

**BROKERNET N.Z. LTD**

**AGREED**

**MATERIAL DAMAGE  
AND  
BUSINESS INTERRUPTION  
POLICY WORDING**

**WITH  
NZI**

**(a business division of  
IAG NEW ZEALAND LIMITED)**

# **BROKERNET MATERIAL DAMAGE AND BUSINESS INTERRUPTION**

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## DEFINITIONS APPLYING TO THIS POLICY

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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 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 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 replacement value of raw material and finished goods, and, in addition, work in progress and the value 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
- (e) **Laptop Computers, Video and Data Projectors**  
The reinstatement cost of the unit which is less than 2 years of age from new. All units outside this age restriction are insured for current value.

## **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 that 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 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 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.

### **MD04 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.

### **MD05 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 policy.

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

### **MD06 CONTRACTUAL VALUE**

Where Property Insured 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.

### **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 DESTRUCTION OF UNDAMAGED PROPERTY**

Where the Property Insured is subject to the Replacement Value clause MD25 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 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.

**MD09 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.

**MD10 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.

**MD11 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.

**MD12 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.

**MD13 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 premises outside business hours when such Money is not secured in a locked safe or strongroom.

**MD14 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.

**MD15 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.

**MD16 OTHER INTERESTS**

This section of the policy extends to cover any person or entity having an insurable interest in the Property Insured. This includes contractors and subcontractors as co-insured's to the extent required by any contract. Subrogation is waived against such interested parties as 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.

*Material Damage Section (continued)*

**MD17 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.

**MD18 PROGRESS PAYMENTS**

In the event of Loss, Damage of 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 of 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.

**MD19 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.

**MD20 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 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 MD25.

**MD21 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.

**MD22 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.

*Material Damage Section (continued)*

**MD23 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), and
- (ii) any necessary temporary repairs to the Property Insured, including the erection and maintenance of street and/or pavement hoardings and/or scaffolding.

**MD24 REPAIR OR REINSTATEMENT BY INSURED**

This section of the policy will cover any repairer 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.

**MD25 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.
5. **“regulation”** shall mean regulation made under or framed in pursuance of any Act of Parliament or regulation or by-law of any Local Authority.

## *Material Damage Section (continued)*

### **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.
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.

### **MD26 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.

### **MD27 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.

*Material Damage Section (continued)*

**MD28 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.

**MD29 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).  
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.

**MD30 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.

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.

**MD31 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.

**MD32 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(j) of this section of the policy does not apply to this extension.

Where goods 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.

## **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) and (o) of this section of the policy shall not apply where the Brokernet Policy Certificate extends to include cover in respect of this clause.

### **FLOOR SPACE RATIO**

Where Property Insured under this section of the policy is subject to MD 24Replacement Value under the Standard Policy Extensions Basis of Loss Settlement and such reinstatement is subject to payment of any fee, tax, or other cost then this section of the policy extends to cover the following:

- A. The difference between-
  - 1) the cost of reinstatement actually incurred in accordance with the reduced floor space requirement, and;
  - 2) 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 regulations.
- C. The cost of any fee, tax, or other cost to which the permission to reinstate is subject.

The amount payable under A above is to be ascertained and certified by an Architect or other suitably qualified person acting on the Insured's behalf in connection with the reinstatement.

### **GRADUAL DAMAGE**

This section of the policy extends to cover Loss or Damage to the 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. Such loss is covered provided action is taken to minimise the loss and to prevent any further damage as soon as the loss is apparent.

Material Damage exclusion 1, (k) (ii) of this section of the policy does not apply to this clause.

### **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.

## *Material Damage Section (continued)*

### **SINGLE EXCESS**

Where an Event happens resulting in loss, damage or liability to the Insured or any of the Insured's property which is covered by more than one policy, then the Insured will not be responsible in total for more than the largest excess applying to any of those policies in the event of more than one excess applying.

In calculating how the excess should be proportioned between the policies, the Insured shall only be liable for that proportion the excess under this section of the policy represents to the total excesses under all policies, and that percentage as it applies to the higher excess that will apply in respect of this claim.

### **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) (iv) of this section of the policy does not apply to this extension

### **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 extension or anything in this section of the policy to the contrary foundations, buildings and/or major plant items which prove to be unsuitable for further use for any reason whatsoever 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 damaged Property Insured by this section of the policy.

### **UTILITIES**

This section of the policy extends to cover the Insured for Loss or Damage due to contamination or interruption of the supply of utilities such as telecommunication, water, gas, electricity and fuels where the Event causes Loss or Damage to any of the Property Insured.

**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) Design fault, error or omission in design, plan or specification in any building or structure or item of plant and/or defective or faulty materials;
    - (ii) Wear and tear, gradual deterioration, corrosion;
    - (iii) Vermin or insects;
    - (iv) Change in artificially controlled temperature or atmosphere;
    - (v) 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) Loss or Damage to any plant or equipment directly caused by its own electrical malfunction. This does not apply to the burning out of any part or parts of electrical machines, motors (not exceeding 5 kw, or if in excess of 5 kw, not more than \$5,000 where stated in the Brokernet Policy Certificate), starters, installations, reticulation, switchboards or apparatus.
  - (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 by chemical explosion).
  - (o) 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 affected machine or equipment).

Policy exclusions 1 (k), (l), (m), (n), and (o) 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) (n) and (o) 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.

The Insured is only entitled to cover under this section where a claim has been paid or accepted under a Material Damage policy or would have been accepted but for the application of a excess. Material Damage exclusion 1 (n) 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 or Damage under this section due to one Event, shall not exceed the Sum Insured as stated or endorsed onto this 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 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.

**SEVERANCE AND REDUNDANCY PAYMENTS**

The insurance under this item covers all payments which the Insured elects to make to employees whose services are terminated in consequence and 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,
- (b) resume or maintain any normal operation or service of the Business during the Indemnity Period.

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

**REDEPLOYMENT EXPENSES**

The insurance under this item covers expenditure reasonably incurred by the Insured in the necessary relocation of employees where as a result of the Loss or Damage, the Insured elects to permanently redeploy employees at any alternative sites. The insured expenses will include all such expenses as the Insured 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.

**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 in preparation, presentation, negotiation or certification of any claim accepted as a result of Loss or Damage under either this section of the policy, the Insured's Material Damage policy or both.

**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**

This section of the policy extends to cover the Insured for loss resulting from any action of a lawfully constituted civil authority consequent upon:

- (a) Loss or Damage to any property;
- (b) bodily injury to any person on or in the vicinity of the Situation;
- (c) fumes, escape of any hazardous material, defective sanitation or effluent system;

or any threat or fear of any of them.

Such loss shall be considered to be Loss or Damage to property used by the Insured at the Situation for the purpose of the Business.

**BI03 CONTRACTUAL COMMITMENTS**

This section of the 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 MD25.

**BI04 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.

**BI05 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 MD25.

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

**BI06 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 as provided for under Special Provision 3 of the Replacement Value Clause MD25.

**BI07 FUMES GASES AND TOXIC CHEMICALS**

This section of the policy extends to cover loss resulting from interruption of or interference of the Business as a result of:

- (a) fumes or gases
- (b) toxic chemicals or hazardous substances

which shall be deemed to be loss resulting from Loss or Damage to the property used by the Insured at the Situation for the purpose of the Business.

**BI08 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.

**BI09 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.

**BI10 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.

**BI11 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.

**BI12 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.

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

**BI13 PREVENTION OF ACCESS**

This section of the policy extends to cover loss from interference with the Business as the result of Loss or Damage, or threat to property or persons in the vicinity of the premises which shall prevent or hinder the use of such premises or its access or egress irrespective of whether the premises or property of the Insured shall be damaged.

**BI14 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.

**BI15 SUPPLIERS AND CUSTOMERS**

This section of the policy extends to cover loss resulting from interruption of or interference with the Business, in consequence of Loss or Damage to:

- (a) property and/or premises in New Zealand of suppliers of goods and services to the Insured;
- (b) property and/or premises in New Zealand of customers of the Insured;
- (c) premises in New Zealand where the Insured has property stored, processed, repaired or for outwork;
- (d) transport routes, port or airport installations anywhere in New Zealand which shall have an effect upon the Insured's 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.

The Insurers liability shall not exceed the percentage of the Sum Insured stated in the Brokernet Policy Certificate or agreed for a named customer or supplier as stated in the Brokernet Policy Certificate for a specified percentage.

The Insurers liability shall be the total Sum Insured in respect of Additional Cost of Working and Preparation of Claim Costs where there is a loss under either extension.

**BI16 SUPPLY OF BASIC SERVICES**

This section of the policy extends to cover loss resulting from interruption of, or interference with the Business following Loss or Damage to anything that effects the supply of electricity, telecommunications, gas or water to the Insured, or the disposal of waste by the Insured.

**BI17 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 Premises then the difference is to be borne by the Insured

## **OPTIONAL CLAUSES TO THE BUSINESS INTERRUPTION 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 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

### **ADVANCE INTERRUPTION**

Buildings, plant or other property in the course of construction, alteration, installation or testing (and the materials, components and works pertaining to any of them) are all deemed to be property used by the Insured at the Situation for the purpose of the Business.

For the purpose of claims arising from Loss or Damage to such property, the Indemnity Period will begin on the date that the property would, but for the Loss or Damage, have been put into use for the purpose of the Business and not as otherwise stated.

### **CLOSURE DUE TO INJURY**

If there is, in the vicinity of the Situation during the Period of Cover:

- (a) danger to human life; or
- (b) injury to, murder or suicide of, any person; or
- (c) the premises 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

or the threat or fear of any of them, and this prevents or hinders access or egress or the use of the premises (whether the Insured's property or the premises suffer damage or not), there is deemed to be Loss or Damage. If this Loss or Damage results in interruption to or interference with the Insured's Business carried on at the Situation, the Insurer will cover the Insured as set out in each item stated in the Brokernet Policy Certificate.

Where the Brokernet Policy Certificate shows a deferment period, such period will be the applicable excess under this extension.

### **RAW MATERIALS CONTINGENCY**

The cover under this section of the policy is extended to reimburse the Insured for the value to the Insured of stocks of raw materials which, in the event of interruption of the Business as defined in the Insured's Business Interruption policy due to Loss or Damage are unable to be utilised by the Insured for the production and/or manufacture of finished products. Warranted that before the cover provided by this Contingency shall apply, there shall be an admitted claim under the Insured's Business Interruption policy and that the loss is not as a result of the Insured electing replacement as provided for under Special Provision 3 of the Material Damage Replacement Value Clause MD25.

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.

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

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

**DEFINITIONS APPLYING TO THIS POLICY**

The following words have the following meanings:

**BROKERNET POLICY CERTIFICATE**

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

**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.

**BUSINESS**

All business of whatsoever kind undertaken by the Insured.

**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.

**LOSS OR DAMAGE**

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

**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.

**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;

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

**Property Insured (continued)**

- (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 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 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.

**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.

**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 BUSINESS INTERRUPTION SECTION**

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 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.

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

Provided GST is recoverable by the Insurer under the Goods and Services Tax Act 1985 then:

- (a) All Sums Insured stated in the policy exclude GST and;
- (b) GST will be added, where applicable to claim payments.

**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 POLICY EXCLUSIONS**

This policy does not cover:

Loss or Damage directly 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 THIS POLICY**

### **SE01 TERRORISM EXCLUSION endorsement**

Notwithstanding any provision in the policy to the contrary, the policy excludes death, injury, illness, loss, damage, cost, expense or liability, of any nature whatsoever, directly or indirectly caused by, or in connection with an Act of Terrorism.

"Act of Terrorism" means: an act, including but not limited to the use of force or violence and/or 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.

### **SE02 LOSS OF ELECTRONIC DATA EXCLUSION endorsement**

Notwithstanding any provision in the policy to the contrary, the policy excludes loss of or damage to Electronic Data, and any liability arising from this, directly or indirectly caused by, or in connection with a Computer Virus. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with the Electronic Data.

However, this exclusion does not apply to resultant physical damage to other insured property, which is not otherwise excluded.

"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. It includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

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

### **SE03 BUILDING DEFECTS exclusion**

This policy does not cover loss, damage, liability, prosecution or expense of any type connected in any way with an internal part of a building or structure being wet, damp or moist that is caused directly or indirectly by:

- (a) faulty design or faulty specification, including faulty sequence, procedure or programme, or
- (b) faulty materials, or
- (c) faulty workmanship,

when it was constructed or altered.

### **SE04 INFECTIOUS DISEASES exclusion**

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