

**BROKERNET N.Z. LTD**

**AGREED**

**MATERIAL DAMAGE  
AND  
BUSINESS INTERRUPTION  
POLICY WORDING**

**WITH  
AMERICAN HOME ASSURANCE  
COMPANY (NEW ZEALAND BRANCH)  
trading as  
AIG NEW ZEALAND**



# **BROKERNET MATERIAL DAMAGE AND BUSINESS INTERRUPTION**

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## DEFINITIONS

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## **BROKERNET**

### **MATERIAL DAMAGE & BUSINESS INTERRUPTION POLICY**

This Policy is not a completed contract unless attaching to a completed Brokernet Policy Certificate which together shall be read as one contract.

In consideration of the Insured agreeing to pay to the Insurer the premium stated, the Insurer agrees to provide to the Insured the cover set out in this Policy.

### **MATERIAL DAMAGE SECTION**

#### **INSURING CLAUSE**

The Insurer agrees to cover the Insured for all Loss or Damage to the Property Insured during the Period of Cover due to an Event.

Provided that the liability of the Insurer, for any one Loss or Damage under this section, shall not exceed the Sum Insured as stated or endorsed onto this Section of the Policy and the liability of each Insurer, if more than one, named herein is limited to the percentage set opposite its name of each and every amount payable under this Section of the Policy.

#### **BASIS OF LOSS SETTLEMENT**

The basis for what the Insurer shall pay to the Insured for Loss or Damage to the following property is as stated below. For the purpose of determining the heading under which Property is insured, the Insurer agrees to accept the designation under which such property has been entered into the Insured's books of account.

- (a) **Stock**  
The cost of raw material and finished goods, and, in addition, work in progress and the cost of labour and other overhead charges expended at the time of the Loss or Damage.
- (b) **Cost Of Rewriting Of Records**  
The value of the materials immediately prior to the Loss or Damage together with the costs of reproduction but not for the value to the Insured of the information contained therein.
- (c) **Money**  
On Money for its actual value immediately prior to the Loss or Damage.
- (d) **Other Property**  
On all other property not included in (a) to (c) above, the basis as stated in the Brokernet Policy Certificate

## **STANDARD POLICY EXTENSIONS TO THE MATERIAL DAMAGE SECTION**

The terms of these extensions attaching to this Section of the Policy are deemed to be incorporated within the policy. If there is any conflict or inconsistency between the extension, and any other terms of the policy (other than the General Exclusions), then the terms of the extension will prevail. Where a Standard Policy Extension shows a separate Sum Insured on the Brokernet Policy Certificate then the Insurers limit of liability shall not exceed the Sum Insured in relation to that extension.

### **MD01 ACTS OF CIVIL AUTHORITIES**

This Section of the Policy extends to cover the Insured 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 Section of the Policy.

### **MD02 ALTERATIONS AND PROPERTY ACQUIRED**

This Section of the Policy extends to cover Loss or Damage to:

- (i) Alterations, additions (including additional buildings), and improvements to the Property Insured.
- (ii) Property acquired after the commencement of cover.

The Insured undertakes to advise the Insurer within the Period of Cover of such alterations, additions, acquisitions (other than Stock) and improvements, and to pay an appropriate premium.

This extension shall not apply in respect of appreciation in value of the Property Insured which is not due to a physical alteration, addition or improvement.

### **MD03 AUSTRALIAN TERRORISM CLAUSE**

For the avoidance of doubt, wherever risks located in Australia are declared to the Insurer and noted on this policy, this policy is extended to provide terrorism cover as defined by the Terrorism Insurance Act 2003 of Australia.

The Laws of New Zealand continue to govern this policy and any disputes arising out of this policy are still subject to the exclusive jurisdiction of the courts of New Zealand.

### **MD04 BRANDED GOODS**

In the event of any Loss or Damage to branded stock, such stock will only be sold with the Insured's consent. Where the Insured does not consent to such sale the agreed salvage value shall be taken into account in the settlement of the claim.

### **MD05 CHANGE OF TEMPERATURE**

This Section of the Policy extends to cover Loss or Damage from any change in temperature in connection with Loss or Damage to any Property Insured following an Event. This includes reasonable costs incurred by the Insured in the removal to and/or storage of such property at alternative premises.

### **MD06 CLAIMS ASSESSMENT**

This Section of the Policy extends to cover costs and expenses (other than legal fees and costs) reasonably incurred by the Insured for the preparation of claims made under this Section of the Policy.

Salaries, wages, overheads and other expenses relating to the Insured's employees shall be deemed to be part of these costs and expenses.

### **MD07 COST OF REWRITING RECORDS**

This Section of the Policy extends to cover the Insured for all reasonable costs and expenses incurred by the Insured for the replacement or restoration of office and business records which shall also include documents, specifications, plans, books of account, and computer media and data.

## ***Material Damage Section (continued)***

### **MD08 CONTRACTUAL VALUE**

Where Property Insured is extended under the Replacement Value Clause (MD28) and is the subject of a lease, rental, hire or similar agreement which requires the Insured to insure and/or be responsible for the property at an agreed value then the measure of cover provided shall be the agreed value as stipulated in the lease, rental or hire agreement. The definition set out under the Basis of Loss Settlement shall not apply in respect of a claim under this clause but always limited to the total Sum Insured.

### **MD09 DESTRUCTION OF UNDAMAGED PROPERTY**

Where the Property Insured is subject to the Replacement Value clause (MD28) this section of the policy extends to cover 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 undamaged portions of property comprises a separate building or item of plant) where such partial or total demolition is solely necessary in order to carry out repairs or reinstatement of Property Insured following Loss or Damage by an Event.

Provided that this extension shall not include any work necessary to undamaged property solely to comply with any Act, By-Law or requirement of any Local or Public Authority.

### **MD10 EXPEDITING COSTS**

This Section of the Policy extends to cover the Insured for such additional costs of express freight, air freight and overtime labour that may be reasonably incurred for the purpose of expediting the cost of reinstating any of the Property Insured. The cover provided here will not increase the Insurer's liability beyond the Sum Insured for that property.

### **MD11 GENERAL AVERAGE**

When this Section of the Policy applies to transit by coastal shipping between ports of New Zealand this Section of the Policy extends to cover the Insured in respect of general average and salvage charges payable according to foreign statement or to York Antwerp rules if in accordance with any freight contract.

### **MD12 HAZARDOUS SUBSTANCE EMERGENCY**

The Insurers will cover the Insured for any charge which the New Zealand Fire Service is authorised to make against the Insured in respect of any Hazardous Substance Emergency arising out of or in connection with any property of the Insured, in the event of any Loss or Damage or threat thereof to the Property Insured.

"Hazardous Substance Emergency" has the same meaning as defined in the Fire Service Act 1975 or any subsequent amending legislation.

### **MD13 KEYS AND LOCKS**

This Section of the policy extends to include the costs of replacing locks and keys (including electronic access devices) and combinations where keys and/or combinations are stolen or lost, or if the Insured has reasonable grounds to believe these may have been stolen or duplicated, also the cost of opening safes and strongrooms as a result of loss of keys.

### **MD14 MONEY**

This Section of the Policy extends to cover the Insured for Loss or Damage to Money.

- (i) Whilst in transit
- (ii) Whilst at any Situation occupied by the Insured and at any other place of Business the Insured may be during business hours
- (iii) Whilst in a locked safe or strongroom at the Situation outside business hours.
- (iv) Whilst in the residences of the Insured or of the Insured's principals and employees duly authorised, or whilst in the Insured's Situation outside business hours when such Money is not secured in a locked safe or strongroom.

### **MD15 MUTUALLY ACCEPTABLE ASSESSORS**

In the event of a claim this Section of the Policy extends to allow for Assessors or Adjusters to be appointed who are mutually acceptable to both the Insurer and the Insured.

### **MD16 NATURAL DISASTER DAMAGE**

In the event of the Insured having insured residential property for which compulsory Natural Disaster Damage cover under the Earthquake Commission Act 1993 applies then in the event of such property suffering Natural Disaster Damage during the Period of Cover and covered by Natural Disaster Damage cover, then the Insurers liability will be limited to the amount of loss in excess of the Natural Disaster Damage cover.

### ***Material Damage Section (continued)***

#### **MD17 OTHER INTERESTS**

Where the Insured has agreed to insure the interest of any person or corporation having an insurable interest in any of the Insured Property, the Insurer will indemnify the Insured and that person or corporation subject to the terms of this Section of the Policy as if a separate policy had been issued to each. However:

- (a) the Insurer will not be liable to indemnify any person or corporation whose interest has not been declared to the Company by the time indemnity becomes payable; and
- (b) the liability of the Insurer to any other person or corporate body will be no better than any liability the Insurer has to the Insured.

#### **MD18 PORTABLE COMPUTER EQUIPMENT**

The Replacement Value Clause (MD28) if incorporated into this material damage section of the policy will not apply to any item of portable computer equipment (such as a laptop, notebook, electronic diary, video data projector or similar) more than two years old at the time of the Loss or Damage.

If in the event of any theft covered by this material damage section of the policy the insured property lost or damaged includes any portable computer equipment (of the kind as noted in the paragraph above) the excess to be applied to the total claim will be the higher of:

- a) the burglary or the theft excess as shown in the schedule; or,
- b) \$1,500 where theft is accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any enclosed building; or,
- c) the calculation produced by adding for each unit of portable computer equipment above:
  - 1. \$1,500 for each unit with an insured value of \$1,500 or more;
  - 2. the insured value of each unit worth less than \$1,500,

for any other theft.

#### **MD19 PROFESSIONAL FEES**

This Section of the Policy extends to cover the Insured for Architects', Surveyors', Consulting Engineers', Legal, Accounting and other fees reasonably incurred as a result of Loss or Damage to Property Insured. The costs are included in the Sum Insured stated on the Property Insured. This extension does not apply to fees for the preparation or proving of claims made under this Section of the Policy.

#### **MD20 PROGRESS PAYMENTS**

In the event of Loss or Damage to any Property Insured and liability being admitted, the Insured shall be entitled to obtain from the Insurers reasonable progress payments provided that where required by Insurers, evidence or an interim statement of loss be supplied and approved by the Assessor.

Where the Property Insured is subject to Replacement Value under the basis of loss of settlement and the Insured elects to replace, then the Insured shall be entitled to receive the indemnity value as soon as such sum has been established and in the event of expenditure or reinstatement exceeding such amount, then the Insured shall be entitled to reimbursement of the excess expenditure but not in the aggregate in excess of the Sum Insured.

#### **MD21 PROTECTION COSTS**

This Section of the Policy extends to cover the Insured for any costs reasonably incurred directly resulting from fighting or controlling any Event that involves or threatens to involve the Property Insured.

#### **MD22 RAW MATERIALS CONTINGENCY**

The stock Sum Insured or stock and other property Sum Insured under this Section of the Policy is extended to include stocks of raw materials which are not damaged but, in the event of Loss or Damage, are unable to be utilised by the Insured for the production and/or manufacture of finished products. Warranted that this cover does not apply solely as a result of the Insured electing replacement of buildings or other property as provided for under Special Provision 3 of the Material Damage Replacement Value Clause (MD28).

In the event of a claim the stocks of raw materials not utilised by the Insured or intended to be utilised by the Insured shall be the property of the Insurer to sell or dispose of as the Insurer sees fit.

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

### **Material Damage Section (continued)**

The Insurers liability shall not exceed \$50,000 or

- the stock Sum Insured or
- the amount for stock within the stock and other property Sum Insured,

whichever is the lesser.

#### **MD23 REDUNDANT PLANT**

This Section of the Policy extends to cover the Insured 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 other Loss or Damage to other Property Insured. The redundant plant and parts shall be treated as if Loss or Damage had occurred from the same Event that caused other Loss or Damage covered by this Section of the Policy. Any claim under this extension shall be net of any salvage value from the redundant plant or parts

Provided always that payment under this extension is not as a result of the Insured electing to carry out replacement by changing the nature or use of the Property Insured as provided for under Special Provision 3 of the Replacement Value Clause (MD28).

#### **MD24 REINSTATEMENT OF AMOUNT OF INSURANCE**

In the event of Loss or Damage to the Property Insured by this Section of the Policy and in the absence of written notice by the Insurer or the Insured to the contrary, the amount of the insurance paid for the Loss or Damage is to be reinstated as from the date of Loss or Damage, the Insured undertaking to pay such necessary premium as may be required for such reinstatement from that date.

#### **MD25 RELEASE OF LIABILITY**

This Section of the Policy extends to cover where the Insured is 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) the New Zealand Fire Service commission;
- (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, the Insured; or
- (i) any other party to an agreement which has been declared to and accepted by the Insurer.

Such release includes the waiver of the Insured's rights of subrogation.

#### **MD26 REMOVAL OF DEBRIS**

Following Loss or Damage to Property Insured, this Section of the Policy extends to cover the Insured within the Sum Insured stated, for:-

- (i) the cost actually incurred in the demolition, dismantling, shoring up or propping of the Property Insured and the removal and disposal of debris and foreign matter (including the transport and storage costs of property whether damaged or undamaged) from the Site and the area immediately adjacent to the Site, and
- (ii) any necessary temporary repairs to the Property Insured, including the erection and maintenance of street and/or pavement hoardings and/or scaffolding.

#### **MD27 REPAIR OR REINSTATEMENT BY INSURED**

This Section of the Policy will cover any repair or reinstatement work in relation to Loss or Damage under this Section of the Policy undertaken by the Insured and due allowances shall be made for a reasonable margin of profit in respect of such work, provided these costs are reasonable and competitive.

## MD28 REPLACEMENT VALUE

In the event of Loss or Damage to Property Insured by this Extension the amount payable by the Insurer under this Section of the Policy is to be the cost of reinstatement of such property where stated in the Brokernet Policy Certificate as the Basis of Settlement.

This is subject to the following definitions and Special Provisions.

### Definitions

Under this Extension -

1. **“reinstatement”** shall mean:
  - (a) where property is damaged but not destroyed, the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new including all costs incurred to comply with any Act of Parliament or regulation.
  - (b) where property is lost or destroyed, replacement by an equivalent building or by equivalent property as the case may require including all costs incurred to comply with any Act of Parliament or Regulation.
2. **“equivalent building”** shall mean:
  - (a) a building or structure which is as nearly as practicable the same as the building or structure lost or destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any regulation.
  - (b) where, as a result of any special circumstances, no building or structure which falls within the scope of paragraph 2(a) can be constructed, a building or structure which is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or destroyed.
  - (c) where, as a result of any special circumstances, no building or structure which falls within the scope of paragraph 2(a) is suitable to the Insured’s reasonable requirement, then, with the consent of the Insurer (which will not be unreasonably withheld), a building or structure which is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the building or structure lost or destroyed.
3. **“equivalent property”** shall mean any new property as nearly as practicable the same as or equivalent to the property lost or destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or 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.
4. **“destroyed”** shall mean so damaged by an Event that the property, by reason only of that damage, cannot be repaired.
4. **“regulation”** shall mean regulation made under or framed in pursuance of any Act of Parliament or regulation or by-law of any Local Authority.

### Special Provisions

1. Where required by the Insurer, the Insured shall at the commencement of such insurance and when required provide the Insurer with a written estimate of the cost at such date of reinstatement of the Property Insured to which this Extension applies made and certified by a Valuer acceptable to the Insurer.

The Sum Insured under the policy and this Extension 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.

2. When the Property Insured is damaged, the Insurer’s liability shall not exceed the sum which the Insurer could have been called upon to pay for reinstatement if such property had been destroyed.
3. Where a building or structure is destroyed, the Insured is entitled to carry out the replacement by an equivalent building upon another site and in any manner suitable to the requirements of the Insured including a change in the nature and use of the property provided that the Insurer’s liability does not exceed the cost which would have been incurred had reinstatement been carried out on the original location.

**Material Damage Section (continued)**

4. The Insurer shall not be liable to make any payment beyond the amount which would have been payable under the policy had this Extension not been incorporated therein -
  - (a) if the Insured elects not to reinstate the property;
  - (b) if the work of reinstatement is not commenced and carried out promptly;
  - (c) until the cost of reinstatement has been actually incurred.
5. The amount payable under this Extension shall not include the costs incurred in reinstatement work which is necessary to comply with any regulation -
  - (a) to the extent to which such work had already been required of the Insured by notice served prior to the happening of the damage, loss or destruction; or
  - (b) in respect of undamaged property or undamaged portions of property other than foundations.
6. The liability of the Insurer under this Extension in respect of any item of Property Insured will not exceed the Sum Insured in respect of that item.

**MD29 RESIDENTIAL ACCOMMODATION**

Where any residential accommodation insured by this Section of the Policy is rendered uninhabitable following a claim under this Section of the Policy, this Section of the Policy extends to cover the Insured for reasonable expenses for alternative accommodation necessarily incurred by the Insured or the occupant (being an employee of the Insured) provided that:

- (a) The expenses are not otherwise insured;
- (b) The period for which the expenses are covered will be limited to the period reasonably required for reinstatement of the Property Insured;
- (c) The Insurer will be entitled to deduct a reasonable allowance for expenses reduced or avoided as a result of the Property Insured being rendered uninhabitable and;
- (d) The amount recoverable here is included in the Sum Insured on the property but limited to \$10,000 or an amount equal to 25% of the cost of reinstating any one dwelling or residential unit following damage, whichever is the lesser.

**MD30 RESTORATION AND REPRODUCTION COSTS**

The cover provided by this Section of the Policy extends to include all costs and expenses incurred by the Insured for the replacement, reinstatement, repair, restoration and/or reproduction of proof materials which shall include but not be limited to print blocks, plates lettering, films (positive or negative), artwork, typeset and/or paste-up. This clause shall include the property of customers and shall provide cover to the owners of the Property Insured as Joint Insured's. 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 Property Insured when new.

This Clause is subject to the basis of settlement as shown on the Brokernet Policy Certificate.

**MD31 REWARDS**

This Section of the Policy extends to cover any payment by the Insured by way of a reward, provided that the payment contributed towards the protection and/or recovery of all or part of the Property Insured lost, destroyed or damaged and that the terms of such reward were agreed by the Insurer prior to the offering of such reward.

**MD32 SALE OF BUILDINGS**

This Section of the Policy extends to cover Loss or Damage to any building insured by this Section of the Policy 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.

**MD33 SPOILAGE**

This Section of the Policy extends to cover deterioration of refrigerated or frozen stock and food following mechanical or electrical breakdown of the refrigeration plant or power supply; or accidental or malicious disconnection of the power supply.

Material Damage exclusion 1, (k) (iii) of this Section of the Policy does not apply to this extension.

### ***Material Damage Section (continued)***

#### **MD34 STOCK DECLARATION CONDITIONS**

The premium for Stock within this extension is provisional only and represents 75% of the full premium payable for the Sum Insured hereby. It is adjustable at the end of the current Period of Cover in accordance with the following conditions;

- (a) Declarations of the value of the Property Insured on the nominated date of each month, shall be made in writing to the Broker.
- (b) The maximum Sum Insured is that specified in the Brokernet Policy Certificate for this item. If any monthly declaration exceeds that amount then in calculating the average of the monthly declarations the Sum Insured shall be included in place of the actual declaration for that month.
- (c) If no declaration is received for any one month, the Sum Insured stated in the Brokernet Policy Certificate shall apply.
- (d) The average of these monthly declarations shall be computed at the end of the Period of Cover and the actual premium payable shall be assessed on that average (or on one half of the Sum Insured whichever Sum shall be the greater).
- (e) The Insurer will refund to the Insured the amount by which the provisional premium paid shall exceed the actual premium payable calculated as above or alternatively, the Insured shall pay to the Insurer the amount by which the provisional premium paid shall fall short of that actual premium.  
Provided that the minimum premium payable shall be no less than 50% of the amount of premium calculated on the total Sum Insured by this extension.
- (f) In consideration of the insurance not being reduced by the amount of any Loss or Damage, the Insured shall pay the appropriate extra premium on the amount of the Loss or Damage from the date thereof to the date of the expiry of the Period of Cover.

#### **MD35 TEMPORARY REMOVAL**

The Property Insured under this Section of the Policy other than stock is covered whilst temporarily removed to any other premises and in transit to and from the Situation anywhere in New Zealand.

‘Temporary removed’ means removed for a particular purpose, with the intention that the property be returned to the place from which it has been removed once the purpose has been served.

The amount recoverable under this extension shall not exceed the amount which would have been recoverable had the Loss or Damage occurred at the Situation from which the Property Insured is temporarily removed.

#### **MD36 TIME ADJUSTMENT**

Any Loss or Damage to the Property Insured arising from one Event or a series of Events arising from one cause during any one period of 72 consecutive hours, shall be deemed as a single Event, and therefore constitute one Event with regard to the excess provided for in the Brokernet Policy Certificate.

#### **MD37 TRANSIT OF PROPERTY**

This Section of the Policy extends to cover Loss or Damage to Property Insured that is in transit. Material Damage Exclusion 1 of this Section of the Policy does not apply to this extension.

Where goods are destined for transit beyond New Zealand, cover under this Section of the 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 the Insured’s interests in the goods has ceased at a point of sale, whichever is the earlier.

#### **MD38 UNDAMAGED FOUNDATIONS**

The following extension shall be added to the clauses and extensions of this Section of the Policy only in respect of Property Insured subject to the Replacement Value Extension.

Notwithstanding Special Provision 5 (b) of the Replacement Value Clause (MD28) foundations, buildings and/or major plant items which are undamaged and which solely as a result of the Loss or Damage to other property or following this as a result of 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, but not action arising from any infectious disease, prove to be unsuitable for further use then this undamaged property shall be considered part of the damaged Property Insured by this policy.

## OPTIONAL CLAUSES TO THE MATERIAL DAMAGE SECTION

The Brokernet Policy Certificate states whether any of the following Optional Clauses are included in the policy. The terms of these clauses attaching to this Section of the Policy are deemed to be incorporated within the policy. If there is any conflict or inconsistency between a clause and any other terms of the policy (other than the General Exclusions), then the terms of the clause will prevail. Where an Optional Clause shows a separate Sum Insured on the Brokernet Policy Certificate then the Insurers limit of liability shall not exceed that Sum Insured in respect of that Optional Clause.

### COMPUTER BREAKDOWN

This Section of the Policy extends to cover any breakdown of the Insured's computer or electronic systems. Material Damage exclusion 1 (l) of this Section of the Policy shall not apply where the Brokernet Policy Certificate extends to include cover in respect of this clause.

### DEEP FAT FRYING WARRANTY

Where deep oil or fat frying is done on the Insured's Situation, the Insured warrants that:

- a) each vat is fitted with a close-fitting steel lid that is shut when the vat is not in use;
- b) a fire blanket is installed in a conspicuous place in the vicinity of, but at a safe distance away from, the frying operation and that the fire blanket be accessible for immediate use at all times during any deep frying operation;
- c) a fully charged multi-purpose extinguisher of not less than 2.25kg capacity or a fully charged extinguisher specifically designed for use on flammable liquid fires is installed in a conspicuous place in the vicinity of, but at a safe distance away from, the frying operation and that the extinguisher be accessible for immediate use at all times during any deep frying operation;
- d) all thermostats, pans, blankets and extinguishers are at all times maintained in good working order;
- e) extraction filters are cleaned weekly and extraction flues and ducting are inspected monthly and cleaned as necessary;
- f) where the fryer is an electric fryer, a separate non-adjustable manual reset thermostat is fitted to it and set to disconnect the power supply when the temperature of the cooking liquid reaches 240 degrees centigrade; and
- g) all cooking liquids for disposal are at all times stored in a metal bin with a close-fitting metal lid until removed from the Situation.

Where the Insured is not the operator of the deep oil or fat frying process, the Insured must provide the operator with a copy of this warranty and advise the operator in writing that the warranty is a condition of insurance and that the operator may be held responsible for any damage resulting from breach of the warranty.

### ELECTRICAL DAMAGE

The Material Damage section of this policy extends to cover Loss or Damage to Property Insured caused by the burning out of any part of the property by electricity. The cover provided by this Clause excludes Loss or Damage to lighting or heating elements; fuses or protective devices; or electrical contacts at which sparking or arcing occurs in ordinary working.

Loss or Damage as covered by this clause is not Loss or Damage as included in the Insuring Clause of the Business Interruption Section of this Policy.

The Insurer will cover the Insured for the limit stated in the Brokernet Policy Certificate.

*Material Damage Section (continued)*

**WORKS OF ART – BASIS OF SETTLEMENT**

Where a claim is payable for damage to Insured Property comprising a work of art, the Insurer may appoint an independent and suitably qualified valuer or restorer to determine whether the work of art can be restored to its pre-damage condition.

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

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

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

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

**Material Damage Section (continued)**

**POLICY EXCLUSIONS APPLYING TO MATERIAL DAMAGE SECTION**

1. This Section of the Policy does not cover:
- (a) the excess stated in the Brokernet Policy Certificate which amount shall be deducted from the Loss or Damage in respect of each claim or series of claims arising from any one Event.
  - (b) fraudulent misappropriation of Property Insured committed by any employee, partner or director of the Insured.
  - (c) the Insured voluntarily parting with title or possession of any Property Insured if induced to do so by any fraudulent scheme, trick or false pretence.
  - (d) any consequential economic loss including penalties, loss of use of any property, delays or loss of market.
  - (e) Loss or Damage caused solely by exposure to weather conditions to Property Insured not normally left in the open unless reasonable precautions have been taken to protect the Property Insured from those conditions.
  - (f) unexplained loss or inventory shortages revealed only at stocktaking or shortages due to accounting or clerical errors other than that insured separately under the standard policy extension for Money.
  - (g) Loss or Damage caused by or resulting from normal settling, shrinkage or expansion of buildings, structures or foundations, but it does cover resulting Loss or Damage this causes to other Property Insured.
  - (h) Loss or Damage caused by landslip or subsidence in excess of the amount stated on the Brokernet Policy Certificate.
  - (i) Loss or Damage to the Property Insured deliberately caused by the Insured.
  - (j) Loss or Damage to Property Insured in transit
  - (k) Loss or Damage directly caused by:
    - (i) Wear and tear and corrosion;
    - (ii) Vermin or insects;
    - (iii) Change in artificially controlled temperature or atmosphere;
    - (iv) 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;
  - (l) Mechanical or electrical Breakdown of any Machine in which the damage originates. However, this exclusion does not apply to:
    - (i) subsequent Loss or Damage arising from an ensuing cause not otherwise excluded;
    - (ii) damage to any:
      - (a) electric motor or starter that does not individually exceed 5 KW;
      - (b) distribution switchboard or permanently installed electrical reticulation;directly caused by failure of electrical insulation or abnormal electric current or electrically induced self heating.
  - (m) Loss or Damage to Stock undergoing any production process where the Loss or Damage is directly caused by the normal operation of that process;
  - (n) 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 solely by weight of contents or by chemical explosion).

Policy exclusions 1 (k), (l), (m), and (n), do not apply where the Loss or Damage is caused by or arising out of or in connection with an Event not otherwise excluded.

Policy exclusions 1 (k), (l) (m) and (n) shall be limited to the item immediately affected and shall not extend to subsequent Loss or Damage to other Property Insured.

*Material Damage Section (continued)*

**POLICY EXCLUSIONS APPLYING TO MATERIAL DAMAGE SECTION (continued)**

2. This Section of the Policy does not cover 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 entrusted to any person other than the Insured, the Insured's principals, employees, authorised agents, or professional money carrier;

## **BUSINESS INTERRUPTION SECTION**

### **INSURING CLAUSE**

The Insurer agrees to cover the Insured for the loss resulting from interruption or interference to the Insured's Business in connection with Loss or Damage to any Property Insured or other property used by the Insured for the Business at the Situation.

The Insured is only entitled to cover under this section of the policy where a claim has been paid or accepted under a Material Damage policy or would have been accepted but for the application of an excess. Material Damage exclusion 1 (n) of the Material Damage Section of this Policy does not apply to any loss arising under this section.

Provided that the liability of the Insurer, for each and every claim for loss under this section of the policy due to one Event, shall not exceed the Sum Insured as stated or endorsed onto this Section of the Policy and the liability of each Insurer, if more than one, named herein is limited to the percentage set opposite its name of each and every amount payable under this Section of the Policy.

### **INTERESTS INSURED**

#### **GROSS PROFIT**

The insurance under this item covers loss of Gross Profit due to:

- (a) **Reduction In Turnover** and
- (b) **Increase In Cost Of Working**

and the amount payable shall be:

- (i) **In Respect Of Reduction In Turnover** the sum produced by applying the rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of any salvage sale) shall, as a result of the Loss or Damage, fall short of the Standard Turnover, from which shall be deducted the Gross Profit actually earned during the period of any salvage sale.
- (ii) **In Respect Of Increase In Cost Of Working** the additional expenditure necessarily and reasonably incurred for the purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period as a result of the Loss or Damage, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of the reduction thereby avoided;

Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced as a result of the Loss or Damage.

#### **GROSS REVENUE**

The insurance under this item covers loss of Gross Revenue due to:

- (a) **Loss of Revenue**, and
- (b) **Increase in Cost of Working**

and the amount payable shall be:

- (i) **In respect of Loss of Revenue** the amount by which the revenue during the Indemnity Period shall, as a result of the Loss or Damage, fall short of the Standard Revenue.
- (ii) **In respect of Increase in Cost of Working** the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of revenue which but for that expenditure would have taken place during the Indemnity Period as a result of the Loss or Damage but not exceeding the amount of the reduction in revenue thereby avoided.

Less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the Business payable out of revenue as may cease or be reduced as a result of the Loss or Damage.

### ***Business Interruption Section (continued)***

#### **GROSS RENTALS AND MANAGEMENT FEES**

The insurance under this item covers Gross Rental and Management Fees due to:

- (a) **Loss of Gross Rentals and Management Fees Receivable** and
- (b) **Increase in Cost of Working**

and the amount payable shall be:

- (i) **In Respect Of Loss Of Gross Rentals and Management Fees Receivable** the amount by which the Gross Rentals and Management Fees Receivable during the Indemnity Period shall, as a result of the Loss or Damage, fall short of the Standard Gross Rentals and Management Fees Receivable.
- (ii) **In Respect Of Increase in Cost of Working** the additional expenditure necessarily and reasonably incurred for the purpose of avoiding or diminishing the loss of Gross Rentals and Management Fees Receivable which but for that expenditure would have taken place during the Indemnity Period as a result of the Loss or Damage but not exceeding the amount of the reduction in Gross Rentals and Management Fees Receivable thereby avoided.

Less any sum saved during the Indemnity Period in respect of such charges of the Business payable out of Gross Rentals and Management Fees Receivable as may cease or be reduced as a result of the Loss or Damage.

#### **PAYROLL/WAGES - DUAL BASIS**

The insurance under this item covers loss in respect of Payroll/Wages and the amount payable shall be:

- (a) **In respect of reduction in Turnover:**

- (i) during the initial period the sum produced by applying the Rate of Payroll/Wages to the reduction in Turnover, less any saving in the amount of Payroll/Wages paid or payable;
- (ii) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Payroll/Wages to the reduction in Turnover, less any saving in the amount of Payroll/Wages paid or payable, 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 (a) (i);

**Note:** At the option of the Insured, the alternative period may be substituted for the initial period provided that the claim under clause (a) (ii) shall not exceed savings in Payroll/Wages deducted under clause (a) (i).

- (b) **In respect of increase in cost of working:**

so much of the additional expenditure described in the Gross Profit Item, Clause (b) and subclause (ii) as exceeds the amount payable, but not more than the additional amount which would have been payable in respect of reduction in Turnover under the provisions of clause (a) (i) and (ii) of this Item had such expenditure not been incurred.

#### **PAYROLL/WAGES IN LIEU OF NOTICE**

The insurance under this item covers loss incurred by the Insured for the payment of Payroll/Wages for a period beginning with the commencement of the Indemnity Period and ending not later than the number of weeks thereafter stated in the Brokernet Policy Certificate.

#### **ADDITIONAL COST OF WORKING**

The insurance under this item covers the additional cost of working and the amount payable shall be the additional expenditure reasonably incurred by the Insured, as a result of Loss or Damage in order to:

- (a) minimise any interruption or interference with the Business or,
- (b) resume or maintain any normal operation or service of the Business during the Indemnity Period or
- (c) for the purpose of avoiding or diminishing a reduction in turnover.

***Business Interruption Section (continued)***

**DEBTORS BALANCES**

The insurance under this item covers loss sustained by the Insured in respect of outstanding debtors balances directly due to the Loss or Damage. The amount payable in respect of the 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.
2. The additional expenditure incurred in tracing and establishing customers debit balances after the Loss or Damage.

**PREPARATION OF CLAIM COSTS**

The insurance under this item covers the additional expenditure reasonably incurred by the Insured for the preparation or certification of any claim accepted as a result of Loss or Damage under either this policy, the Insured's Material Damage policy or both.

*Business Interruption Section (continued)*

**STANDARD POLICY EXTENSIONS TO THE BUSINESS INTERRUPTION SECTION**

The terms of these extensions attaching to this Section of the Policy are deemed to be incorporated within the policy. If there is any conflict or inconsistency between the extension, and any other terms of the policy (other than the General Exclusions), then the terms of the extension will prevail. Where a Standard Policy Extension shows a separate Sum Insured or percentage on the Brokernet Policy Certificate then the Insurers limit of liability shall not exceed that Sum Insured or percentage in relation to that extension.

**BI01 ACCUMULATED STOCKS**

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

**BI02 ACTS OF CIVIL AUTHORITIES**

If the whole or part of the Situation shown in the schedule is closed by order of any lawfully constituted civil authority as a result of, or under the threat or fear of:

- bodily injury to any person on or in the vicinity of the Situation;
- damage to any property;
- defects in drains or other sanitary arrangements but not defects in water or sewage;
- vermin or pests; or
- fumes or escape of any hazardous material;

but not a closure as a result of any infectious animal or human disease

and the Business carried on at the Situation is in consequence interrupted or interfered with the Insurer will pay the amount of loss resulting from such interruption or interference.

The liability of the Insurer will not exceed 10% of the total Business Interruption Sum Insured.

**BI03 AUSTRALIAN TERRORISM**

For the avoidance of doubt, wherever risks located in Australia are declared and noted under the Material Damage Section of this policy, this policy is extended to provide terrorism cover as defined by the Terrorism Insurance Act 2003 of Australia.

The laws of New Zealand continue to govern this policy and any disputes arising out of this policy are still subject to the exclusive jurisdiction of the courts of New Zealand.

**BI04 CONTRACTUAL COMMITMENTS**

This policy extends to cover the Insured in respect of contractual commitments as a result of the Loss or Damage. The amount payable shall be the amount the Insured is legally liable to pay under contracts for purchases not used during the Indemnity Period. Any sums received or receivable by the Insured 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 the Insured electing to carry out replacement by changing the nature or use of the Property Insured as provided for under Special Provision 3 of the Replacement Value clause (MD28). A claim under this extension shall only apply where the gross profit or gross revenue has been insured and a claim is met under this policy.

The Insurers liability shall not exceed \$100,000 or the gross profit or gross revenue sum insured, whichever is the lesser.

## ***Business Interruption Section (continued)***

### **BI05 DEPARTMENTAL**

In the event of a claim arising at any of the branches and/or departments and/or factories of the Insured included in this insurance, the settlement of such a claim shall be made on the figures of each of such branches and/or departments and/or factories separately (as disclosed by the Insured's books) and for that purpose the definitions of Gross Profit and Turnover and Wages wherever these words appear, shall be read to refer to the figures of such branches and/or departments and/or factories affected. In the event of a claim in respect of any branch and/or department and/or factory and there shall be any savings in the charges normally appearing in the accounts of the Insured, the amount of such saving shall be taken into account in the assessment of such a claim.

### **BI06 DEPENDENCY**

Loss resulting from any of the following is deemed to be loss resulting from damage to property used by the Insured at the Situation for the purpose of the Business.

Damage to:

- (a) any property whatsoever at any place anywhere in New Zealand and occupied by any customer of the Insured;
- (b) any property whatsoever at any place anywhere in New Zealand and occupied by any supplier of goods or services to the Insured;
- (c) any port buildings, contents, wharves and loading or unloading equipment on wharves, railway warehouse or airport buildings and contents anywhere in New Zealand;
- (d) Any electricity station or sub-station or power lines, gas works or natural gas works (but excluding the Maui off-shore and Kapuni Installations) or water works or water treatment plants and any pipe lines of any public supply authority from whom the Insured obtains electric current, gas, natural gas or water within New Zealand that prevents or hinders the public supply of water or gas or electricity to the terminal ends of the supplier's service feeders at the Situation;
- (e) Any sewerage works or sewerage treatment plants and any pipe lines of any public supply authority which prevents or hinders the discharge of effluent from the Situation noted in the Schedule of Property Insured;
- (f) Any telecommunications lines or cables directly connected with the Situation noted in the Schedule of Property Insured.

Extensions (a) and (b) above exclude liability arising from any customer or supplier that receives (from the Situation) or sends (to the Situation) electricity, gas, natural gas, fuel, oil, water, sewage or telecommunications.

The liability of the Insurer will not exceed 10% of the total Business Interruption Sum Insured.

### **BI07 DETERIORATION OF UNDAMAGED PROPERTY**

This Section of the Policy extends to cover the Insured for loss resulting from deterioration or loss of value of any raw material or partially processed product or commodity due to the Insured's inability to process it in the normal way following Loss or Damage to property not hereby excluded.

Provided payment under this extension is not as a result of the Insured electing to carry out replacement by changing the nature or use of the Property Insured as provided for under Special Provision 3 of the Replacement Value Clause (MD28).

### **BI08 FINES AND DAMAGES**

This Section of the Policy extends to cover fines, damages and related legal costs for a breach of contract which the Insured shall be legally liable to pay in order to discharge such fines or damages, incurred solely in consequence of Loss or Damage, for non completion or late completion of orders, subject always to the terms, conditions and exclusions of the policy.

Provided payment under this extension is not as a result of the Insured electing to carry out replacement by changing the nature or use of the Property Insured for under Special Provision 3 of the Replacement Value Clause (MD28).

A claim under this extension shall only apply where the gross profit or gross revenue has been insured and a claim is met under this policy.

The Insurers liability shall not exceed \$20,000.

## ***Business Interruption Section (continued)***

### **BI09 KEYMONEY OR GOODWILL**

This Section of the Policy extends to cover the expenditure reasonably incurred by the Insured during the Indemnity Period and in consequence of Loss or Damage for the purpose of purchasing, lease premises or business goodwill and/or key monies in order to establish the Business at alternative premises. If the goodwill and/or key monies of the new premises is in excess of that which applied to the Situation then the difference is to be borne by the Insured.

A claim under this extension shall only apply where the gross profit or gross revenue has been insured and a claim is met under this policy.

The Insurers liability shall not exceed \$20,000.

### **BI10 MUTUALLY ACCEPTABLE ASSESSORS**

This Section of the Policy extends to allow for Assessors or Adjusters to be appointed who are mutually acceptable to both the Insurer and the Insured.

### **BI11 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".

In calculating the Rate of Gross Profit, Standard Turnover, Standard Revenue and Standard Gross Rentals, 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.

### **BI12 OUTPUT TURNOVER OPTION**

At the option of the Insured, 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 the Insured or such other definition of index normal to that business activity in the course of such Business.

### **BI13 PAYMENT ON ACCOUNT**

In the event of a claim under this insurance, payments on account will be made to the Insured on production of an acceptable statement of claim.

### **BI14 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 Cover in accordance with the following conditions:

- (a) The Insured shall furnish a return of the annual Gross Profit earned in the financial year most nearly concurrent with the Period of Cover on which the premium shall be adjusted.
- (b) The Insurer will refund to the Insured the amount by which the provisional premium paid shall exceed the actual premium payable or alternatively, the Insured shall pay to the Insurer the amount by which the provisional premium paid shall fall short of the actual premium due to the Insurer.
- (c) The minimum premium for any one annual Period of Cover 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.

### **BI15 PREVENTION OF ACCESS**

Loss resulting from damage to any property within the vicinity of the Situation that prevents or hinders the use of or access to the Situation will be deemed to be loss resulting from damage to property used by the Insured at the Situation for the purpose of the Business.

### **BI16 REINSTATEMENT OF AMOUNT OF INSURANCE**

In the event of loss insured by this Section of the Policy and in the absence of written notice by the Insurer or the Insured to the contrary, the amount of the insurance paid for the loss is to be reinstated as from the date of Loss or Damage, the Insured undertaking to pay such necessary premium as may be required for such reinstatement from that date.

**THE FOLLOWING DEFINITIONS, CONDITIONS AND EXCLUSIONS  
APPLY TO THE MATERIAL DAMAGE AND BUSINESS INTERRUPTION  
SECTIONS OF THIS POLICY**

**DEFINITIONS APPLYING TO BOTH SECTIONS OF THIS POLICY**

The following words have the following meanings:

**BREAKDOWN**

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

**BROKERNET POLICY CERTIFICATE**

Is the certificate attaching to and forming part of this policy.

**BUSINESS**

As described under BUSINESS INSURED and any other similar activities.

**EVENT**

Is something that happens including continuous or repeated exposure to substantially the same conditions, or a series of things that happen resulting from, or attributable to one source or original cause, which results in Loss or Damage.

**INSURED**

Is the person/s or entity/entities named in the Brokernet Policy Certificate 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.

**INSURER**

Is the insurance company/s or underwriter/s named in the Brokernet Policy Certificate.

**LOSS OR DAMAGE**

Loss or Damage is physical loss of or damage to the Property Insured, that is unintended or unforeseen by the Insured

**MACHINE**

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

**MONEY**

“Money” shall mean - 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**

Is the meaning given to it in the Earthquake Commission Act 1993 or any replacement legislation.

**PERIOD OF COVER**

Is the period that commences and ends at the times and dates as stated in the Brokernet Policy Certificate but includes any extension of this period as agreed to by the Insurer.

## ***General Definitions, Conditions & Exclusions Section (continued)***

### **PROPERTY INSURED**

All real and personal property of every kind at the Situation including:

- The Insured's own or which is in the Insured's care, custody and control.
- Employees, directors, consultants and visitors personal effects and tools which are in the Insured's care, custody or control or for which the Insured is responsible.

other than the following property (unless stated in the Brokernet Policy Certificate).

- (1) Waterborne craft or vessels, aircraft, railway locomotives and railway rolling stock including their accessories unless held as stock for the Business or auction;
- (2) Livestock, animals, standing timber and growing crops;
- (3) Bullion, precious stones, jewellery, furs and precious metals unless held as stock or forming part of plant and tools of the Business;
- (4) Motor vehicles and other mechanically or electrically propelled vehicles including their accessories, unless held as stock for the Business or auction or as stated in the Brokernet Policy Certificate; (but this exclusion does not apply to mobile plant used in or around the Insured's Situation).
- (5) Dams, canals, reservoirs, underground services not forming part of any building, 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 where the loss arises from damage to the Property Insured unless such property is specified as an insured item. This shall not apply to any reservoirs, tunnels and bridges located at any Situation owned or occupied by the Insured which do not individually exceed \$100,000 in value or the Sum Insured stated in the Brokernet Policy Certificate;
- (6) 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 higher amount as may be stated in the Brokernet Policy Certificate. Cover up to \$100,000 is provided only for property owned or to be owned or occupied by the Insured.

### **SITE**

A parcel of land owned or occupied by you.

### **SITUATION**

Is the Situation as stated in the Brokernet Policy Certificate and any other place anywhere in New Zealand.

### **SUM INSURED**

Is the limit of the Insurer's liability as stated in the Brokernet Policy Certificate for any one Loss or Damage.

## **DEFINITIONS APPLYING ONLY TO THE BUSINESS INTERRUPTION SECTION OF THIS POLICY**

The following words have the following meanings:

### **GROSS PROFIT:**

The amount by which the sum of the Turnover and the amount of the Closing Stock shall exceed the sum of the amount of the Opening Stock and the amount of the Uninsured Working Expenses.

**Note:** The amount of the Opening and Closing Stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

### **GROSS RENTS AND MANAGEMENT FEES:**

The money paid or payable to the Insured in respect of rental or management fees from the Situation including rates, insurance premiums on the building tenanted, car parking rentals and other services rendered.

### **GROSS REVENUE:**

The money paid or payable to the Insured as subscriptions, fees for services and goods supplied.

### **PAYROLL**

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 engaged in the activities of the Business.

### **WAGES**

The remunerations (including bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all employees other than those whose remunerations are treated as salaries in the Insured's books of account.

### **UNINSURED WORKING EXPENSES:**

Purchases less discounts received, bad debts, or other expenses as may be stated in the Brokernet Policy Certificate.

### **TURNOVER:**

The money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the Situation. If during the Indemnity Period goods shall be sold or services rendered elsewhere than at the Situation for the benefit of the Business either by the Insured or by others on behalf of the Insured the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

### **INDEMNITY PERIOD**

Cover under this Section of the Policy starts with the interruption following Loss or Damage and ends not later than the period as stated in the Brokernet Policy Certificate.

### **INITIAL PERIOD**

Is the period beginning with the Event and ending upon completion of the number of weeks shown in respect of this extension.

*Definitions applying only to the Business Interruption Section of this Policy (continued)*

**DEFINITIONS TO BE ADJUSTED**

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

- **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 which corresponds with the Indemnity Period.
- **STANDARD REVENUE**  
The revenue earned during the period in the 12 months immediately before the date of Loss or Damage which corresponds with the Indemnity Period.
- **STANDARD GROSS RENTALS**  
The Gross Rentals during that period in the 12 months immediately before the date of Loss or Damage.

**GENERAL POLICY CONDITIONS APPLYING TO BOTH SECTIONS OF THIS POLICY**

**GC01 ALTERATION OF RISK**

This insurance ceases as regards the property affected if with the knowledge of the Insured the risk of Loss or Damage is increased by any change in the nature of the occupation or otherwise unless such change be notified to the Insurer, prior to the happening of any circumstances giving rise to a claim.

However, no notification is required :

- (a) 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 of the Insured
- (b) to carry out any alterations and/or repairs to any Property Insured provided structural alterations and/or repairs are reported to the Insurer within a reasonable time and any reasonable additional premium for the increased risk is paid.
- (c) to shut down or cease operations and for individual buildings to remain vacant or unoccupied for not more than 90 days.

**GC02 CANCELLATION**

This policy may be cancelled by the Insured at any time by notice in writing to the Insurer in which case the Insurer shall retain or be entitled to recover a pro rata proportion of the premium for the time during which the policy has been in force. The Insurer may cancel the policy at any time by giving written notice to the Insured at the address last known to the Insurer and the cancellation of the policy shall be effective as from 4:00 pm on the 30th day after posting or personal delivery by the Insurer. After cancellation by the Insurer, the Insurer will refund the amount of unearned premium on a pro rata basis subject to any adjustment of premium as may be required by the terms or conditions of this policy.

**GC03 FALSE OR FRAUDULENT CLAIMS**

If the Insured shall make any claim knowing the same to be false or fraudulent, as regards amount or otherwise, this policy shall be void and all claims as a result shall be forfeited.

**GC04 GOODS AND SERVICES TAX (GST)**

The Sums Insured stated in the policy and the excess described in the Brokernet Policy Certificate exclude New Zealand Goods and Services Tax where payable by law.

**GC05 INSPECTION**

The Insurer shall be permitted to inspect the Insured's property and operations at any time provided prior notice is given to the Insured. The Insured shall provide all details and information as may be reasonably required by the Insurer related to the subject of the insurance. Neither the Insurer's right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the Insured or others to determine or warrant that such operations are safe.

**GC06 MISDESCRIPTION**

This policy shall not be voidable or prejudiced by:

- (a) any innocent alteration or misdescription of occupancy or any other innocent inaccuracy which does not affect the Sum Insured;
- (b) any innocent misrepresentation or non disclosure of any material fact;
- (c) the breach of any condition or warranty without the knowledge and consent of the Insured;
- (d) any act of the occupier whereby the risk of Loss or Damage to property not in the occupation of the Insured is increased without the authority or knowledge of the Insured or their representative responsible for the Insured's insurances.

*General Definitions, Conditions & Exclusions Section (continued)*

**GC06 Misdescription (continued)**

**provided that;**

- (1) written notice is given to the Insurer as soon as practicable once the Insured becomes aware of the above happenings and an appropriate additional premium is paid if required by the Insurer.
- (2) for the purposes of this clause, each of the Insured (if more than one) will be treated as having been Insured with a separate policy.

**GC07 NOTIFICATION OF CLAIMS**

On the happening of any Event, likely to give rise to a claim the Insured shall:

- (i) take prompt steps to minimise any interruption of or interference with the Business and to avoid or diminish the Loss or Damage;
- (ii) notify the Insurer as soon as practicable;
- (iii) Provide the Insurer with any information as may be reasonably required in connection with the claim.

**GC08 OBSERVANCE OF TERMS AND CONDITIONS**

The due observance and fulfillment of the terms and conditions of this policy by the Insured insofar as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal and any other statements made shall be conditions precedent to any liability of the Insurer to provide any cover under this policy.

**GC09 OTHER INSURANCE**

If at the time of any Loss or Damage happening to any Property Insured, there be any other insurance or any cover effected by the Insured or by any other person, covering the same property or the Insured's interest therein, the insurance under this policy shall not apply until the full amount of cover under such other insurance has been exhausted in respect of the Insured's Loss or Damage.

**GC10 SUBROGATION**

The Insured shall at the request of and at the expense of the Insurer take such action as may be necessary or reasonably required by the Insurer for the purpose of enforcing any right and remedies, or of obtaining relief or cover from other parties to which the Insurer shall be or would become entitled or subrogated upon paying for or making good any loss under this policy whether before or after being paid by the Insurer.

*General Definitions, Conditions & Exclusions Section (continued)*

**GENERAL POLICY EXCLUSIONS APPLYING TO BOTH SECTIONS OF THIS POLICY**

This policy does not cover:

Loss or Damage directly or indirectly caused by:

- (a) war, invasion, foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war, mutiny, military or usurped power, insurrection, rebellion or revolution;
- (b) Confiscation or nationalisation or destruction or requisition of Property Insured by the order of Government or Local Authority unless the order is given for the purpose of controlling Loss or Damage for which insurance is provided by this policy;
- (c) Erosion, normal settling, shrinkage or expansion of land;
- (d) Ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel (for the purpose of this exclusion only combustion shall include any self-sustaining process of nuclear fission);
- (e) Nuclear weapons material.

## SPECIAL EXCLUSIONS APPLYING TO BOTH SECTIONS OF THIS POLICY

These exclusions are imposed by the Insurer and are not negotiable.

### SE01 TERRORISM EXCLUSION

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy does not insure any loss, damage, liability, death, injury, illness, or any other form of cover otherwise available under this Policy of whatsoever nature directly or indirectly caused by, resulting from or in connection with any:

- i. *act of terrorism* regardless of any other cause or Event contributing concurrently or in any other sequence to such loss, damage, liability, death, injury, illness, cost or expense; or
- ii. action taken in controlling, preventing, suppressing or in any way relating to any *act of terrorism*.

*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), which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Notwithstanding the above *Act of Terrorism* also includes any act which is verified or recognised by the government of any country in which the Insured operates or exports products into.

### SE02 ELECTRONIC DATA EXCLUSION (A)

Notwithstanding any provision to the contrary in this Policy or Section of this Policy or any endorsement thereto, it is understood and agreed as follows:

- a) This Policy or Section of this Policy does not insure:
  - i. total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of *Electronic Data*,
  - ii. error in creating, amending, entering, deleting or using *Electronic Data*, or
  - iii. total or partial inability or failure to receive, send, access or use *Electronic Data* for any time or at all

from any cause whatsoever, regardless of any other contributing cause or Event whenever it may occur.

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

- b) However, in the event that a peril listed below (being a peril insured by this Policy or Section of this Policy but for this exclusion) is caused by any of the matters described in paragraph (a) above, this Policy or Section of this Policy, subject to all its provisions, will insure:
  - i. physical loss of or damage or destruction to insured property directly caused by such listed peril, and/or
  - ii. consequential loss insured by this Policy or Section of this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy or Section of this Policy but for this exclusion) causes any of the matters described in paragraph (a) above:

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped therefrom, Impact by any Road Vehicle or Animal, Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of *Electronic Data* solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such *Electronic Data*.

- c) Any cover under paragraph (b) above excludes the value to the Insured of any *Electronic Data*.

Any terrorism exclusion in this Policy or Section of this Policy or any endorsement thereto prevails over this exclusion.

*Special Exclusions (continued)*

**SE03 BUILDING DEFECTS EXCLUSION**

1. The Insurer will not indemnify any Insured or fulfill any obligation otherwise owed to any Insured in respect of any building or structure where that indemnity or obligation arises from, is consequent upon or is in connection with the failure of that building or structure to contain:

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

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

2. This policy does not insure Loss or Damage directly or indirectly caused by:

- (a) the action of micro-organisms, mould, mildew, rot or fungi; or
- (b) gradual deterioration;

provided however that where fire is the result of (a) or (b) above then the policy will insure the Loss or Damage directly caused by fire subject to any other provisions of this policy.

3. This policy does not insure the cost of putting right:

- (a) or repairing or replacing faulty materials; or
- (b) faulty workmanship; or
- (c) work performed to a faulty or defective design, plan or design specification; or
- (d) faulty or defective work where the fault or defect results from an error or omission in design, plan or design specification;

but this Exclusion does not apply to any consequential Loss or Damage occurring as a result of the faulty or defective materials, workmanship, design, plan, design specification or work not otherwise excluded by Exclusion 1 above.