any payment **You** make by way of a reward, provided that the payment contributed towards the protection and/or recovery of all or part of the **Insured Property Lost Or Damage** and that **We** agreed to the terms of the reward prior to it being offered.

5.23 Sale Of Buildings

You are covered for **Loss Or Damage** to any **Building** included in the **Schedule** which is for sale, and where an agreement to sell the 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**.

5.24 Sustainable Rebuilding Costs

You are covered for additional costs **You** reasonably incur to upgrade **Building(S)** with sustainable products up to 10% of the **Buildings Sum Insured** or \$100,000, whichever is greater, provided that:

- a the **Building(S)** has been **Destroyed**;
- b the **Building(S)** is insured for Replacement Value as shown on the **Schedule** ;
- c the **Building(S)** is reinstated; and
- d **We** approve the sustainable products (approval will not be unreasonably withheld).

“**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 including (but not limited to) double glazing, solar water heating systems, environmentally friendly timber, rainwater collection tanks and water efficient interior plumbing. It does not include fire protection devices or systems, security devices or systems or natural hazard protection.

5.25 Temporary Removal (Excluding Stock)

You are covered for all **Insured Property** excluding **Stock** whilst temporarily removed to any other premises in **New Zealand** (but excluding whilst in transit to and from the **Situation**).

The amount payable shall not exceed the

amount which would have been payable had the **Loss Or Damage** occurred at the **Situation**.

5.26 Transit Of Property

You are covered for **Loss Or Damage** to **Insured Property** (including **Stock**) that is in transit up to the **Sub-Limit** shown in the **Schedule**.

Where goods are destined for transit beyond New Zealand, cover under this **Policy** ceases at the time goods pass over the ships rail or through air transport loading doors for overseas transit from any New Zealand port or airport, or at the time **Your** interests in the goods has ceased at a point of sale, whichever is the earlier.

5.27 Unlawful Substances

You are covered for **Loss Or Damage** to an insured **Building** or **Insured Property** within a **Building** as shown on the **Schedule**, due to the manufacture, storage or distribution of any controlled drug as defined in the Misuse of Drugs Act 1975, if:

- a the **Building** is tenanted; and
- b **We** or the person who manages the tenancy on **Your** behalf has met the **Landlord Obligations**.

Provided that the most **We** will pay is \$25,000 for any one **Event**, up to a maximum of \$100,000 in the **Period Of Insurance**.

“**Landlords Obligations**” means **You** or the person who manages the **Insured Property** on **Your** behalf must:

- a Exercise reasonable care in the selection of tenant(s) by obtaining at least satisfactory verbal or written references, and
- b Complete an external and internal inspection of the property at a minimum of three monthly intervals and upon the change of every tenant(s), and
- c Keep a written record of the outcome of each inspection, and provide a copy to **Us** if a copy is requested.

5.28 Utilities

You are covered for **Loss Or Damage** due to contamination or interruption of the supply of

utilities such as telecommunications, water, gas, electricity where the **Event** causes **Loss Or Damage** to any **Insured Property**.

6.0 BASIS OF SETTLEMENT – HOW WE WILL PAY YOU

The basis upon which **We** will pay **You** for **Loss Or Damage** to **Insured Property** is as stated below.

For the purpose of determining the heading under which property is insured, **We** agree to accept the designation under which such property has been entered into **Your** books of account.

6.1 Buildings, Contents And Other Property

Unless an alternative basis of settlement is shown in the **Schedule**, **We** will pay **You** the **Indemnity Value** for any **Insured Property** not more particularly set out below, that is **Lost Or Damaged** during the **Period Of Insurance**.

6.2 Stock

We will pay **You** the replacement value of raw materials and finished goods plus any work in progress, labour or overhead charges that cannot be recovered due to the **Loss Or Damage** to **Stock**.

In the event of a claim for **Loss Or Damage** to branded **Stock**, such **Stock** will only be sold with **Your** consent. Where **You** do not consent to the sale of branded **Stock**, the salvage value shall be taken into account in the settlement of the claim.

6.3 Cost Of Rewriting Of Records

We will pay **You** the reasonable costs and expenses **You** incur for the replacement or restoration of office and business records which shall also include documents, specifications, plans, books of account, and **Electronic Data** together with the costs of reproduction.

You are not covered for the value of the information contained in the records.

6.4 Electronic Items

We will pay **You** the replacement value of the following **Insured Property** where items are no more than 3 years old:

- a Cell phones, video data projectors, digital cameras;
- b Other audio visual equipment;
- c Portable computing devices and portable data storage devices.

6.5 Media And Electronic Data

We will pay **You** the replacement cost of blank media (including the cost of any proprietary software and licensed software fees), plus the reasonable cost of transferring the **Electronic Data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs associated with recreating, gathering or assembling such **Electronic Data**.

If the media is not repaired, replaced or restored, **We** will pay **You** the replacement cost of blank media.

We will not pay any costs in relation to the value of the **Electronic Data** to **You** or any other party, even if the **Electronic Data** cannot be recreated, gathered or assembled.

6.6 Works Of Art

Where there is **Loss Or Damage** to **Insured Property** comprising a **Work Of Art** or **Artefact**, **We** may appoint an independent and suitably qualified valuer or restorer to determine whether the **Work Of Art** or **Artefact** can be restored to its pre-damage condition.

If the valuer or restorer determines that the **Work Of Art** or **Artefact** cannot be economically restored to its pre-damage condition, the **Work Of Art** or **Artefact** will be deemed **Destroyed**. 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** or **Artefact**.

If the valuer or restorer determines that the **Work Of Art** or **Artefact** 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** (s) or **Artefact**(s), 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** or **Artefact** having been damaged and restored.

The most We will pay for a **Work Of Art** or **Artefact** is \$10,000 any one item or \$50,000 in total, unless a higher amount is shown in the **Schedule**.

6.7 Restoration And Reproduction Costs

We will pay You all costs and expenses You reasonably and necessarily incur replacing, reinstating, repairing, restoring and/or reproducing proof materials which shall include but not be limited to print blocks, plates-lettering, films (positive or negative), artwork, typeset and/or paste-up.

The replacement, reinstatement, repair, restoration and/or reproduction shall be deemed to mean 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.

6.8 REINSTATEMENT

Where 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** in accordance with the following the following definitions and Special Provisions.

DEFINITIONS

1. "reinstatement" means:
 - d 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 condition when new using modern equivalent materials, skills and techniques that are readily available and including all costs incurred to comply with any Act of Parliament or **Regulation**.
 - e where **Insured Property** is lost or **Destroyed**, replacement by an **equivalent building** or by **equivalent property** as the case may require.

2. "equivalent building" means a **Building** which is as 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 as are necessary to comply with any regulations that are in force when the **Loss Or Damage** occurs, but excluding all costs and expenses of whatsoever nature in connection with seismically strengthening **Insured Property** to a level greater than its level before the **Loss Or Damage**.

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) We will pay for another similar **Building** provided that it is not more extensive than the **Building** that has been lost or **Destroyed**.

3. "equivalent property" means any other property as nearly as practicable the same as or equivalent to the property **Destroyed**, having regard to the current state of technology, and having an equivalent capacity to that of the **Destroyed** property, but not greater capacity unless property with an equivalent capacity is not available and the replacement property has the nearest to an equivalent capacity.

SPECIAL PROVISIONS

1. If We request it, You must provide Us with a written valuation which includes an estimate of the cost of reinstatement of the **Insured Property** prepared and certified by a valuer acceptable to Us.
2. The **Sum Insured** under the **Policy** in respect of each item will not be less than the amount of such estimate, and may be adjusted for renewal provided this is done within a two month period of the renewal date.
3. When **Insured Property** is damaged but not **Destroyed**, **Our** liability shall not exceed the amount We would have been called upon to pay for **reinstatement** if such property had been **Destroyed**.
4. Where a **Building** is **Destroyed**, You may carry out the replacement by an **equivalent**

building upon another site and in any manner suitable to **Your** requirements including a change in the nature and use of the **building**, provided that **Our** liability does not exceed the cost which would have been incurred had **reinstatement** been carried out on the original site.

5. No payment will be made beyond the **Indemnity Value**:

- a If **You** elect not to **reinstatement** the property;
- b If **reinstatement** is not commenced and carried out promptly;
- c Until the cost of **reinstatement** has been actually incurred.

6. All reasonable costs and expenses incurred in complying with **Regulations** that are in force on the date that the **Loss Or Damage** occurs are included in the amount payable for **reinstatement** except for the following:

- a costs and expenses for any work which **You** had already been required to carry out by notice served prior to the happening of the **Loss Or Damage**; or
- b costs and expenses incurred in respect of undamaged property or undamaged portions of property other than foundations; or
- c costs and expenses of whatsoever nature in connection with seismically strengthening **Insured Property** to a level greater than its level before the **Loss Or Damage**.

7. **Our** liability in respect of any item of **Insured Property** will not exceed the **Sum Insured** for that item.

8. Foundations, **Buildings** and/or major plant items which prove to be unsuitable for further use following **Loss Or Damage** and/or due to the action or regulations of any Municipal or Government or Local Authority or similar Body or due to the operation of any health or similar **Regulation** shall be considered part of the **Lost Or Damaged Insured Property**.

6.9 Destruction Of Undamaged Property

Where **Insured Property** is insured for **reinstatement** **You** are covered for the cost of partial or total demolition and subsequent replacement of undamaged property or undamaged portions of property (whether or not the undamaged property or portions of property comprises a separate **Building** or item of plant) where such partial or total demolition and subsequent replacement is solely necessary in order to carry out repairs or **reinstatement** of **Insured Property** following **Loss Or Damage** by an **Event**.

Our total liability shall not increase beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damaged**.

You are not covered under this **Policy** for any work required to undamaged property solely to comply with any Act, By-Law or requirement of any Local or Public Authority.

6.10 Floor Space Ratio

Where **Insured Property** is insured for **reinstatement** and is subject to payment of any fee, tax, or other cost then **We** will pay the following:

- a The difference between:
 - i the cost of **reinstatement** actually incurred in accordance with the reduced floor space requirement, and;
 - ii the cost that would have been incurred had **reinstatement** with the original floor area been permitted.

b Any additional demolition, dismantling and debris removal costs necessarily incurred to comply with **Regulation**.

c The cost of any fee, tax, or other cost to which the permission to **reinstatement** is subject.

The amount payable under a) above is to be ascertained and certified by an Architect or other suitably qualified person acting on **Your** behalf in connection with the **reinstatement**.

6.11 Contractual Value

Where **Insured Property** is the subject of a lease, rental, hire or similar agreement which requires

You to insure and/or be responsible for the property at an agreed value then **We** will pay **You** in accordance with the agreed value as stipulated in the lease, rental or hire agreement up to a **Sub-Limit** of \$100,000. Provided that **Our** total liability is not increased beyond the **Sum Insured** of the **Insured Property** that has been **Lost Or Damaged**.

6.12 Progress Payments

Following **Our** acceptance of a claim under this **Policy**, **We** will provide **You** with progress payments.

Where the **Insured Property** is insured for **reinstatement** and **You** elect to replace, then **You** shall be entitled to receive the **Indemnity Value** as soon as such sum has been established. If the cost of reinstatement exceeds the **Indemnity Value**, then **You** shall be entitled to reimbursement of the additional costs of **reinstatement** as they are incurred, up to the **Sum Insured**.

6.13 Repair Or Reinstatement By Insured

You are covered for the reasonable cost of any reasonable repair or **reinstatement** work in relation to **Loss Or Damage** under this section of the **Policy** undertaken by **You**. Due allowances shall be made for a reasonable margin of profit in respect of such work, provided these costs are reasonable and competitive. **You** must obtain **Our** permission prior to undertaking such work unless the work is urgent and necessary to prevent further **Loss Or Damage**.

6.14 Reinstatement Of Amount Of Insurance

In the event of **Loss Or Damage** under this **Policy** the **Sum Insured** shall automatically and immediately reduce by the amount **We** have to pay for the **Loss Or Damage**. The reduced **Sum Insured** as a result of the **Loss Or Damage** will be automatically reinstated from the date the **Insured Property** has been fully repaired, replaced or reinstated.

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

However, if the **Loss Or Damage** is as a result of **Natural Disaster Damage** there will be no automatic reinstatement of the **Sum Insured** unless specifically agreed in writing by **Us**.

7.0 POLICY EXCLUSIONS APPLYING TO MATERIAL DAMAGE SECTION

In addition, to the General Policy Exclusions (Section 13) **You** are not covered for the following:

- 7.1 the applicable **Excess** stated in the **Schedule** which shall be deducted from any payment made under the **Policy** in respect of each claim or series of claims arising from any one **Event**.
- 7.2 fraudulent misappropriation of **Insured Property** committed by any employee, partner or director of the **Insured**.
- 7.3 **You** voluntarily parting with title or possession of any **Insured Property** if induced to do so by any fraudulent scheme, trick or false pretence.
- 7.4 any consequential economic loss including penalties, loss of use of any property, delays or loss of market.
- 7.5 **Loss Or Damage** caused solely by exposure to weather conditions to **Insured Property** not normally left in the open unless reasonable precautions have been taken to protect the **Insured Property** from those conditions.
- 7.6 unexplained loss or inventory shortages revealed only at stocktaking or shortages due to accounting or clerical errors other than that covered by the additional cover for **Money** (Clause 5.15).
- 7.7 **Loss Or Damage** caused by or resulting from normal settling, shrinkage or expansion of **Building** or foundations, but **You** are covered for resulting **Loss Or Damage** this causes to other **Insured Property**.
- 7.8 **Loss Or Damage** caused by landslip, subsidence, erosion or expansion of the ground.
- 7.9 **Loss Or Damage** to **Insured Property** deliberately caused by **You**.
- 7.10 **Loss Or Damage** indirectly or directly caused by:

- a Design fault, error or omission in design, plan or specification;
- b Wear and tear, gradual deterioration, corrosion;
- c Vermin or insects;
- d Change in artificially controlled temperature or atmosphere;
- e Fumes, gas, dust, smoke or smuts, action of light, inherent nature of the property, shrinkage, evaporation, loss of weight, change of flavour, colour, texture or finish, pollution, contamination, and interruption of the supply of water, gas, electricity or fuel.

7.11 **Loss Or Damage** to any plant or equipment directly caused by its own electrical malfunction.

7.12 **Loss Or Damage** to **Stock** undergoing any production process where the **Loss Or Damage** is directly caused by the normal operation of that process.

7.13 **Loss Or Damage** directly caused by explosion, rupture, bursting, cracking, leakage, collapse, of steam boilers due to fluid pressure within or without (other than pressure caused by chemical explosion).

7.14 **Loss Or Damage** directly caused by mechanical or electronic breakdown of machinery or electrical equipment ("breakdown" means a failure due solely to internal stress or fault, the failure not being caused by an **Event** external to the effected machine or equipment).

7.15 Any costs incurred for the purpose of seismically strengthening the **Insured Property** to a performance level greater than its performance level before the **Loss Or Damage** .

7.16 **Loss of Money** due to:

- a Shortages caused by errors in receiving or paying out;
- b Fraud or dishonesty of any employee of the **Insured** unless such loss is discovered within 72 hours (excluding Saturday, Sunday and/

or Public Holiday) of its occurrence;

- c Payment of **Money** for or in consideration of a cheque which is subsequently dishonoured;
- d **Money** being entrusted to any person other than **You**, **Your** employees, **Your** authorised agents, or a professional **Money** carrier.

Exclusions 7.10 to 7.15 (inclusive) do not apply where the **Loss Or Damage** is caused by or arises out of or in connection with an **Event** not otherwise excluded.

Exclusions 7.10 to 7.15 (inclusive) shall be limited to the item immediately affected and shall not extend to subsequent **Loss Or Damage** to other **Insured Property**.

SECTION 2: BUSINESS INTERRUPTION

8.0 Insuring Clause – What You Are Covered For

You are covered for **Business Interruption Loss** that occurs during the **Period Of Insurance** as a result of **Loss Or Damage** up to the **Sum Insured** specified in the **Schedule** for each item insured below.

8.1 Gross Profit

1. **You** are insured for loss of **Gross Profit** due to: **Reduction In Turnover**.

The amount payable shall be the rate of **Gross Profit** multiplied by the **Reduction In Turnover**.

2. Increase in cost of working

The amount payable shall be the additional expenditure necessarily and reasonably incurred solely to avoid or diminish a **Reduction In Turnover** during the **Indemnity Period**, provided that this additional expenditure does not exceed the sum produced by applying the rate of **Gross Profit** to the amount of the reduction thereby avoided.

We will deduct from **Your** claim for loss of **Gross Profit** any sum saved during the **Indemnity Period** for costs and expenses of the **Business** payable out of **Gross Profit** which cease or reduce because of the **Loss Or Damage**

8.2 Gross Revenue

You are covered for loss of **Gross Revenue** due to:

1. Loss of **Revenue**

The amount payable shall be the amount by which the **Gross Revenue** during the **Indemnity Period** falls short of the **Standard Revenue** as a result of the **Loss Or Damage**.

2. Increase in cost of working

The amount payable shall be the additional expenditure necessarily and reasonably incurred solely to avoid or diminish a reduction in **Gross Revenue** during the **Indemnity Period**, provided that this additional expenditure does not exceed the amount of the reduction in **Gross Revenue** thereby avoided.

We will deduct from **Your** claim for loss of **Gross Revenue** any sum saved during the **Indemnity Period** for costs and expenses of the **Business** payable out of **Gross Revenue** which cease or reduce because of the **Loss Or Damage**.

8.3 Gross Rentals

You are covered for loss of **Gross Rentals** due to:

1. Loss of **Gross Rentals**

The amount payable shall be the amount by which the **Gross Rentals** during the **Indemnity Period** falls short of the **Standard Gross Rentals** as a result of the **Loss Or Damage**.

2. Increase in cost of working;

The amount payable shall be the additional expenditure necessarily and reasonably incurred solely to avoid or diminish a reduction in **Gross Rentals** during the **Indemnity Period**, provided that this additional expenditure does not exceed the amount of the reduction in **Gross Rentals** thereby avoided.

We will deduct from **Your** claim for Loss of **Gross Rentals** any sum saved during the **Indemnity Period** for costs and expenses of the **Business** payable out of **Gross Rentals** which cease or reduce because of the **Loss Or Damage**.

8.4 Redundancy Payments

You are covered for all payments which **You** make to employees in accordance with their employment contracts whose services are terminated as a result of the **Loss Or Damage**.

8.5 Payroll/Wages – Dual Basis

You are covered for loss in respect of **Payroll/Wages** due to:

1. Reduction In Turnover:

a The amount payable during the **Initial Period** shall be the sum produced by applying the **Rate Of Payroll/Wages** to the **Reduction In Turnover**, less any savings in **Payroll/Wages**;

b The amount payable during the remaining portion of the **Indemnity Period**, shall be the sum produced by applying the **Rate Of Payroll/Wages** to the **Reduction In Turnover**, less any savings in **Payroll/Wages**, but not exceeding the sum produced by applying the remainder percentage of the **Rate Of Payroll/Wages** to the **Reduction In Turnover**, plus savings in **Payroll/Wages** deducted under clause 1 (a);

Note: If an "Alternative Period" is shown in the **Schedule**, this may be substituted for the **Initial Period** at **Your** option, provided that the claim under clause 1 (b) shall not exceed savings in **Payroll/Wages** deducted under clause 1 (a).

2. Increase in cost of working:

The amount payable shall be the additional expenditure necessarily and reasonably incurred solely to avoid or diminish a **Reduction In Turnover** provided that this additional expenditure does not exceed the amount that would have been payable under the provisions of clause 1 (a) and 1 (b) of this Item had such expenditure not been incurred.

8.6 Payroll/Wages In Lieu Of Notice

You are covered for **Financial Loss You** incur for the payment of **Payroll/Wages** in lieu of notice for a period beginning with the commencement of the **Indemnity Period** and ending not later than the number of weeks stated in the **Schedule**.

8.7 Additional Cost Of Working

You are covered for the additional expenditure **You** necessarily and reasonably incur during the **Indemnity Period** as a result of **Loss Or Damage** in order to:

1. minimise any **Business Interruption Loss**;
2. resume or maintain any normal operation or service of the **Business**. No cover is provided for expenditure which is:
 - a covered under another insured item's "increase in cost of working", until the amount of cover under that insured item for those expenses is exhausted; or
 - b incurred for reinstating **Insured Property**.

8.8 Redeployment Expenses

You are covered for expenditure **You** reasonably incur in the necessary relocation of employees where as a result of the **Loss Or Damage**, **You** elect to permanently redeploy employees at any alternative sites. **Your** expenses will include all such expenses as **You** would normally incur or reimburse to employees when transferring employees and their families to different places of permanent residence for the purpose of the **Business**.

8.9 Debtors Balances

You are covered for **Financial Loss** **You** sustain in respect of outstanding debtors balances directly due to the **Loss Or Damage**. The amount payable in respect of the **Financial Loss** after due allowance for bad debts shall not exceed:

1. the difference between:
 - a the outstanding debit balances; and
 - b the total of the amount received or traced in respect of the outstanding debit balances with due allowance made for bad debts; plus
2. the additional expenditure incurred in tracing and establishing customers debit balances after the **Loss Or Damage**.

8.10 Preparation Of Claim Costs

You are covered for the additional expenditure **You** reasonably incur in preparing and presenting, any claim accepted as a result of **Loss Or Damage** under either this section of the **Policy**, the Material Damage section of the **Policy** or both.

Salaries, wages, overheads and other expenses relating to **Your** employees incurred in the

preparation of claims shall be deemed to be part of these costs and expenses.

9.0 ADDITIONAL COVER TO SECTION 2

Where the **Schedule** contains a **Sub-Limit** in relation to any additional cover referred to below then **Our** liability shall not exceed that **Sub-Limit** in respect of the additional cover. Where the **Schedule** shows a deferment period, this period will be the applicable **Excess** for the Additional Cover.

9.1 Acts Of Civil Authorities

You are covered for **Financial Loss** resulting from any action of a lawfully constituted civil authority consequent upon:

- a **Loss Or Damage** to any property;
- a bodily injury to any person on or within 10 Kilometres of the **Situation**;
- b fumes, escape of any hazardous material, defective sanitation or effluent system; or any threat or fear of any of them.

Our liability is subject to a time excess of twenty four (24) hours from the beginning of the **Event** that caused the **Financial Loss**.

9.2 Contractual Commitments

You are covered in respect of contractual commitments as a result of the **Loss Or Damage**. The amount payable shall be the amount **You** are legally liable to pay under contracts for purchases not used during the **Indemnity Period**.

Any sums **You** receive or are receivable in respect of such purchases through any salvage handling operations or resale shall be deducted from the amount payable.

Provided payment under this extension is not as a result of **You** electing to carry out replacement by changing the nature or use of the **Insured Property**.

9.3 Deterioration Of Undamaged Property

You are covered for **Financial Loss** resulting from deterioration or loss of value of any raw material or partially processed product or commodity due to **Your** inability to process it in

the normal way following **Loss Or Damage** to **Insured Property**.

Provided payment under this extension is not as a result of **You** electing to carry out replacement by changing the nature or use of the **Insured Property**.

9.4 Penalty Payments

You are covered for any penalties, fines, damages or other amounts which **You** are legally liable to pay in accordance with the terms and conditions of any contract, due to any unavoidable breach of contract by **You** during the **Indemnity Period** resulting from any interruption to or interference with **Your Business** solely as a result of **Loss Or Damage**.

Provided payment under this extension is not as a result of **You** electing to carry out replacement by changing the nature or use of the **Insured Property**.

9.5 Fumes Gases And Toxic Chemicals

You are covered for **Business Interruption Loss** as a result of:

- a fumes or gases;
- b toxic chemicals or hazardous substances;

Our liability is subject to a time excess of twenty four (24) hours from the beginning of the **Event** that caused the **Loss Or Damage**.

9.6 Prevention Of Access

You are covered for **Business Interruption Loss** as the result of **Loss Or Damage**, or threat to property or persons within a 10 Kilometre radius of the **Situation** that prevents or hinders the use of such premises or its access or egress irrespective of whether **Your** premises or property is damaged, up to the **Sub-Limit** shown in the **Schedule**.

Our liability is subject to a time excess of twenty four (24) hours from the beginning of the **Event** caused by the **Loss Or Damage**.

9.7 Suppliers And Customers

You are covered for **Business Interruption Loss**, in consequence of **Loss Or Damage** to:

- a property and/or premises in New Zealand of suppliers of goods and services to **You**;
- b property and/or premises in New Zealand of **Your** customers;
- c premises in New Zealand where **You** have property stored, processed, repaired or for outwork;
- d transport routes, port or airport installations anywhere in New Zealand which shall have an effect upon **Your Business** including not only closure due to an **Event**, but also closure by order of any authority or other body as a result of or fear of any **Event**, subject to a time excess of seven (7) days from the happening of the **Event** giving rise to such closure or disruption;
- e Property Insured in transit within New Zealand or whilst temporarily housed in the course of transit.

Our liability shall not exceed the **Sub-Limit** stated in the **Schedule** or agreed for a named customer or supplier as stated in the **Schedule** for a specified percentage.

9.8 Supply Of Basic Services

You are covered for **Business Interruption Loss** following **Loss Or Damage** to anything that affects the supply of electricity, tele-communications, gas or water to **Your Business**, or the disposal of waste by **Your Business**.

This section excludes off-shore gas facilities and pipelines including pipelines to shore.

Our liability is subject to a time excess of twenty four (24) hours from the beginning of the **Event** which caused the **Loss Or Damage**.

9.9 Keymoney Or Goodwill

You are covered for the additional expenditure **You** reasonably and necessarily incur during the **Indemnity Period** for the purpose of purchasing, leasing premises or business goodwill and/or key monies in order to establish the **Business** at alternative premises as a result

of **Loss Or Damage**. If the goodwill and/or key monies of the new premises exceeds the amount that applied to the **Situation**, then the difference is to be borne by **You**.

9.10 Closure Due To Injury

If there is, within a 10 Kilometre radius of the **Situation**, during the **Period Of Insurance**:

- a danger to human life; or
- b injury to, murder or suicide of, any person; or
- c the **Situation** or part thereof are closed by any authority due to defects in the drains and other sanitary arrangements or the escape of fumes or any hazardous material; or
- d the threat or fear of any of them,

and this prevents or hinders access or egress or the use of the **Situation** there is deemed to be **Loss Or Damage**. If this **Loss Or Damage** results in **Business Interruption Loss**, **You** are covered as set out in each item stated in the **Schedule**.

9.11 Raw Materials Contingency

We will reimburse **You** for the value of **Your Stocks** of raw materials which, in the event of **Business Interruption Loss** due to **Loss Or Damage**, **You** are unable to utilise in the production and/or manufacture of finished products. Provided that **We** have accepted a claim by **You** under this **Policy** and the loss is not as a result of **You** electing replacement.

In the event of a claim under this item, the **Stocks** of raw materials not utilised or intended to be utilised by **You** shall be **Our** property to sell or dispose of as **We** see fit.

The value of **Stocks** of raw materials shall be the landed cost of goods.

The cover provided shall only apply to **Stock** which at the time of the interruption of the **Business**, shall have been owned by **You** for not longer than twelve (12) months.

10.0 BASIS OF SETTLEMENT – HOW WE WILL PAY YOU

10.1 Accumulated Stocks

In adjusting any claim under this section of the **Policy**, **We** shall take account of and an equitable allowance shall be made if during the **Indemnity Period Turnover** is temporarily maintained from accumulated stocks of finished goods held by **You**, thus causing a shortage of finished goods and/or reduced **Turnover** after the **Indemnity Period** has expired.

10.2 Departments

If the **Business** is conducted in branches, departments, subsidiaries or other units and the independent trading results are ascertainable, this **Policy** shall apply separately to each branch, department, subsidiary or other unit affected by the **Loss Or Damage**. However **Our** total liability remains unchanged.

10.3 New Business

For the purpose of any claim arising from **Loss Or Damage** occurring before the completion of the first year's trading of the **Business** at the **Situation** the terms **Rate Of Gross Profit**, **Annual Turnover**, **Standard Turnover** and **Standard Gross Rentals** shall bear the meanings as defined in the "Definitions to be Adjusted".

10.4 Output Turnover Option

At **Your** option, the term output may be substituted for the term **Turnover** or other index of business activity and for the purpose of this section of the **Policy** "output" shall mean sale value of goods manufactured by **You** or such other definition of index normal to that business activity in the course of such business.

10.5 Progress Payments

In the event of a valid claim under this **Policy**, **We** will provide **You** with progress payments.

10.6 Premium Adjustment

The premium charged under this section of the **Policy** for any **Gross Profit** or **Wages** item is provisional only. The premium is adjustable

at the end of the current **Period Of Insurance** in accordance with the following conditions:

- a **You** shall furnish a return of the annual **Gross Profit** earned in the financial year most nearly concurrent with the **Period Of Insurance** on which the premium shall be adjusted.
- b **We** will refund **You** the amount by which the provisional premium paid shall exceed the actual premium payable or alternatively, **You** shall pay **Us** the amount by which the provisional premium paid shall fall short of the actual premium due to **Us**.
- c The minimum premium for any one annual **Period Of Insurance** shall not be less than 50% of the deposit premium charged.
- d Where the **Indemnity Period** is in excess of twelve (12) months the adjustment shall be calculated on a proportionate increase on **Gross Profit** and/or **Wages** earned in direct proportion to which the **Indemnity Period** bears to the annual figures stated under a) above.

10.7 Reinstatement Of Amount Of Insurance

In the event of **Loss Or Damage** for which a claim for **Business Interruption Loss** is payable under this **Policy**, and in the absence of written notice by **Us** to the contrary, the amount payable under the **Policy** for that **Business Interruption Loss** will be automatically reinstated from the date the **Insured Property** which was **Lost Or Damaged** was repaired or replaced. **You** undertake to pay such pro-rata premium as may be required for the reinstatement.

However, if the **Loss Or Damage** is as a result of **Natural Disaster Damage**, the amount payable will not be reinstated unless **We** agree to this.

11.0 GENERAL DEFINITIONS

The Following Definitions Apply To All Sections Of This Policy

ARTEFACT means an object of cultural or historical interest and includes sporting memorabilia.

ASSESSOR means a loss adjuster or assessor appointed by **Us** and that is acceptable to **You**.

BURGLARY means **Loss Or Damage** resulting from **Theft** or any attempt at **Theft** accompanied by:

- a violent and forcible entry to or exit from any enclosed **Building**; or
- b violence or threat of violence to a person.

BUSINESS means **Your** business as specified in the **Schedule**.

BUILDING means any **Building** or structure 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.

DESTROYED means so damaged by an **Event** that the **Insured Property**, by reason only of that damage, cannot be economically repaired. A **Building** shall be deemed uneconomic to repair where the estimated costs of reinstatement exceed 85% of that **Building's Sum Insured**. However the cost of seismically strengthening **Insured Property** to a level greater than its level before the **Loss Or Damage** will not be taken into account in determining whether any **Insured Property** is **Destroyed** a can be economically repaired.

EVENT means any happening or series of happenings arising from one source or original cause .

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

EXCESS means the applicable excess shown in the **Schedule** that will be deducted from the amount payable in respect of **Loss Or Damage** to **Insured Property** caused by an **Event**. Where an **Event** occurs over a period of more than 72 consecutive hours, one excess will be deducted for every 72 consecutive hour period.

INSURED means the person(s) or entity/entities named in the **Schedule** and any subsidiary company (of which more than half the nominal value of whose equity share capital is owned by the named **Insured** either directly or through other subsidiaries) and any entity over which an **Insured** exercises management control.

INSURED PROPERTY means all real and personal property of every kind at the **Situation** including:

- a Property which **You** own or which is in **Your** care, custody and control; and
- b The personal effects and tools of **Your** employees, directors, consultants and visitors which are in **Your** care, custody or control or for which **You** are responsible;

But excluding the following property (unless stated in the **Schedule**).

- a Waterborne craft or vessels, aircraft, railway locomotives and railway rolling stock including their accessories unless held as **Stock** for the **Business** or auction;
- b Livestock, animals, standing timber and growing crops;
- c Bullion, precious stones, jewellery, furs and precious metals unless held as **Stock** or forming part of plant and tools of the **Business**;
- d Motor vehicles and other mechanically or electrically propelled vehicles including their accessories, unless held as **Stock** for the **Business** or as stated in the **Schedule**; (but this exclusion does not apply to mobile plant used in or around the **Situation**);
- e Dams, canals, reservoirs and rail or road bridges, road or rail tunnels, docks, piers, wharves, mining property located beneath the surface of the ground and land (other than landscaping and planting costs). This shall not apply to any reservoirs, tunnels and bridges located at any **Situation** owned or occupied by **You** which do not individually exceed \$100,000 in value; or
- f Property in the course of construction and/or building alterations and/or installation of additional machinery/plant where the total value of the contract work exceeds \$100,000 or a higher amount as may be stated in the **Schedule**.

INDEMNITY VALUE means whichever of the following options **We** choose:

- a 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 Damage**, or
- b the replacement of the **Insured Property** with property of a similar condition, age and

specification, as it was in, immediately prior to the **Loss Or Damage**, or

- c the payment of an amount equal to either (a) or (b) above based on a market value of the **Insured Property** immediately prior to the **Loss Or Damage**.

LOSS OR DAMAGE means sudden physical loss of or physical damage to **Insured Property** that was unintended or unforeseen by **You**.

MONEY means current coin, bank notes, currency notes, cheques including non-negotiable cheques, postal orders, travellers cheques, Money orders, credit card vouchers, petrol vouchers, tickets, other negotiable instruments, unused postage, unused franking machine credits and revenue stamps belonging to the **Insured** or for which the **Insured** is responsible.

NATURAL DISASTER DAMAGE means any of the following: earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity or fire occasioned by or through or in consequence of any of these.

PERIOD OF INSURANCE means the period that commences and ends at the times and dates as stated in the **Schedule** and including any extension of this period as agreed to in writing by **Us**.

POLICY means this policy wording, the **Schedule**, and any endorsement attaching to and forming part of the **Policy** either at commencement or during the **Period Of Insurance**.

REGULATION means regulation made under or framed in pursuance of any Act of Parliament or regulation or by-law of any Local Authority.

SITUATION means the situation stated in the **Schedule**.

SCHEDULE means the most recent version of the **Schedule** issued for the relevant section of the **Policy** (namely the Material Damage **Schedule** and the Business Interruption **Schedule**).

STOCK means stock and materials in trade owned by **You**.

SUB-LIMIT means the **Sum Insured** relating to specified additional cover as shown in the **Schedule**. Any **Sub-Limit** indicated on the **Schedule** is included within, and not in addition to, the **Sum Insured** for that item of **Insured Property** shown on the **Schedule**.

SUM INSURED means the limit of **Our** liability in relation to specified items of **Insured Property** as stated in the **Schedule**.

THEFT means the taking of any property with the intent to permanently deprive the owner of that property.

TOTAL SUM INSURED means the maximum amount payable by **Us** under this **Policy**.

WE/US/OUR means Delta Insurance New Zealand Limited for and on behalf of Certain Underwriters at Lloyd's as noted in the **Schedule**.

WORK OF ART means 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/YOUR means the **Insured**.

12.0 DEFINITIONS APPLYING ONLY TO BUSINESS INTERRUPTION SECTION

BUSINESS INTERRUPTION LOSS means **Financial Loss** caused by interruption to or interference with **Your Business** operations.

FINANCIAL LOSS means the reduction in the financial value of **Your Business** in respect of those items shown in the **Schedule** but excluding consequential financial losses such as losses arising out of the following:

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

GROSS PROFIT means the amount by which **Your Turnover** plus **Your Closing Stock** exceeds **Your Opening Stock** plus **Your Uninsured Working Expenses**.

Note: The amount of the **Opening Stock** and **Closing Stock** shall be arrived at in accordance with **Your** normal accountancy methods allowing for depreciation.

GROSS RENTALS means the **Money** paid to **You** or **Monies** billed by **You** in respect of rent or management fees for the **Situation** including rates, insurance premiums on the building tenanted, car parking rentals and other services rendered.

GROSS REVENUE means the **Money** paid to **You** or **Monies** billed by **You** for goods sold, work done or services provided as part of **Your Business**.

INDEMNITY PERIOD means the period beginning when the **Business** is first interrupted or interfered with in consequence of **Loss Or Damage** and ending no later than the number of months specified in the **Schedule**

You have the option to defer the commencement of the **Indemnity Period** by up to 12 months from the date of the **Event** which causes **Loss Or Damage**, provided **We** have not already paid or agreed to pay a claim under this section of the **Policy**.

INITIAL PERIOD is the period beginning with the **Event** and ending upon completion of the number of weeks shown in the **Schedule**.

PAYROLL means the gross remuneration (including but not limited to wages, salaries, accident compensation, redundancy payments, levies, bonuses, sick pay, holiday pay, superannuation contributions and other payments pertaining to payroll calculated on "per capita" or percentage of **Payroll** basis), for all employees of the **Business**.

REDUCTION IN TURNOVER means the amount that the **Turnover**, during any part of the **Indemnity Period**, falls short of the **Standard Turnover** as a result of **Loss Or Damage**.

TURNOVER means the **Money** paid or payable to **You** for goods sold and delivered and for services rendered in the course of the **Business** at the **Situation**. If during the **Indemnity Period** goods are sold or services rendered elsewhere than at the **Situation** for the benefit of the **Business** either by **You** or by others on **Your** behalf, the **Money** paid or payable in respect of such sales or services shall be brought into account in arriving at the **Turnover** during the **Indemnity Period**.

UNINSURED WORKING EXPENSES means purchases less discounts received, bad debts, or other expenses as may be stated in the **Schedule**.

WAGES means all remunerations (including a pro-rata proportion of bonuses, holiday pay, accident

compensation levies and any other charges relating to wages) of all employees other than those whose remunerations are treated as salaries in **Your** accounts.

Definitions To Be Adjusted

The following are to be adjusted so that they represent as closely as possible what the figures would have been during the **Indemnity Period** if the **Loss Or Damage** had not happened.

In calculating the **Rate Of Gross Profit, Standard Turnover, Standard Revenue** and **Standard Gross Rentals** (as defined below) the financial year/ twelve month period prior to the damage shall be read as the period between the date of the commencement of **Business** and the date of damage.

Rate Of Gross Profit

The rate of **Gross Profit**, earned on the **Turnover** during the financial year immediately before the date of **Loss Or Damage**.

Rate Of Payroll/Wages

The rate of **Payroll/Wages** to **Turnover** during the financial year immediately before the date of **Loss Or Damage**.

Standard Turnover

The **Turnover** during the period in the 12 months immediately before the date of **Loss Or Damage**.

Standard Revenue

The **Gross Revenue** earned during the period in the 12 months immediately before the date of **Loss Or Damage**.

Standard Gross Rentals

The **Gross Rentals** during the period in the 12 months immediately before the date of **Loss Or Damage**.

13.0 GENERAL POLICY EXCLUSIONS

13.1 Structural Defects Exclusion

You are not covered for any **Loss Or Damage** or **Business Interruption Loss** of any type connected in any way with a **Building** being affected by:

- a Moisture or water build-up or the penetration of external moisture or water, or
- b 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 faulty design or faulty specification, including but not limited to faulty sequence, procedure or program, or
 - ii faulty materials, or
 - iii faulty workmanship, when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply, however:

- a to **Loss Or Damage** or **Business Interruption Loss** that is caused by or directly arises from the leakage of internal pipes, internal water systems or internal cisterns.
- b Where fire or explosion is the result of (b)(i), (ii) and (iii) above, then the **Policy** will insure against any **Loss Or Damage** or **Business Interruption Loss** directly caused by the fire or explosion, subject to all the terms of this **Policy** in so far as they can apply.

13.2 Infectious Diseases Exclusion

You are not covered for **Loss Or Damage** or **Business Interruption Loss** in connection with a Notifiable Infectious Disease under the Health Act 1956.

13.3 War And Terrorism Exclusion

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

1. war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion,

revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power; or

2. any act of terrorism.

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

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to 1 and/ or 2 above.

If the Underwriters allege that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the **Insured**.

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

13.4 Electronic Data Exclusion

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

- a This **Policy** does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of **Electronic Data** from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.
- b **Electronic Data** means facts, concepts and information converted to a form useable for communications, interpretation

or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

- c **Computer Virus** means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

Computer includes computer hardware computer software microchip microprocessor any electronic equipment and any device which gives or processes or receives or stores electronic instructions or information.

13.5 Radioactive Contamination And Explosive Nuclear Assemblies

This **Policy** does not cover **Loss Or Damage** to any property whatsoever or any **Business Interruption Loss**, expense, consequential loss or any legal liability of whatsoever nature directly or indirectly caused by or contributed to, by, or arising from:

- a ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel; or
- b the radioactive, toxic, explosive or other hazardous properties of any explosive nuclear assembly or nuclear component thereof.

13.6 Industries, Seepage, Pollution And Contamination

This **Policy** does not cover any liability for:

- a personal injury or bodily injury or **Loss Or Damage** to or loss of use of **Insured Property** or **Business Interruption Loss** directly or indirectly caused by seepage, pollution or contamination, provided always that this paragraph 1 shall not

apply to liability for personal injury or bodily injury or **Loss Or Damage** to or destruction of **Insured Property**, or loss of use of such **Insured Property** damaged or destroyed, or **Business Interruption Loss** where such seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the **Period Of Insurance**.

- b The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances unless the seepage, pollution or contamination is caused by a sudden, unintended and unexpected **Event** during the **Period Of Insurance**.
- c Fines, penalties, punitive or exemplary damages.

13.7 Biological Or Chemical Materials

This **Policy** does not cover **Loss Or Damage** costs or expenses of whatsoever nature directly or indirectly caused by resulting from or in connection with the actual threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contribution concurrently or in any other sequence hereto.

13.8 Asbestos And Hazardous Substances

This **Policy** does not cover **Loss Or Damage** , costs or expense directly or indirectly arising out of or resulting as a consequence of the manufacture, mining, processing, ownership, distribution, testing, remediation, removal, storage, disposal, sale, transportation, use of or exposure to asbestos or silica or polychlorinated biphenyl 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 Or Damage** which may have contributed concurrently or in any sequence to the **Loss Or Damage** .

13.9 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

13.10 Seismic Strengthening

Notwithstanding any provision to the contrary within this **Policy** or any endorsement thereto, this **Policy** does not cover **Loss Or Damage** costs or expenses of whatsoever nature in connection with seismically strengthening **Insured Property** to a level greater than its level before the **Loss Or Damage**. The cost of seismically strengthening **Insured Property** to a level greater than its level before the **Loss Or Damage** will not be taken into account in determining whether any **Insured Property** is **Destroyed**.

14.0 GENERAL POLICY CONDITIONS

14.1 Cancellation

You may cancel this **Policy** at any time with immediate effect by notifying **Us** in writing. 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 the **Policy** at any time by advising **You** (or **Your** broker or agent) by letter or email. Cancellation will take effect at 4pm on the 30th day after the date of **Our** letter or email. **We** will refund any premium that is due to **You** based on the unused portion of the **Period Of Insurance**.

14.2 Goods And Services Tax (Gst)

Provided **GST** is recoverable by **Us** under the Goods and Services Tax Act 1985 (or any statutory amendment or re-enactment of the Act) then:

- a All **Sum Insured** stated in the **Policy** exclude **GST** and;
- b **GST** will be added, where applicable, to claim payments.

14.3 Inspection

We may inspect **Your** property and operations at any time provided **We** give **You** prior notice and **You** shall provide all details and

information **We** may reasonably require that relates to the subject of the insurance. Neither **Our** right to make inspections nor the making thereof nor any report in relation to such inspections may be used by **You** or any other party to determine or warrant that such operations are safe.

14.4 Misdescription

This **Policy** will not be invalidated or prejudiced by:

- a Any innocent or inadvertent alteration or mis-description of property or occupancy or any other innocent inaccuracy which does not affect the **Sum Insured**;
- b Any innocent or inadvertent misrepresentation or non-disclosure of any material fact;
- c The breach of any condition or warranty without **Your** knowledge and consent;
- d Any act of an occupier whereby the risk of **Loss Or Damage** to **Insured Property** not occupied by **You** is increased without **Your** authority or knowledge or the authority or knowledge of **Your** representative;

provided that:

- i **You** complied with the landlord obligations and;
- ii written notice is given to **Us** as soon as practicable once **You** become aware of the above and **You** agree to pay an appropriate additional premium and/ or agree to a change in terms and conditions if required by **Us**.

For the purposes of this clause, each **Insured** (if more than one) will be treated as having been insured with a separate **Policy**.

14.5 Observance Of Terms And Conditions

You must comply with all of the terms and conditions of this **Policy** insofar as they are relevant to **You**. The truth of any statements made by **You** shall be conditions precedent to any liability to **Us** to provide cover under this **Policy**. Nothing in this **Policy** affects **Our** common law rights, including the right to avoid the **Policy** for non-disclosure.

14.6 Other Insurance

This **Policy** does not cover **You** for **Loss Or Damage** or **Business Interruption Loss** if it is insured to any extent under any other insurance policy. **We** will only pay the amount of any **Loss Or Damage** or **Business Interruption Loss** that is in excess of that recoverable under the other insurance policy.

14.7 Other Interests

We will cover 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 section of the **Policy** are to be interpreted from the standpoint of the Insured person seeking cover in respect of such loss.

Our liability to any other person or entity having an insurable interest in the **Insured Property** will be no greater than any liability **We** have to **You**.

Any amount **We** pay to an interested party or parties will meet **Our** obligations to **You** under this **Policy**.

14.8 Subrogation

Once **We** have accepted any part of **Your** claim under this **Policy**, **We** may assume **Your** legal right of recovery at **Our** cost. **You** shall provide all reasonable assistance to **Us** and our legal advisors in relation to any recovery action.

If **We** initiate a recovery, **We** will include **Your Excess** and, at **Your** option, 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.

14.9 Commercial Cooking Warranty

It is a condition of this **Policy** that **You** and anyone using cooking equipment for commercial gain at the **Situation** must take all of the following precautions:

- a All deep fryers and other cooking equipment

in which frying is carried out at the **Situation** must have close-fitting metal lids. The metal lid must be fitted and in the closed position outside normal working hours and when the fryer is not in operation. During working hours the metal lid must be readily available for immediate use at all times if required.

- b A fire blanket, not less than 1.2 metres x 1.8 metres in size, must be installed in a conspicuous place in the vicinity of, but at a safe distance away from, the commercial cooking operation. The fire blanket must be readily accessible for immediate use at all times if required.
- c At least one correctly labelled fire extinguisher, suitably rated "F" in accordance with AS/NZS1850:2009, must be mounted in a conspicuous place in the vicinity of, but at a safe distance away from, the commercial cooking operation. The fire extinguisher must be readily accessible for immediate use at all times if required. All fire extinguishers at the **Situation** must be serviced at least once a year and maintained in efficient working order at all times.
- d A separate external non-adjustable and manually operated cut-out mechanism must be fitted to all deep fryers at the **Situation**. All cut-out mechanisms must automatically disconnect each heat source from the energy supply when the temperature of the cooking liquid reaches a maximum of 220 Centigrade.
- e All cut-outs, thermostats, heating elements and associated controls must comply with all relevant New Zealand Standards/Codes of Practice and must be maintained in safe efficient working condition at all times and checked by a registered electrician at least once a year.
- f All cooking equipment must comply with all applicable electrical/gas regulations at all times and must be maintained in good working order in accordance with the manufacturer's recommendations.
- g Each deep fryer at the **Situation** must have an on/off switch to the energy supply which is remote from the deep fryer. The switch

must be in the 'off' position outside **Your** normal operating hours and when the premises are unattended. The switch must be readily accessible for immediate use at all times if required.

- h A metal extraction hood must be installed above all deep fryers with a metal flue venting externally. Grease filters must be fitted in the flue and must be readily accessible for cleaning. Grease filters must be cleaned at frequent and regular intervals, but at least weekly. Extraction flues and ducting must be inspected monthly. Extraction flues and ducting must be cleaned frequently and at regular intervals, but at least every 6 months. All associated fans and blades must be inspected at least annually, and cleaned as necessary but at least once a year.
- i All food, fat and food scraps must be removed from each deep fryer at the **Situation** at the end of each day's operations. All cooking liquids to be disposed of must be stored in a closed metal container at all times until removal from the **Situation**.

If **You** are not the occupier of the **Situation** or the operator of the cooking equipment, **You** must instruct the occupier or operator in writing that the above requirements are a condition of insurance and must be complied with at all times.

If **You** or the occupier of the **Situation** or the operator of the cooking equipment fails to comply with any of the above and that failure causes and/or contributes in any way to **Loss Or Damage to Insured Property**, **We** may refuse to pay all or part of **Your** claim.

For the purposes of this Warranty "cooking equipment" means deep fryers, frying pans, bench top or miniature deep fryers, woks and other similar equipment and appliances.

LLOYD'S SPECIFIC CLAUSES APPLICABLE TO THIS INSURANCE POLICY

Microorganism Exclusion (Absolute)

This Policy does not insure any loss, damage, claim, cost, expense or other sum directly or indirectly arising out of or relating to:

mold, mildew, fungus, spores or other microorganism of any type, nature, or description, including but not limited to any substance whose presence poses an actual or potential threat to human health.

This Exclusion applies regardless whether there is

- i any physical loss or damage to Insured property;
- ii any insured peril or cause, whether or not contributing concurrently or in any sequence;
- iii any loss of use, occupancy, or functionality; or
- iv any action required, including but not limited to repair, replacement, removal, cleanup, abatement, disposal, relocation, or steps taken to address medical or legal concerns.

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

14/09/2005 LMA5018
Form approved by Lloyd's Market Association

Communicable Disease Endorsement

1. This **Policy**, subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the **Period Of Insurance**. Consequently and notwithstanding any other provision of this **Policy** to the contrary, this **Policy** does not insure any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1 for a Communicable Disease, or
 - 2.2 any property insured hereunder that is affected by such Communicable Disease.
3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

- 3.1 the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and
- 3.2 the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and
- 3.3 the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property insured hereunder.

4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the **Policy** remain the same.

Property Cyber And Data Exclusion

1. Notwithstanding any provision to the contrary within this **Policy** or any endorsement thereto this **Policy** excludes any:
 - 1.1 Cyber Loss;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
3. This endorsement supersedes and, if in conflict with any other wording in the **Policy** or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

4. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
5. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
6. Cyber Incident means:
 - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
7. System means:

any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the **Insured** or any other party.
8. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

Industries, Seepage, Pollution And Contamination Clause No. 3

This Insurance does not cover any liability for:

1. Personal Injury or Bodily Injury or loss of, damage to, or loss of use of property directly or indirectly caused by seepage, pollution or contamination,

provided always that this paragraph 1. shall not apply to liability for Personal Injury or Bodily Injury or loss of or physical damage to or destruction of tangible property, or loss of use of such property damaged or destroyed, where such seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the period of this Insurance.

2. The cost of removing, nullifying or cleaning-up seeping, polluting or contaminating substances unless the seepage, pollution or contamination is caused by a sudden, unintended and unexpected happening during the period of this Insurance.
3. Fines, penalties, punitive or exemplary damages.

This Clause shall not extend this Insurance to cover any liability which would not have been covered under this Insurance had this Clause not been attached.

Cancellation Clause

Notwithstanding anything contained in this Insurance to the contrary this Insurance may be cancelled by the **Insured** at any time by written notice or by surrendering of this Contract of Insurance. This Insurance may also be cancelled by or on behalf of the Underwriters by delivering to the **Insured** or by mailing to the **Insured**, by registered, certified or other first class mail, at the **Insured** address as shown in this Insurance, written notice stating when, not less than 10 days thereafter, the cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice and this Insurance shall terminate at the date and hour specified in such notice.

If this Insurance shall be cancelled by the **Insured** the Underwriters shall retain the customary short rate proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the Earned Premium hereon or the customary short rate proportion of any Minimum Premium stipulated herein whichever is the greater.

If this Insurance shall be cancelled by or on behalf of the Underwriters the Underwriters shall retain the pro rata proportion of the premium hereon, except that if this Insurance is on an adjustable basis the Underwriters shall receive the Earned Premium hereon or the pro rata proportion of any Minimum Premium stipulated herein whichever is the greater.

Payment or tender of any Unearned Premium by the Underwriters shall not be a condition precedent to the

effectiveness of Cancellation but such payment shall be made as soon as practicable.

If the period of limitation relating to the giving of notice is prohibited or made void by any law controlling the construction thereof, such period shall be deemed to be amended so as to be equal to the minimum period of limitation permitted by such law.

Biological Or Chemical Materials Exclusion

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