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CONCORDIA UNDERWRITING AGENCY

MATERIAL DAMAGE AND BUSINESS INTERRUPTION POLICY

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SECTION 1 - MATERIAL DAMAGE

The **Policy Schedule** will show if this section of cover is applicable.

WHAT IS COVERED

If any physical **Loss** or **Damage** - unintended and unforeseen by the Insured - happens to any **Insured Property** during the Period of Insurance, the **Insurer/s** will indemnify the Insured for that **Loss** or **Damage** subject to the terms and conditions and exclusions of this **Policy** and any memorandum thereto.

EXCLUSIONS (Applicable to Section 1)

The following exclusions apply unless expressly stated otherwise:

CONSEQUENTIAL LOSS

The insurance against physical **Loss** or **Damage** to **Insured Property** does not include insurance against consequential economic loss such as loss of market or loss of profit.

CONTRACT WORKS

This **Policy** does not insure property in the course of installation, construction, demolition, erection, or testing following such installation, construction, demolition or erection, under any contract for which the expected final contract price will exceed the amount specified in the **Policy Schedule**.

Property to which this exclusion does not apply is insured within the Section 1 Sum Insured stated in the **Policy Schedule** unless otherwise stated in the **Policy Schedule**.

PRECIOUS GOODS

This **Policy** does not insure jewellery, precious stones, furs, precious metals or bullion other than as owned and used by the Insured or any entity associated with the Insured.

PRODUCTION PROCESS

This **Policy** does not insure property **Damaged** as a result of its undergoing any production process where the **Damage** is directly caused by the normal operation of that process.

Production Process' means any process of producing, making, treating or servicing goods.

PROPERTY EXCLUDED UNLESS SPECIFIED

This **Policy** does not insure any of the following property unless it is specified in the **Policy Schedule** or declared to the **Insurer/s** in a schedule of **Insured Property** provided to the **Insurer/s** for underwriting information:

standing timber, growing crops, live plants, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), artificial turf, railways, road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, or any land including topsoil and backfill. However, this exclusion does not apply to tunnels, bridges, earthworks or other site improvements not otherwise excluded, or to docks, piers, or wharves forming part of any **Building**, all at the Insured's **Building** or industrial sites.

SEISMIC STRENGTHENING

The amount payable under this **Policy** in respect of the cost of reinstatement of undamaged foundations or undamaged property not compliant with the seismic strengthening of the New Building Standard, will exclude any costs necessary to comply with any Regulations in connection with the seismic strength of the **Building**.

In this exclusion:

'Regulations' means any statute, regulations, by-laws of any municipal or local authority, rules, orders in council, codes, municipal or government directives, or conditions of consent under any of them.

‘New Building Standard’ means the requirements for the building of a new **Building** equivalent to the **Building** insured at the site by reason of Regulations current and/or applicable at the time of reinstatement of the **Damage** to the **Building** insured.

All other provisions in the **Policy** concerning reinstatement and the basis of settlement continue to apply.

CONDITIONS (Applicable to Section 1 only)

CLAIMS

On becoming aware of any **Event** giving or likely to give rise to a claim on this **Policy**, the Insured must:

- (a) take prompt steps to minimise the **Loss** or **Damage**;
- (b) take reasonable steps to protect the property from further **Loss** or **Damage**;
- (c) without delay notify the **Insurer/s** (contact details to be found within the **Policy Schedule**);
- (d) if a criminal act is suspected, inform the police.

As soon as practicable after any **Event** from which a claim arises, the insured must submit full particulars of the claim in writing to the **Insurer/s** and, at its own expense, provide the **Insurer/s** with any reasonably required proof and information in respect of that claim.

PROGRESS CLAIM PAYMENTS

Where **Loss** or **Damage** has given rise to a valid claim on this **Policy**, the **Insurer/s** will make progress claim payments on production of acceptable evidence of insured **Loss**. If the aggregate of progress payments exceeds the total amount of **Loss** as finally adjusted, the Insured will without delay refund the difference to the **Insurer/s**.

REINSTATEMENT OF SUM INSURED

In the Event of **Loss** or **Damage** to **Insured Property** and in the absence of written notice by the **Insurer** or the Insured to the contrary, the amount of the insurance reduced by the **Loss** will only be reinstated as follows:

Where the repair, replacement or reinstatement of the **Damaged** item of **Insured Property**:

- (a) is covered under this **Policy** during the repair/replacement of it, the amount deducted for the unrepaired portion is progressively added back to the Sum Insured for that item at the rate it is progressively repaired or replaced during the Period of Insurance.
- (b) is not covered under this **Policy** during the repair/replacement of it, the amount deducted for the unrepaired portion is only added back to the Sum Insured once the repair/replacement of that **Insured Property** has been completed during the Period of Insurance.

The insured will pay to the **Insurer(s)** such pro-rata premium at the rate applicable to the **Insured Property** in the Schedule of property values which may be reasonably required for the reinstatement.

There will be no automatic reinstatement of the Sum Insured following **Loss** or **Damage** as a result of **Natural Disaster**, or fire including fire following **Natural Disaster**.

SALVAGE

The **Insurer/s** may enter any **Building** where **Insured Property** has been **Damaged** and may take and keep possession of the **Damaged** property. The Insured will not be entitled to abandon any property to the **Insurer/s**. The **Insurer/s** may deal with the salvage in any reasonable manner, but will not sell or otherwise dispose of salvaged branded goods without the Insured's consent. If the Insured declines to give consent, the Insured will retain possession of the salvaged goods and their reasonable salvage value will be deducted from the amount of claim that would otherwise be payable. Where it is practical to remove brands labels or other marks, that identify the goods as supplied by the Insured, the salvage value of the goods will be determined after such removal at the **Insurer/s'** expense.

MEMORANDA (Applicable to Section 1)

The provisions of this Memoranda are subject to the Sums Insured as set out in the **Policy Schedule** and the **Insurer/s** liability will not exceed those Sums Insured.

ALTERNATIVE RESIDENTIAL ACCOMMODATION

Where any residential accommodation insured by this **Policy** is made uninhabitable by **Loss** or **Damage** for which a claim is payable under the **Policy**, this insurance extends to cover the necessary cost of:

- i) alternative accommodation necessarily incurred by the Insured or by the occupant (being an employee of the Insured);
- ii) moving the occupants and their possessions to such alternative accommodation; and
- iii) returning the occupants and their possessions to the affected accommodation following its reinstatement.

Provided that:

- (a) the cost is not otherwise insured;
- (b) the period for which the costs are covered will be limited to the period reasonably required for reinstatement of the affected accommodation;
- (c) the **Insurer/s** may deduct a reasonable allowance for costs reduced or avoided as a result of the accommodation being uninhabitable.

If the residential accommodation is uninhabitable, a claim can only be made under this Memorandum or the Section 2 Residential Landlords Loss of Rent Memorandum but not both.

CAPITAL ADDITIONS

Subject to the additional conditions set out below, this **Policy** extends to cover property (including, but not limited to, alterations, additions and improvements to existing property) situated anywhere in New Zealand and acquired by the insured during the Period of Insurance.

ADDITIONAL CONDITIONS

1. This extension of cover does not apply to **Stock**, or property of any kind expressly excluded from this insurance, or any appreciation of value that is not due to a physical alteration, addition or improvement.
2. Cover under this extension takes effect on each acquired property when the risk in the property passes to the Insured.
3. At the end of the Period of Insurance or at earlier intervals if the Insured prefers, particulars of each property acquired during the Period of insurance must be given to the **Insurer/s**. On receipt of those particulars:
 - (a) the **Insurer/s** will be entitled to charge an additional premium calculated pro rata from the date on which cover commenced, and
 - (b) if the Period of Insurance has not yet expired, the terms of this extension will be fully reinstated.

CHURCH ORGANS

Unless otherwise stated organs are regarded as **Contents** of the church, unless they have been independently valued as part of the **Building(s)** and a copy of the valuation is supplied to the **Insurers**.

EFFECTS OF EMPLOYEES AND DIRECTORS AND OTHERS

Personal effects (including Money as defined in the Money Memorandum, if included in this insurance) of clergy, ministers, employees, trustees, directors, visitors and consultants are considered to be included in the description of **Insured Property** as if they were owned by the Insured, but only while the effects are in or about **Premises** owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by employees acting in the course of their employment with the Insured or by directors acting in the course of their duties as directors of the Insured. This Memorandum will not operate to the benefit of any person who is otherwise insured.

HAZARDOUS SUBSTANCE EMERGENCIES

The **Insurer/s** will indemnify the insured for any charge that Fire and Emergency New Zealand is authorised to make against the Insured in respect of any Hazardous Substance Emergency arising out of or in connection with any **Insured**

Property during the Period of Insurance. The indemnity will be payable regardless of whether the **Insured Property** has been **Damaged**. 'Hazardous Substance Emergency' has the same meaning as defined in the Fire and Emergency Act 1975 or any statutory amendment to or replacement of that Act.

HIDDEN GRADUAL DAMAGE

The Insured is covered for:

1. Hidden gradual **Damage** caused by water to any **Insured Property** caused by the leaking of any internal water pipe or internal waste disposal pipes that happens and that the Insured discovers during the Period of Insurance, and
2. Any part of any **Insured Property** that is not directly affected but must be removed, **Damaged** or destroyed to locate the cause of the hidden gradual **Damage**, provided that the **Insurer/s** have first given their permission.

The most the **Insurer/s** will pay for any one **Event** and the maximum for the Period of Insurance are the respective amounts specified in the **Policy Schedule**.

LANDSLIP

Notwithstanding the Land Movement exclusion this **Policy** is extended to cover **Loss** or **Damage** to any **Insured Property** directly or indirectly consequent upon:

- (a) landslip that is neither gradual or progressive; and/or
- (b) the movement (whether by way of falling, sliding or flowing) of ground;

but excluding:

- (i) subsidence;
- (ii) the expansion, shrinkage, compaction or erosion of soil; and/or
- (iii) actions by the sea, or high water, or tidal wave.

LOST OR STOLEN KEYS

If, during the Period of Insurance, any key (or equivalent device) or combination giving access to **Insured Property** is lost, stolen or believed on reasonable grounds to have been duplicated without proper authority, this **Policy** extends to cover the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. This **Policy** also extends to cover the necessary cost of opening any safe or strongroom following theft or **Loss** of its key or combination.

MACHINERY (Reinstatement Basis)

Notwithstanding the Machinery exclusion this **Policy** is extended to cover Machinery, subject to the Special Provisions set out below and to all other terms of this **Policy** in so far as they can apply, this **Policy** extends to cover **Insured Property** comprising any Machine against **Damage** caused by Breakdown, but only after its successful initial commissioning at the place where the Machine is or will be used.

'Machine' means any apparatus 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 apparatus.

'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.

'Pre-Breakdown Value' means the new installed replacement value of the Machine (or its nearest available equivalent having not less than the same capacity or functions of the original Machine), subject to a reasonable deduction for use.

'Reinstatement' means replacement of the **Damaged** Machine by a Machine as nearly as practicable the same as or equivalent to the **Damaged** Machine, having regard to the current state of technology, and having an equivalent capacity to that of the **Damaged** Machine, but not greater capacity unless a Machine with an equivalent capacity is not available and the replacement Machine has the nearest to an equivalent capacity. The words 'Reinstatement' and 'Reinstating' have corresponding meanings.

BASIS OF SETTLEMENT

Where the **Damage** can be repaired, the basis of settlement under this Memorandum will be the cost of restoring of the Machine to its former state of serviceability, based on the customary daily labour cost in the district, together with normal freight and erection and customs dues.

Except in respect of excluded parts (as defined in the Excluded Parts Exclusion), no deduction will be made for depreciation of parts replaced, but account will be taken of any salvage value in those parts. Where any excluded part is **Damaged** in circumstances where the exclusion does not apply, due allowance will be made for the working life of that part expended at the time of the **Damage**.

In the event of repair costs equalling or exceeding the Pre-Breakdown Value, the Machine will be considered to be destroyed.

Where the Machine is destroyed or considered to be destroyed, the basis on which the amount payable under this Memorandum is to be calculated will be the cost of Reinstating the Machine plus the cost of removing the **Damaged** Machine, less any salvage value of the **Damaged** Machine. However, this basis will not apply if the Insured elects not to Reinstatement the Machine or if the work of Reinstatement is not commenced and carried out with reasonable despatch.

Where the Reinstatement basis does not apply the basis of indemnity will be the Pre-Breakdown value of the Machine together with the cost of removing the **Damaged** Machine, less any salvage value of the Machine.

EXCLUSIONS

Damage Otherwise insured

This Memorandum does not insure against **Damage** that is otherwise insured under this **Policy** or under any other memorandum incorporated in this **Policy**.

Experiments, Overloading and Testing

This Memorandum does not insure against **Damage** resulting from experiments, overload, or similar tests, requiring the imposition of abnormal conditions; but this exclusion does not apply where the imposition of abnormal conditions is for the purpose of checking the correct working of the Machine or of its safety installations.

Known Defects

This Memorandum does not insure against **Damage** due to faults or defects the Insured knew existed at the commencement of the Period of Insurance and were not disclosed to the **Insurer/s**.

Alterations and Improvements

This Memorandum does not cover the cost of alterations, additions, improvements or overhauls carried out at the time of a repair.

Temporary Repairs

This Memorandum does not cover the cost of any temporary repairs, except to the extent that the temporary repairs form part of permanent repairs.

Excluded Parts

This **Policy** does not cover any part described below except where it is physically **Damaged** as a direct result of other insured **Damage** to the Machinery with which the part is used.

- (a) Any expendable part such as a shear pin, rupture disc or fuse.
- (b) Any die, mould, pattern, block, stamp, punch or any coating or engraving on a cylinder or roll.
- (c) Any part made of glass, rubber or textile.
- (d) Any part that, by its use or nature, suffers a high rate of wear or depreciation, such as any:
 - bit, drill, knife, or saw blade;
 - crushing or grinding surface;
 - bail or hammer;
 - screen, sieve or filter cloth;
 - wear plate;
 - elevator or conveyor belt or band;
 - flexible pipe;
 - jointing or packing material;
 - rope, belt, strap, chain or cable (other than any electrical conductor);

- electrical brush or battery;
- tyre, track, blade bucket or similar attachment to mobile plant;
- refractory material, grate bar or burner jet.
- (e) Any masonry.
- (f) Any operating medium such as any fuel, chemical, catalyst, filter substance, heat transfer medium, cleansing agent or lubricant.

Other Damage

This Memorandum does not apply to any **Insured Property** other than a Machine, regardless of whether the other **Insured Property** has been **Damaged** because of the Breakdown of any Machine.

Repairs

Providing the **Insurer/s** has been notified of the **Damage** in accordance with the Claims condition of this **Policy**, the Insured may proceed with the repair of any Machine. However, any **Damaged** part must be kept for inspection by the **Insurer/s**.

MONEY

Notwithstanding the Money exclusion this **Policy** is extended to cover Money as set out below and subject to the definitions below:

SECTION A

Money in transit anywhere in New Zealand; Money at the Insured's **Business Premises** or sites of contract during **Business Hours**; Money in a securely locked safe or strongroom outside **Business Hours**.

SECTION B

Money at the insured's **Business Premises** outside **Business Hours** and not in a securely locked safe or strongroom; Money at the residential **Premises** of the insured or any Principal or authorised employee of the Insured.

DEFINITIONS

'Money' means current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, credit card receipts, and other negotiable instruments. For the avoidance of doubt bitcoin and forms of electronic currency are excluded.

'**Business Hours**' means any hours during which the Insured or any Principal or any employee entrusted with the care custody or control of Money is on the **Premises** for the purpose of the Insured's **Business**.

'Principal' means any of the Insured's directors and executive officers, but only in their capacity as such.

ADDITIONAL PERILS INSURED

The **Policy** is further extended, if necessary, to cover **Loss** of or **Damage** to Money:

- (a) directly caused by or resulting from **Natural Disaster**.
- (b) directly resulting from theft of any kind not expressly excluded from cover under this Memorandum.

ADDITIONAL EXCLUSIONS

The extension of cover provided by this Memorandum is subject to the following additional exclusions.

1. **Loss** due to errors in receiving or paying out.
2. **Loss** or **Damage** occurring while the Money is entrusted to any person other than the Insured, or any Principal, or any employee or agent of the insured, or any professional Money carrier, or any courier.
3. **Loss** directly resulting from theft or fraud by any of the Insured's employees. However, this exclusion does not apply to **Loss** discovered within 72 hours (excluding the hours of any Saturday, Sunday or other public holiday) of the act of theft or fraud.
4. **Loss** covered under any valid and collectable Fidelity Guarantee (or equivalent) insurance.
5. **Loss** resulting from payment of Money in exchange for any cheque or credit card voucher that is subsequently dishonoured.

ADDITIONAL PROVISION

In regard to **Loss** that takes place before a church offering has been counted the amount payable to the Insured will be the average of the value of offerings during the previous 12 months including adjustments for trends subject to the Section A and Section B limits stated in the **Policy Schedule**.

MONUMENTS

The **Insured Property** is considered to include monuments that are not owned by the Insured, but only where:

- (a) these are located on **Premises** owned or occupied by the Insured; and
- (b) the Insured is responsible for, or has assumed responsibility for, their safety and maintenance.

PORTABLE ELECTRONIC EQUIPMENT

The Reinstatement Basis of Settlement, if otherwise applicable, will apply to any portable computer, lap-top, mobile "smart" phone, electronic game equipment, portable electronic music or entertainment system, or portable video equipment that is less than three years old at the date of insured **Loss** or **Damage**.

Items older than three years (or where no supporting documentation is supplied) will be settled on the following basis, at the **Insurer/s** option:

- (a) the necessary cost of repairing the **Insured Property** to the condition it was in immediately preceding the **Loss** or **Damage**, or
- (b) replacing the **Insured Property** with similar **Insured Property** in a similar condition, or
- (c) the cash amount equal to the market value of the **Insured Property** at the time of **Loss** or **Damage**.

PROTECTION COSTS

This **Policy** is extended to cover the Insured's necessary and temporary costs incurred to directly control or reduce imminent **Loss** or **Damage** insured by this **Policy**.

However, this Memorandum does not apply to costs for any permanent **Loss** controlling or reduction device or system.

REFRIGERATED GOODS

This **Policy** extends to cover:

- (a) **Loss** or **Damage** to goods stored in refrigerated cabinets or chambers arising from accidental stoppage or malfunction of refrigerating plant from any cause except as provided below.
- (b) costs necessarily incurred to avoid or minimise the **Loss** or **Damage** by transferring the threatened goods to alternative storage or by other means.

Special Provisions

1. The words 'goods stored' are considered to include goods anywhere on the **Premises** at the time of the **Loss** causing **Event** and that would, but for the **Event**, have been placed in the refrigerated cabinets or chambers.
2. In respect of **Loss** or **Damage** due to the disconnection of the public electricity supply, this extension only covers the **Loss** where the electricity supplier has given less than 24 hours prior notice of the disconnection.

RESIDENTS EFFECTS

Residents' personal effects (including Money as defined in the Money Memorandum, if included in this insurance) are considered to be included in the description of **Insured Property** as if they were owned by the Insured, but only while the effects are in or about **Premises** owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by residents of the Insured's **Premises**. This Memorandum will not operate to the benefit of any person who is otherwise insured.

SHADE SAILS AND SHADE CANOPIES

The Reinstatement Basis of Settlement, if otherwise applicable, will apply to any shade sails and other external shade canopies that is less than five years old at the date of insured **Loss** or **Damage**.

Items older than five years (or where no supporting documentation is supplied) will be settled on the following basis, at the **Insurer/s** option:

- (a) the necessary cost of repairing the **Insured Property** to the condition it was in immediately preceding the **Loss** or **Damage**, or

- (b) replacing the **Insured Property** with similar **Insured Property** in a similar condition, or
- (c) the cash amount equal to the market value of the **Insured Property** at the time of **Loss** or **Damage**.

SUBSIDENCE

Notwithstanding the Land Movement exclusion this **Policy** is extended to cover sudden and unforeseen **Loss** or **Damage** to any **Insured Property** directly or indirectly consequent upon:

- (a) subsidence that is neither gradual or progressive of land beneath or adjacent to the affected property and/or
 - (b) the movement (whether by way of sinking, sliding, collapsing or flowing) of ground,
- but excluding:
- (i) landslip;
 - (ii) compaction or erosion of soil;
 - (iii) the **Normal Settlement**, expansion or shrinkage of any **Building** or foundation; and/or
 - (iv) movement as a result of the water table drying out from atmospheric or climatic conditions.

SUSPECTED LOSS OR DAMAGE

Where the Insured has reason to suspect that insured **Loss** or **Damage** has happened to **Insured Property**, this insurance will extend to cover the necessary cost of determining whether there has, in fact, been any such **Loss** or **Damage**. This extension will operate regardless of whether any **Loss** or **Damage** is actually discovered.

The **Insurer/s'** liability under this clause is limited to the amount specified in the **Policy Schedule**. The limit does not apply to any cost for which the **Insurer/s** would be liable in the absence of this clause.

TEMPORARY REMOVAL

Section 1 of this **Policy** is extended to cover the **Insured Property** other than **Stock** whilst temporarily removed elsewhere on the same **Premises** or to other **Premises** anywhere in New Zealand and in transit to and from those **Premises**. In this Memorandum, 'temporarily 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, with a maximum period of 3 months, unless otherwise agreed with the **Insurer/s**.

The amount recoverable under this extension in respect of the property so removed will not exceed the amount which would have been recoverable had the **Loss** occurred in that part of the **Premises** from which the property is temporarily removed.

This Memorandum does not apply to any **Loss** for which indemnity would be payable under the **Policy** in the absence of this Memorandum.

THEFT

This **Policy** extends to cover **Loss** or **Damage** resulting from theft or attempted theft to **Insured Property** at the **Location(s)** stated in the **Policy Schedule** where such **Loss** occurs during the Period of Insurance, provided that such **Loss** or **Damage** is not covered by any other insurance.

TRANSIT

This **Policy** extends to cover **Insured Property** (excluding **Stock**) while in transit anywhere in New Zealand outside **Premises** owned or occupied by the Insured and while in transit between New Zealand ports.

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

TRANSIT OF PERSONAL GOODS

This **Policy** extends to cover the personal goods and effects of any clergy or other employees whilst in transit due to a formal transfer and change of **Location** anywhere in New Zealand outside **Premises** owned or occupied by the Insured and while in transit between New Zealand ports.

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

UNLAWFUL SUBSTANCES

Notwithstanding the Unlawful Substances exclusion this **Policy** is extended to cover **Loss** or **Damage** being contamination to any **Buildings** and any other **Insured Property** within that **Building** shown in the **Policy Schedule**, caused by the manufacture, supply, storage, possession, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975 or any subsequent amending legislation, including methamphetamine, or any pre-cursor chemicals or materials used in any of these activities, provided that:

1. the Insured owns the **Building**; and
2. the **Building** is:
 - (a) an accommodation **Business** operated by the Insured and the **Loss** or **Damage** is caused by a paying guest:
or
 - (b) leased to a tenant and the Insured or person who manages the tenancy on behalf of the Insured has met the Landlord's Obligations.

Cover under this extension will only apply when the level of chemical contamination exceeds the guidelines for acceptable indoor surface residues issued by the New Zealand Ministry of Health in its Guidelines for the Remediation of Clandestine Methamphetamine Laboratory Sites, or the applicable New Zealand Standard, at the time of **Damage**.

This extension will only cover decontamination to the extent required to achieve acceptable post remediation re-occupancy levels for indoor surfaces residues contained in the Guidelines or Standard.

For the purpose of this Memorandum "Landlords Obligations" means the Insured or person who manages the **Insured Property** on behalf of the Insured must:

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

This Memorandum does not apply to any **Loss** or **Damage** for which indemnity would be payable under the **Policy** in the absence of this Memorandum.

UNSPECIFIED LOCATIONS

Notwithstanding anything to the contrary in the Declared Values, **Locations** or any other Limit of Liability clause attaching to this **Policy**, Section 1 of this Policy extends to cover **Insured Property** at any unspecified **Location** used by the Insured anywhere in New Zealand.

For the purpose of this Memorandum, 'unspecified location' means any **Location** not specified in the Schedule of Property Values or other declaration of property values.

This cover under this Memorandum does not apply to any property deemed temporarily removed under the Temporary Removal Memorandum.

This Memorandum does not apply in addition to any Anywhere in New Zealand cover stated in the Schedule of Property Values.

This Memorandum does not remove the Insured's obligation to disclose all **Locations** and values on the Schedule of Property Values attaching to this **Policy** at inception or last renewal of this **Policy**.

EXTENSIONS (Applicable to Section 1)

These Extensions are subject to the Sums Insured as set out in the **Policy Schedule** and the **Insurer/s** liability will not exceed those Sums Insured.

CLAIMS ASSESSMENT

This **Policy** extends to cover costs, including but not limited to fees, necessarily incurred by or on behalf of the Insured for the purpose of assessing or preparing any valid claim made under this **Policy**. The costs are included in the sum insured on the lost or **Damaged** property.

Such costs include but are not limited to salaries, wages, overheads and other related expenses of the Insured's employees

CONTRACT WORKS EXTENSION

Notwithstanding the Contract Works exclusion this **Policy** is extended to cover **Insured Property** comprising any property in the course of installation, construction, demolition, erection, or testing following any of them (all called the Works) the following special terms apply to Section 1 of this **Policy**.

The insurance on Works is subject otherwise to all terms of this **Policy** in so far as they can apply, including but not limited to the exclusion of Works for which the expected completed value or contract price will exceed the amount specified in the **Policy Schedule** under the heading 'Property to which the Contract Works Exclusion does not apply'.

ALTERATIONS AND IMPROVEMENTS

The amount payable under this **Policy** will not include the cost of any alterations, additions or improvements, other than those necessary for the reinstatement of lost or **Damaged Insured Property**, except to the extent that the total cost of reinstatement is not increased.

COMMENCEMENT OF REINSTATEMENT

Reinstatement of any **Damaged Insured Property** may be commenced only after the **Insurer/s** or its representative has had the opportunity of inspecting the **Damage**; provided that:

- (a) where the cost of reinstatement is not expected to exceed \$5,000 and the Insured has notified the **Insurer/s** in accordance with the 'Claims' condition of this **Policy**, the reinstatement may be commenced immediately;
- (b) where the **Insurer/s** or its representative has failed to inspect the **Damage** within seven days of the **Insurer/s** being first notified of the **Damage**, the reinstatement may be commenced without further delay;
- (c) nothing in this condition will prevent the Insured from taking such action as may be necessary for the progress of the Works.

CONCEALED DAMAGE

Where **Loss** or **Damage** to **Insured Property** that has arrived from outside New Zealand is not discovered until the property is unpacked, the **Loss** or **Damage** will be considered to have occurred during the Period of Insurance at the **Location** specified in the **Policy Schedule**. However, the **Insurer/s** will not be liable under this clause where:

- (a) visual evidence of the **Loss** or **Damage** has been, or ought to have been, discovered on making a reasonable inspection of the property prior to it being unpacked; or
- (b) the **Loss** or **Damage** has not been discovered within 30 days of delivery of the **Insured Property** to the site of the Works; or
- (c) the **Loss** or **Damage** is covered under a valid and collectible policy of marine insurance.

CONTRACTORS

This **Policy** extends to indemnify any contractor or subcontractor for whom the Insured is required by contract conditions to provide insurance as afforded by this **Policy**, but to no greater extent than the contract conditions require.

ADDITIONAL EXCLUSIONS APPLYING TO THE CONTRACT WORKS EXTENSION

1. This **Policy** does not insure against penalties; nor any financial **Loss** resulting from delay, cessation of work, non-performance, or **Loss** of contract; nor any other consequential financial **Loss** of any kind. except as expressly

included in this insurance.

2. This **Policy** does not insure any contractor's or subcontractor's plant or equipment, or temporary **Buildings**, or any re-useable formwork, falsework, scaffolding and the like.

DEMOLITION AND OTHER COSTS

This **Policy** extends to cover costs necessarily incurred for any of the following purposes as a result of **Loss** or **Damage** to **Insured Property**:

- (a) Demolition, dismantling, shoring up or propping of the **Insured Property**.
- (b) Disposal of debris including any kind of solid, liquid or gaseous matter, from the **Location** of the **Insured Property**), and the clearing, cleaning and repairing of gutters, drains.
- (c) Recovery, defence, safeguard, removal, storage, and return of **Insured Property** whether **Damaged** or undamaged.
- (d) Temporary repairs and other measures necessary to secure the **Insured Property** or to make it safe or suitable for continued use.

This extension of cover does not include any sums that the Insured becomes legally liable to pay by way of compensation or other damages resulting from pollution or contamination of **Insured Property** by any of the debris.

EXPEDITING COSTS

Where a claim is payable under this **Policy** for the cost of repairing or replacing any of the **Insured Property**, the **Insurer/s** will also indemnify the Insured for such additional costs of express freight, air freight and overtime labour as are necessarily incurred for the purpose of expediting that repair or replacement.

GENERAL AVERAGE

This insurance extends to include General Average and Salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with the contract of affreightment. This extension of cover is not subject to any Deductible.

LANDSCAPING

Where a claim is or would be payable under this **Policy** for the cost of repairing or replacing any of the **Insured Property**, the **Insurer/s** will also indemnify the Insured for the cost of **Loss** or **Damage** to any hedge, tree, shrub, plant and/or lawn on the Insureds Property **Damaged** in the same **Event**. The indemnity provided by this extension will not increase the **Insurer/s'** liability beyond the sum insured stated within the **Policy Schedule** for the affected **Location**.

PROFESSIONAL FEES

This **Policy** extends to include all professional fees, clerk of works' and inspectors' salaries and wages, and other costs necessarily incurred in connection with the reinstatement of **Insured Property** lost or **Damaged** where a claim is payable under this **Policy**. The insured fees, salaries, wages and costs are included in the sum insured on the **Insured Property**. This extension of insurance does not cover fees for preparing claims made under the **Policy**.

REDUNDANT STOCK

This **Policy** extends to cover any reduction in the value of undamaged **Stock** that has deteriorated or become unusable by the Insured for any reason in sole consequence of **Loss** or **Damage** to **Insured Property**. The undamaged **Stock** shall be treated for the purpose of this extension as lost by the same **Event** that caused the **Loss** or **Damage**.

RETIREMENT VILLAGES CODE OF PRACTICE EXTENSION

Insured Property under Section 1 of this **Policy** extends to include Resident's Property.

To the extent required by the Retirement Villages Code of Practice 2008 and any subsequent variations:

- (a) the Insured extends to include Residents of the insured retirement village and any Statutory Supervisor appointed under section 38 of the Retirement Villages Act 2003 or any subsequent amending legislation or replacement Act for their respective rights and interests.
- (b) the responsibilities of any Statutory Supervisor following an insured **Event** will be as stated in the deed of supervision agreed between the Insured being the Operator of the insured retirement village and any Statutory Supervisor.

Nothing contained in this clause extends this **Policy** to insure any **Contents** or other personal property belonging to any

Resident which is not Resident's Property.

DEFINITIONS

"Operator", "Resident", "Residential Unit" and "Statutory Supervisor" have the respective meanings given to them in the Retirement Villages Act 2003, or any subsequent amending legislation or replacement Act.

"Resident Property" means:

- (a) a Residential Unit owned by a Resident;
- (b) any capital improvement or additional fittings provided by any Resident at a Residential Unit, irrespective of whether the Residential Unit is owned by the insured or a Resident.

Resident's Property does not include any **Contents** or other personal property belonging to a Resident.

REWARDS

This **Policy** extends to cover the cost of any reward paid by the Insured for the purpose of protecting or recovering any of the **Insured Property**, provided that;

- (a) no payment will be made unless it contributes to the protection or recovery of the **Insured Property**;
- (b) the terms of the reward are agreed by the **Insurer/s** prior to the reward being offered;
- (c) the liability of the **Insurer/s** is not increased beyond the sum insured on that **Insured Property** as stated in the **Policy Schedule**.

The **Insurer/s** will not unreasonably withhold its agreement to the terms of the reward.

UNHARMED PROPERTY

If, for the sole purpose of reinstating **Insured Property** that has suffered **Damage** it is necessary to demolish, damage or remove any property or part unharmed by that **Damage**, the **Insurer/s** will indemnify the Insured for the cost of doing so. The **Insurer/s** will also indemnify the Insured for the cost of reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior to the demolition, **Damage** or removal.

The indemnity provided by this extension will not increase the **Insurer/s'** liability beyond the sum insured of the **Insured Property Damaged** as stated within the **Policy Schedule**.

BASIS OF SETTLEMENT (Applicable to Section 1)

CONSTRUCTIVE TOTAL LOSS

In the event of **Loss** or **Damage** to any insured **Building** designated as insured for reinstatement that is **Damaged** but not Destroyed, the **Building** will be treated as having been Destroyed where the following conditions exist:

- (a) the Insured is prevented from reinstating the insured **Building** by sole reason of any Law; or
- (b) agreement has been reached between the Insured and **Insurer** that it is the most practical and/or economic method of settlement.

'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law enforced by any lawful authority.

DAMAGE CAUSED BY A PRIOR EVENT

This **Policy** does not cover **Loss**, **Damage**, cost or expense of any nature arising directly or indirectly from an **Event** predating the commencement of the Period of Insurance as stated in the **Policy Schedule** ("Prior **Damage**").

In the event that Prior **Damage** to the **Insured Property** has not been repaired or reinstated at the date of an **Event** during the Period of Insurance:

- (a) Where **Insured Property** was an actual or constructive total **Loss** prior to the **Event** during the Period of insurance, this **Policy** does not cover **Loss**, **Damage**, cost or expense of any nature relating to that **Insured Property**.
- (b) In any other case, the amount that would have been required to repair any unrepaired Prior **Damage**, assessed at the date of settlement of the claim, will be deducted when calculating the **Loss**, **Damage**, cost or expense arising directly or indirectly from the **Event**.

DAMAGE CAUSED BY SUCCESSIVE EVENTS

Where there is **Loss** of **Damage** to **Insured Property** directly or indirectly from successive **Events** during the Period of Insurance, and the **Loss** or **Damage** arising directly or indirectly from an earlier **Event** has not been repaired or reinstated at the date of a subsequent **Event**, the amount payable under the **Policy** in respect of each **Event** will be calculated as follows:

- (a) Where **Insured Property** was an actual or constructive total **Loss** prior to the subsequent **Event**, this **Policy** does not cover **Loss**, **Damage**, and cost or expense of any nature relating to that **Insured Property** arising directly or indirectly from subsequent **Event**.
- (b) In any other case, the amount that would have been required to repair any unrepaired **Damage**, arising directly or indirectly from an earlier **Event**, assessed at the date of settlement of a claim in respect of the subsequent **Event**, will be deducted when calculating the **Loss**, **Damage**, cost or expense arising directly or indirectly from the subsequent **Event**.

DESTROYED RESIDENTIAL UNITS – AGREED INDEMNITY

Where the Insured is prevented from reinstating any **Insured Property** for reoccupation by a Resident or resale to a new Resident by sole reason of any Law or in any other instance where in agreement between the Insured and the **Insurer/s** it is the most practical and/or economical method of settlement, then the cover provided under this clause will be an agreed indemnity basis as follows:

Residential units (including mixed usage **Buildings** where the residential units are greater than 50 percent of the total floor area of the **Building**) the agreed basis of settlement shall be indemnity plus the amount required to settle in accordance with the Occupation Right Agreement but subject always to the sum insured or the replacement cost of the residential units or mixed usage **Buildings**, whichever is the lesser.

EARTHQUAKE - RESIDENTIAL PROPERTY (Natural Disaster Damage - Limitation)

Where:

- (a) the Insured has compulsory **Natural Disaster** cover under the **Act (Natural Disaster Cover)**; and
- (b) the **Natural Disaster** Cover applies to **EQC Residential Property**;

then, in the event of any **EQC Residential Property** insured by this **Policy** suffering **Natural Disaster Damage** during the Period of Insurance and covered by **Natural Disaster Cover**, the **Insurer/s'** liability under this **Policy** will be limited to the

amount of **Loss** in excess of the **Natural Disaster** Cover, subject otherwise to the terms of this **Policy**. For the purpose of this clause, the **Natural Disaster** Cover is considered to include the amount of 'excess' imposed by the terms of that cover.

Any amount payable under the **Act** for **EQC Residential Property** for the same **Event** and the same **Insured Property** will be deducted from the sum insured for the **Damaged** property. The **Insurer/s'** liability will be limited to the amount of **Loss** in excess of the **Natural Disaster Damage** cover.

The Insured's **Natural Disaster** deductible payable for any claim will be reduced by any amount payable under the Earthquake Commission Act for the same **Event** and the same **Insured Property**.

DEFINITIONS

The '**Act**' means the Earthquake Commission Act 1993 and any statutory amendment to or replacement of that Act.

'**EQC Residential Property**' means that property that is covered by the relevant sections of the **Act**.

'**Natural Disaster Damage**' has the meaning given to it in the **Act**.

EQC EXCESS

In the event of any **Natural Disaster Damage** to any Residential **Building** insured under this **Policy** during the Period of Insurance, the **Insurer/s** will reimburse the excess paid under the Earthquake Commission Act 1993 to the Insured, subject to the Earthquake Commission admitting liability, either in part or in full for the **Loss** or **Damage**.

However, there is no cover under this clause or the **Policy** for Residential Land cover as defined by the Earthquake Commission Act 1993.

In this clause '**Natural Disaster Damage**', '**Residential Building**' and '**Residential Land**' have the meanings given in the Earthquake Commission Act 1993 or any subsequent amending or replacement legislation.

INDEMNITY

For those items of **Insured Property** where they are shown in the **Policy Schedule** as not insured for Reinstatement or have been shown as insured for "Indemnity Value" the basis of settlement shall be the lesser of:

- (a) the cost of repairing or replacing that part of the **Insured Property Damaged**, to the condition existing immediately prior to the **Loss** or **Damage**; or
- (b) the cost of rebuilding or repairing the **Insured Property** to a condition as when new, less due allowance for the age and condition of the **Insured Property** immediately prior to the **Loss** or **Damage**; or
- (c) the current market value of the **Insured Property** (having due regard to its condition and state of repair immediately prior to the **Loss** or **Damage**);

and shall include, where appropriate:

- (i) the cost of demolition and removal of debris including the removal of **Contents**;
- (ii) architects, surveyors, legal and other related expenses.

LIMIT OF LIABILITY

The Insured agrees to provide the **Insurer/s** with a Schedule of **Insured Property** at the commencement of the Period of Insurance. The Schedule of **Insured Property** Insured will include the Insured's declaration of the value of each item of **Insured Property** at each declared **Location** stated in the Schedule of **Insured Property**. This Schedule of **Insured Property** is considered part of this contract of insurance in respect of the assets, values and **Locations** declared.

The basis of valuation in the Schedule of **Insured Property** will be the same as the basis of valuation for the purpose of **Loss** adjustment under this **Policy**.

In the event of **Loss** or **Damage** under the **Policy**, the liability of the **Insurer/s** for all **Loss** or **Damage** under Section 1 arising during the Period of Insurance for each item of **Insured Property** listed in the Schedule of **Insured Property** will be limited to 110% of the stated Sum Insured for that item, less any applicable **Deductible(s)**. However, the **Insurer/s** will not pay more than the stated Sum Insured at each **Location** as stated in the Schedule of **Insured Property** for **Loss** or **Damage** caused by **Natural Disaster** or if the **Insured Property** has not been insured for replacement value or if a valuation certificate provided by a registered valuer is greater than three years old.

However, the total liability of the **Insurer/s** for all **Loss** or **Damage** arising during the Period of Insurance for all items of **Insured Property** that are covered under this **Policy** under Section 1 is the Total Sum Insured shown in the Schedule of **Insured Property** for Section 1.

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/s** will indemnify the Insured and that person or corporation subject to the terms of this **Policy** as if a separate policy had been issued to each. However:

- (a) the **Insurer/s** will not be liable to indemnify any person or corporation whose interest has not been declared to the **Insurer/s** by the time indemnity becomes payable, although such declaration is not required for any contractor or subcontractor required to be a co-insured to the extent required by any contract; and
- (b) the **Insurer/s'** liability will not be increased beyond the amount that would be payable if this clause had not been incorporated in the **Policy**.

RECORDS

The **Insured Property** is considered to include documents, manuscripts, computer system media, **Business** books, microfilm, technical drawings and other records for their value as materials plus the cost of collecting and reproducing the information on them. The value of the information is not insured.

REDUNDANT FOUNDATIONS

Where the undamaged foundations of any **Insured Property** are made redundant for any reason as a result of **Loss** or **Damage** to the property resting on them and, if the value of the foundations is reduced as a result, the **Loss** of value will be considered **Damage** for the purpose of claims under this **Policy**.

If it is not necessary to demolish the foundations in order to reinstate **Damaged** property, and if the presence of the abandoned foundations increases the market value of the property to which they are fixed, the amount of increase will be treated as salvage in the adjustment of **Loss** for claim settlement purposes.

REDUNDANT PLANT

Where, as a sole result of **Loss** or **Damage** to any plant insured by this **Policy**, any undamaged or salvaged:

- (a) plant in 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 made redundant, the redundant plant and parts will be treated for the purpose of this insurance as **Damaged** by the **Event**. Claims payable in respect of the redundant plant will be net of any realisable salvage value of the redundant plant and parts, and the basis of settlement will be market value, less any salvage recovery.

SOCIAL CLUB PROPERTY

The property of any pension fund, social club, sports club, or similar entity, whose activities are principally for the benefit of the Insured's employees, is considered included in the description of **Insured Property** as if it were owned by the Insured.

REINSTATEMENT

In so far as it can, this clause applies to all **Insured Property** other than **Stock** unless otherwise provided.

In the event of any **Insured Property** to which this clause applies being lost or **Damaged**, the basis on which the amount payable under this **Policy** is to be calculated will be the cost of Reinstatement of that property. Insurance under this clause is subject to the Special Provisions set out below.

DEFINITIONS

In this clause, and unless the context requires otherwise:

- (a) 'Reinstatement' means:
 - 1. where property is lost or Destroyed, its replacement by an Equivalent **Building** or by Equivalent Plant as the

- case may require.
2. 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, and including any alterations that may be necessary to comply with any Law.
- (b) 'Equivalent **Building**' means:
1. a **Building** or structure that 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 Law.
 2. where, as a result of any special circumstances, no **Building** or structure that falls within the scope of paragraph (b) 1) can be constructed; a **Building** or structure that is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the **Building** or structure lost or Destroyed.
 3. where, as a result of any special circumstances, no **Building** or structure that falls within the scope of paragraph (b) 1) is suitable to the Insured's reasonable requirement, a **Building** or structure that is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the **Building** or structure lost or Destroyed.
- (c) 'Equivalent Plant' means any plant or equipment being **Insured Property** other than **Stock** or any Equivalent **Building** as nearly as practicable the same as or equivalent to the plant or equipment lost or Destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or Destroyed plant or equipment, but not greater capacity unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest to an equivalent capacity.
- (d) 'Destroyed' means so **Damaged** by an insured **Event** that the property, by reason only of that **Damage**, cannot be economically repaired.
- (e) 'Site' means any parcel of land owned or occupied by the Insured.
- (f) 'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.
- (g) 'Undamaged' means not **Damaged** physically and directly by an **Event** insured under this **Policy**.

SPECIAL PROVISIONS

1. *Compliance with Law*

The amount payable under this clause will include the cost incurred in Reinstatement that is necessary to comply with any Law; provided that the amount payable will not include any such cost:

- (a) to the extent to which the work had already been required of the Insured by notice served prior to the happening of the **Loss** or **Damage**; or
- (b) in respect of Undamaged property or Undamaged portions of property other than foundations (unless foundations are expressly excluded from insurance under this **Policy**).

Special Provision 1(b) will apply whether or not the Undamaged property or portion comprises a separate **Building** or structure or a separate item of plant or equipment.

2. *Site of Reinstatement*

Where property is Destroyed, the work of Reinstatement must be carried out on the same Site; provided that the work may be carried out upon any other Site:

- (a) where Reinstatement on the same Site is not permissible by reason of any Law, or
- (b) where Reinstatement on the same Site is not suitable to the insured's reasonable requirement.

3. *Limitations on Amount Payable*

- (a) Where the work of Reinstatement is carried out in terms of Definition (b) 2) or (b) 3), or on any **Location** other than the original **Location**, the **Insurer/s'** liability in respect of the cost of Reinstatement will not exceed the cost

that would have been incurred had Reinstatement been carried out in terms of Definition (b) 1) on the original **Location**.

- (b) Where the **Insured Property** is **Damaged** but not Destroyed, the **Insurer/s'** liability will not exceed the amount the **Insurer/s** could have been called upon to pay for Reinstatement if the property had been Destroyed.
- (c) The **Insurer/s'** liability under this clause in respect of any item of **Insured Property** will not exceed the sum insured in respect of that item.

4. Circumstances where this clause does not apply

No payment, beyond the amount that would have been payable had this clause not been incorporated in the **Policy**, will be made:

- (a) if the Insured elects not to Reinstatement the property;
- (b) if the work of Reinstatement is not commenced and carried out with reasonable despatch;
- (c) until the cost of Reinstatement has been actually incurred;
- (d) where a **Building** or structure is **Damaged**, but not Destroyed, and the repair of the **Damage** is not permissible by reason of any Law, or by reason of the condition of the Undamaged portion of the property.

Where, by reason of any of these circumstances, no payment is to be made beyond the amount that would have been payable if this clause had not been incorporated in the **Policy**, the rights and liabilities of the Insured and the **Insurer/s** in respect of the **Loss** or **Damage** will be the same as if this clause had not been incorporated in the **Policy**.

5. Rates, Tax and other charges

The amount payable under this clause will not include the amount of any rate, tax, duty, development charge, or any other charge or assessment arising out of capital appreciation, that may be payable in respect of the property by reason of compliance with any Law.

WORKS OF ART

Where a claim is payable for **Loss** or **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**:

- (i) can be economically restored to its pre- **Damaged** condition, the amount payable as indemnity will be the cost of restoration or the Sum Insured of the item, whichever is the lesser;
- (ii) cannot be economically restored to its pre- **Damaged** condition, the amount payable as indemnity will be the difference between the pre- **Damaged** value or the Sum Insured, whichever is the lesser.

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

If a **Work of Art** has been satisfactorily restored following **Damage**, the **Insurer** will not cover any reduction in market value due solely to the fact of the **Work of Art** having been **Damaged** and restored. If the **Work of Art** is alleged not to have been satisfactorily restored, the onus of proof rests with the Insured.

SECTION 2 - BUSINESS INTERRUPTION

The **Policy Schedule** will show if this section of cover is applicable.

WHAT IS COVERED

If, during the Period of Insurance:

- ◆ any **Insured Property** or part used by or for the Insured at the **Premises** for the purpose of the **Business** is **Damaged**; and
- ◆ the **Business** carried on by the Insured at the **Premises** is consequently interrupted or interfered with;

the **Insurer/s** will pay to the Insured the amount of **Loss** resulting from the interruption or interference as provided in this **Policy** for each item of Insured Interest (as applicable) below.

The **Insurer/s** will not be liable under this **Policy** unless the property is **Insured Property** and its **Insurers** have accepted a valid claim for the **Damage**. However, this requirement will not apply where the property is a **Pressure Vessel**, or where the property does not belong to the Insured, or where a deductible prevents acceptance of the otherwise valid claim.

SECTION 2 – INSURED INTERESTS

GROSS PROFIT (Applicable if included in Policy Schedule)

This insurance covers **Loss** of Gross Profit due to (a) reduction in **Turnover** and (b) increase in cost of working and the amount payable as indemnity will be:

- (a) In respect of reduction in **Turnover**:
the sum produced by applying the Rate of Gross Profit to the amount by which **Turnover** during the **Indemnity Period** falls short of Standard **Turnover** as a result of **Damage**;
- (b) In respect of increase in cost of working:
any additional cost incurred for the sole purpose of avoiding or diminishing the reduction in **Turnover** that would have taken place during the **Indemnity Period** as a result of **Damage** if the cost had not been incurred, but not exceeding the sum produced by applying the Rate of Gross Profit to the amount of reduction avoided or diminished;

less any sum saved during the **Indemnity Period** in respect of such **Business** costs payable out of Gross Profit as are ceased or reduced as a result of **Damage**.

DEFINITIONS APPLYING TO GROSS PROFIT

‘Gross Profit’ means the amount by which the sum of the **Turnover** and the Closing **Stock** exceeds the sum of the Opening **Stock** and the Uninsured Working Costs.

‘Closing **Stock**’ and ‘Opening **Stock**’ mean the amounts of the Insured’s opening and closing **Stocks** arrived at in accordance with the Insured’s normal accountancy methods, due provision being made for depreciation.

‘Uninsured Working Costs’ mean all costs subtracted by the Insured in calculating the amount of insured Gross Profit.

‘Rate of Gross Profit’ means the rate of Gross Profit earned on the **Turnover** during the financial year immediately before the date of the **Damage**, adjusted as may be necessary to provide for trend and any other circumstances affecting the **Business** before or after the **Damage**, or that would have affected the **Business** had the **Damage** not occurred, so that the result will represent, as nearly as practicable the results of the **Business** that would, but for the **Damage**, have been obtained during the relative period after the **Damage**.

Where the **Damage** has occurred before completion of the first year’s trading of the **Business**, the words ‘during the financial year immediately before the date of the **Damage**’ are considered to read ‘during the period between the date of the commencement of the **Business** and the date of the **Damage**’.

‘Standard Turnover’ means the **Turnover** during that period in the twelve months immediately before the date of the

Damage that corresponds with the **Indemnity Period**, adjusted as may be necessary to provide for trend and any other circumstances affecting the **Business** before or after the **Damage**, or that would have affected the **Business** had the **Damage** not occurred, so that the result will represent, as nearly as practicable the results of the **Business** that would, but for the **Damage**, have been obtained during the relative period after the **Damage**.

Where the **Damage** has occurred before the completion of the first year's trading of the **Business**, the words 'the **Turnover** during that period in the twelve months immediately before the date of the **Damage** that corresponds with the **Indemnity Period**' are considered to read 'the proportional equivalent for a period equal to the **Indemnity Period** of the **Turnover** during the period between the commencement of the **Business** and the date of the **Damage**'.

Where **Damage** occurs before sufficient results of the **Business** have been realised for the above definitions to produce an equitable **Loss** adjustment, the **Loss** will be adjusted on the basis of the results of the **Business** that would have been realised during the **Indemnity Period** had no **Damage** occurred.

PROVISIONS (GROSS PROFIT)

ALTERNATIVE TRADING

If, during the **Indemnity Period**, goods are sold or services are provided elsewhere than at the **Premises** 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 those sales or services will be brought into account in arriving at the **Turnover** during the **Indemnity Period**.

DEPARTMENTS

If the **Business** is conducted in departments or other units, the independent trading results of which are ascertainable, the provisions of Gross Profit clauses (a) and (b) will apply separately to each department or other unit affected by the **Damage**.

REDUCED MARGIN

If **Turnover** is maintained at a reduced Rate of Gross Profit as a result of **Damage** giving rise to a claim under this **Policy**, an equitable allowance will be made for the **Loss** of Gross Profit resulting from an increase in the ratio of **Stock** usage or purchases (adjusted for **Stock** variation) to **Turnover**. No allowance will be made for an increase in the ratio of any other uninsured costs to **Turnover**.

UNINSURED FIXED COSTS

If any fixed costs of the **Business** are not insured by this **Policy** (having been deducted in arriving at the Gross Profit), then, in computing the amount payable as Increase in Cost of Working, that proportion only of any additional cost will be brought into account that the Gross Profit bears to the sum of the Gross Profit and those uninsured fixed costs.

REVENUE (Applicable if included in Policy Schedule)

Where separately insured this insurance covers **Loss** of **Revenue** and increase in cost of working and the amount payable as indemnity will be:

- (a) In respect of **Revenue**
the amount by which the **Revenue** during the **Indemnity Period** falls short, as a result of **Damage**, of the **Revenue** that would have been earned during that period had no **Damage** occurred; less any deductions calculated by the insured in setting the **Loss** of **Revenue** to be insured
- (b) in respect of increase in cost of working
any additional cost incurred for the sole purpose of avoiding or diminishing the **Loss** of **Revenue** that would have taken place during the **Indemnity Period** as a result of **Damage** had the cost not been incurred, but not exceeding the amount by which the **Loss** of **Revenue** is thereby avoided or diminished;

less any sum saved during the **Indemnity Period** in respect of such costs of the **Business** payable out of **Revenue** as may cease or be reduced as a result of **Damage**.

PROVISIONS (REVENUE ITEM)

ALTERNATIVE PREMISES

If, during the **Indemnity Period**, services are provided elsewhere than at the **Premises** 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 those services will be brought into account in arriving at the **Revenue** during the **Indemnity Period**.

ADDITIONAL COSTS (Applicable if included in Policy Schedule)

This insurance covers additional costs necessarily incurred by the Insured as a result of the **Damage** for any of the following purposes:

- (a) Avoiding or diminishing a reduction in **Turnover** or **Revenue** that would, but for the additional costs being incurred, have taken place during the **Indemnity Period**.
- (b) Resuming or maintaining any normal operation or service of the **Business** during the **Indemnity Period**.

However, this insurance does not apply to costs otherwise recoverable under this **Policy**, or any costs incurred in the reinstatement of physically **Damaged** property.

ADDITIONAL COSTS - ALTERNATIVE ACCOMMODATION FOR RESIDENTS (Applicable if included in Policy Schedule)

Where a Resident cannot live in their Unit due to **Damage** for which a claim is payable under this **Policy**, this insurance extends to cover the fair and necessary cost incurred by or on behalf of any Resident:

- (a) of providing alternative accommodation for any affected Resident of a similar standard to their Unit prior to the **Damage**;
- (b) to move Resident's **Contents** to the alternative accommodation and return them to their Unit (or another Unit where agreed between the Resident and Operator); and
- (c) to move Resident's **Contents** to a secure storage facility, for storage costs while the Resident is in alternative accommodation, and to return them to their Unit (or another Unit where agreed between the Resident and Operator).

Where a Resident has temporary accommodation cover under a separate personal **contents** insurance policy, the cover provided under that insurance will operate before the cover provided under this memorandum.

DEFINITIONS

"Resident" and "Operator" have the respective meanings given to them in the Retirement Villages Act 2003 or any subsequent amending or replacement legislation.

"Resident's **Contents**" means any Personal Property as defined by the Earthquake Commission Act 1993 (or any subsequent amending or replacement legislation) usually situated at, in or around the Unit, whether such Personal Property belongs to the Resident or Operator or otherwise.

"Unit" means Residential Unit where a Resident occupies a Residential Unit or Rest Home where a Resident occupies a Rest Home. "Residential Unit" and "Rest Home" have the respective meanings given to them in the Retirement Villages Act 2003, or any subsequent amending or replacement legislation.

CLAIM PREPARATION COSTS (Applicable if included in Policy Schedule)

This insurance covers costs necessarily incurred by the Insured for assessing and preparing any valid claim under the Insured's Material Damage and Business Interruption insurance in respect of **Loss** resulting from the **Damage**.

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

OCCUPATIONAL RIGHT AGREEMENT - CAPITAL SUMS (Applicable if included in Policy Schedule)

This **Policy** extends to cover the Insured for **Loss** comprising the amount of any repayment by the Insured to a Resident of the capital sum paid by the Resident, less any management fees or charges (but not any Fixed Deductions) owed to the Insured by a Resident when terminating the Occupational Right Agreement, in instances where the **Insured Property** is

Damaged or destroyed preventing the reoccupation by the Resident or resale to a new Resident, by reason of any law or any other instance where in agreement between the **Insurer** and the Insured it is the most economical method of settlement and the Occupation Right Agreement between the Insured and the Resident is terminated.

Provided that:

- i) The **Insurer** will not be liable to pay more than the amount of the capital sums after deducting any management fees or charges that would have been paid by the Insured if the Occupation Right Agreement had been terminated by the Resident immediately prior to the **Event**.
- ii) In the event of a **Loss** under this insurance, the Insured will provide the **Insurer** with the exit payment calculation showing the amount of management fees or charges and the Occupational Right Agreement.

“Fixed Deductions” and “Occupational Right Agreement” have the meanings given in the Retirement Villages Code of Practice 2008 or any subsequent amending or replacement legislation.

“Resident” means Resident or Former Resident as defined in the Retirement Villages Code of Practice 2008, or any subsequent amending or replacement legislation.

OCCUPATIONAL RIGHT AGREEMENT - FIXED DEDUCTIONS (Applicable if included in Policy Schedule)

Section 2 of this **Policy** extends to cover the Insured for **Loss** comprising accrued or repaid Fixed Deductions not able to be deducted by the Insured by sole reason of any applicable law, regulation or code or in any other instance where the Insured is prevented from reinstating any **Insured Property** for reoccupation by a Resident or resale to a new Resident and in agreement between the **Insurer** and Insured it is the most economical method of settlement.

The amount payable under this Section will be the amount of accrued or repaid Fixed Deductions the Insured is required to pay to the Resident under the code of practice variations at the time of the **Event** giving rise to the **Loss**.

Provided that:

- i) The **Insurer** will not be liable to pay more than the amount of the Fixed Deductions that would have been paid by the Insured if the Occupation Right Agreement had been terminated by the Resident immediately prior to the **Event**.
- ii) In the event of a **Loss**, the Insured will provide the **Insurer** with the exit payment calculation showing the amount of Fixed Deductions and the Occupational Right Agreement.

“Fixed Deductions” and “Occupational Right Agreement” have the meanings given in the Retirement Villages Code of Practice 2008, or any subsequent amending or replacement legislation.

“Resident” means Resident or Former Resident as defined in the Retirement Villages Code of Practice 2008 or any subsequent amending or replacement legislation.

REDEPLOYMENT COSTS (Applicable if included in Policy Schedule)

Where, as a result of **Damage**, the Insured elects to permanently re-deploy employees at any alternative site, this insurance will cover costs necessarily incurred by the Insured in the necessary relocation of employees for that purpose. The insured costs will include all such costs as the Insured would normally incur or reimburse to employees when transferring them and their families to different places of permanent residence for the purpose of the **Business**.

SEVERANCE AND REDUNDANCY PAYMENTS (Applicable if included in Policy Schedule)

This insurance covers all payments that the Insured is legally required to pay to its employees whose services are terminated because of **Damage**.

The insurance under this item does not apply to any previous or pre-existing:

- i) payroll and wages owed, or
- ii) accumulated leave of any description;

prior to the **Damage**.

EXCLUSIONS (Applicable to Section 2)

The following exclusions apply unless expressly stated otherwise:

OFFSHORE GAS DEPENDENCY

Notwithstanding the **Policy's** Dependency Memorandum, Section 2 of this **Policy** does not cover **Loss** resulting from **Damage** to property comprising any offshore gas extraction facility, including but not limited to its offshore pipelines from the point at which the pipelines enter the water at high tide.

CONDITIONS (Applicable to Section 2 only)

ACCUMULATED STOCKS

Where any shortage in **Turnover** due to the **Damage** is postponed by reason of the **Turnover** being temporarily maintained from accumulated **Stocks** of finished goods, an equitable allowance will be made for this in the adjustment of the **Loss**.

CLAIMS

Upon becoming aware of any **Damage**, the Insured must:

- (a) without delay notify the **Insurer/s** (contact details to be found within the **Policy Schedule**);
- (b) use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption to or interference with the **Business** and to avoid or diminish the **Loss**;
- (c) as soon as is practicable, deliver to the **Insurer/s** a statement in writing of any claim certified by the Accountant, whose reasonable fee will be paid by the **Insurer/s**, with all particulars and details reasonably practicable of the **Loss**;
- (d) produce and furnish all records, information, explanations, evidence and facilities as may reasonably be required for investigation and verification of the claim and, if required, a statutory declaration in verification of the particulars.

The term 'Accountant' under this condition means the Insured's usual professional accountant who is a member of the New Zealand Institute of Chartered Accountants (NZICA) or equivalent official body.

PROGRESS CLAIM PAYMENTS

Where **Damage** has given rise to a claim under this **Policy**, the **Insurer/s** will make progress claim payments on production of acceptable evidence of Insured **Loss**. However, if the total amount of progress payment exceeds the total amount of the adjusted **Loss**, the Insured will immediately refund the difference.

WINDING UP AND CESSATION OF INTEREST

The insurance provided under this **Policy** will cease if, for any reason other than **Damage**:

- (a) the **Business** is wound up or carried on by a liquidator or receiver or is permanently discontinued; or
- (b) the Insured's interest ceases;

at any time during the Period of Insurance, unless its continuance is agreed by the **Insurer/s**. For the purpose of this condition, each of the Insured (if more than one) will be treated as if issued with a separate policy.

MEMORANDA (Applicable to Section 2 only)

DEPENDENCY

Loss, as insured by this **Policy** and resulting from any of the following, is considered to be **Loss** resulting from **Damage** to property used by the Insured at the **Premises** for the purpose of the **Business**.

Damage to any property:

- (a) at any place anywhere in New Zealand or Australia and occupied by any direct customer of the Insured, (other than any customer supplied by the Insured with electricity, gas, sewage, water or telecommunication services);
- (b) at any place anywhere in New Zealand or Australia and occupied by any direct supplier of goods or services to the Insured, (other than any supplier to the Insured of electricity, gas, sewage, water or telecommunication services);
- (c) at any port installation, railway warehouse or airport anywhere in New Zealand;
- (d) 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 **Premises**;
- (e) that prevents or hinders the discharge of effluent from the **Premises**;
- (f) that prevents or hinders any telecommunication line or cable in direct connection with the **Premises**.

For the purpose of any claim under this Memorandum, the **Indemnity Period** begins on expiry of the Waiting Period (if any). The Waiting Period is the period beginning with the occurrence of the **Damage** and continuing for the period stated at the Waiting Period.

Unless stated otherwise in the Schedule the Waiting Periods under the Dependency Memorandum are:

Loss following Natural Disaster :	14 Days
Loss other than by Natural Disaster :	72 hours (but 7 days for Loss under paragraph(c))

For the avoidance of doubt, the cover provided under the Dependency, Prevention of Access, Public Authorities and Transport Routes Memoranda are not cumulative for any one **Event** and therefore only one sub-limit would apply.

PREVENTION OF ACCESS

Loss, as insured by this **Policy** and resulting from **Damage** to any property within one kilometre of the **Premises**, that prevents or hinders the use of or access to the **Premises** will be considered to be **Loss** resulting from **Damage** to property used by the Insured at the **Premises** for the purpose of the **Business**.

For the purpose of any claim under this Memorandum, the **Indemnity Period** begins on expiry of the Waiting Period (if any). The Waiting Period is the period beginning with the occurrence of the **Damage** and continuing for the period stated at the Waiting Period.

Unless stated otherwise in the Schedule the Waiting Periods under the Prevention of Access Memorandum are:

Loss following Natural Disaster :	14 Days
Loss other than by Natural Disaster :	72 hours

For the avoidance of doubt, the cover provided under the Dependency, Prevention of Access, Public Authorities and Transport Routes Memoranda are not cumulative for any one **Event** and therefore only one sub-limit would apply.

PUBLIC AUTHORITIES

Loss, as insured by this **Policy**, resulting from a public authority ordering a partial or total shutdown of the insured **Premises** arising directly and exclusively from the following:

- (a) **Damage** or risk of imminent physical **Damage** to the **Insured Property** within one kilometre from the **Premises**;
 - (b) bodily injury, murder, suicide or rape to any person on the **Premises**;
 - (c) discovery of vermin, pests or defective sanitation in the **Buildings** partially or totally preventing its use;
- is considered to be **Loss** resulting from **Damage** to property used by the Insured at the **Premises** for the purpose of

the **Business**.

However, this extension of cover does not apply to any action taken by a public authority caused by or in connection with any infectious human or animal disease (including but not limited to poisoning/foodborne disease and waterborne disease).

For the purpose of any claim under this Memorandum, the **Indemnity Period** begins on expiry of the Waiting Period (if any). The Waiting Period is the period beginning with the occurrence of the **Damage** and continuing for the period stated at the Waiting Period.

Unless stated otherwise in the Schedule the Waiting Periods under the Public Authorities Memorandum are:

Loss following **Natural Disaster**: 14 Days
Loss other than by **Natural Disaster**: 72 hours.

The Sub-Limit applicable to this Memorandum is as detailed within the **Policy Schedule** any one **Event** and in total in any one Period of Insurance.

For the avoidance of doubt, the cover provided under Dependency, Prevention of Access, Public Authorities and Transport Routes Memoranda are not cumulative for any one **Event** and therefore only one sub-limit would apply.

RESIDENTIAL LANDLORDS

LOSS OF RENT

Unless otherwise separately insured, this **Policy** is extended to cover the amount of any rent the Insured has lost, if the residential dwelling cannot be lived in, due to physical **Loss** or **Damage** to the residential dwelling during the Period of Insurance that:

1. is covered by this **Policy**, or
2. the **Loss** or **Damage** is covered by the EQC Act instead, and the dwelling is a residential rental property and this is shown on the **Policy Schedule**.

The most the **Insurer/s** will pay per residential dwelling as insured by this **Policy** for any **Event** is the amount shown in the **Policy Schedule**.

The **Insurer/s** will pay these costs for a maximum of 12 months for any **Event** up to the limit any one Period of Insurance shown in the **Policy Schedule**.

The **Insurer/s** will pay these costs in addition to the total sum insured. If the Insured has **Loss** of rent cover under any other policy with the **Insurer/s**, then the most the **Insurer/s** will pay under all policies in total per residential dwelling for any **Event** is the highest applicable limit.

If the residential dwelling is uninhabitable, a claim can only be made under this Memorandum or the Alternative Residential Accommodation Memorandum but not both.

TRANSPORT ROUTES

Loss, resulting from **Damage** during the Period of Insurance:

- (a) to any port anywhere in New Zealand,
 - (b) to any transport route, airport or railway within 10 km of the **Premises**,
- is deemed to be **Loss** resulting from **Damage** to property used by the Insured at the **Premises** for the purpose of the **Business**.

For the avoidance of doubt, the cover provided under the Dependency, Prevention of Access, Public Authorities and Transport Routes Memoranda are not cumulative for any one **Event** and therefore only one sub-limit would apply.

For the purpose of any claim under this Memorandum, the **Indemnity Period** begins on expiry of the Waiting Period (if any). The Waiting Period is the period beginning with the occurrence of the **Damage** and continuing for the period

stated as the Waiting Period.

Unless stated otherwise in the Schedule the Waiting Periods under the Transport Routes Memorandum are:

Loss following **Natural Disaster**: 14 days

Loss other than by **Natural Disaster**: 72 hours

EXTENSIONS (Applicable to Section 2)

REINSTATEMENT OF SUM INSURED – SECTION 2

In the event of **Loss** or **Damage** to **Insured Property** for which a claim is payable under Section 2 of the **Policy**, the amount of insurance reduced by the **Loss** or **Damage** will be automatically reinstated from the date the claim is paid.

The Insured agrees to pay additional premium for the reinstatement if required by the **Insurer/s**.

There will be no automatic reinstatement of the Sum Insured where the **Loss** or **Damage** is caused by **Natural Disaster** unless the **Insurer** has agreed in writing.

BASIS OF SETTLEMENT (Applicable to Section 2)

DEFERMENT OF THE INDEMNITY PERIOD

The Business Interruption **Policy Indemnity Period** is amended as follows:

At the Insured's option, the commencement of the **Indemnity Period** can be deferred to commence at any time, PROVIDED ALWAYS THAT:

- (a) the commencement of the **Indemnity Period** cannot be deferred if a prior **Loss** has occurred as a result of **Damage** which has not been repaired or reinstated (other than for Claims Preparation Costs in respect of the Material Damage **Policy**); and
- (b) if deferred, the **Indemnity Period** will only commence when repair or reinstatement of the **Damage** actually commences, such repair or reinstatement to commence within a reasonable time after the occurrence of the **Damage**; and
 - i) in no case later than the number of months specified in the **Policy Schedule** as the **Indemnity Period** or,
 - ii) within 12 months after the occurrence of the **Damage**,

whichever is the earlier.

MORE THAN ONE INSURED - INCREASED COSTS

Where, for the purpose of avoiding or diminishing a reduction in **Turnover**, goods or services are purchased from another Insured, the reasonable full price of the goods or services (less any discount normally allowed) will be taken into account for the purpose of adjusting a claim as though the goods or services were purchased during the course of normal **Business**.

TURNOVER OR OTHER INDEX

In the event of a claim under this **Policy**, adjustment may be based on **Turnover** or any other index of **Business** activity (Alternative Index), whichever affords the more equitable result. Except in the definition of **Turnover**, the word '**Turnover**' wherever used in this **Policy** is to be read as '**Turnover** or Alternative Index'.

LIMIT OF LIABILITY

The total liability of the **Insurer/s** for all **Loss** covered under this **Policy** under Section 2 is the Total Sum Insured and if more than one item of Insured Interest is included in the Schedule attaching to this **Policy**, will not exceed in respect of each item the Sum Insured set against that item.

DEFINITIONS (Applicable to Section 2)

The following definitions apply to Section 2 of this **Policy** and have the following meanings wherever they appear with initial capital letters and in **bold** in this document.

Damage

'Damage' means such loss or damage as would be covered under Section 1 of this **Policy** on property at the **Premises**. 'Damage' also includes explosion damage to any **Pressure Vessel** whether insured or not. 'Damaged' has a corresponding meaning.

Indemnity Period

'Indemnity Period' means: the period beginning with the occurrence of the insured **Damage** and ending not later than the number of months specified in the **Policy Schedule** during which the results of the **Business** are affected as a result of the Insured **Damage**.

Pressure Vessel

'Pressure Vessel' means any boiler or economiser or pipe or other vessel that, in normal use, is subject to generated or applied fluid pressure.

Revenue

'Revenue' means the money paid or payable to the Insured for services provided in the course of the **Business** at the **Premises**, including any money paid or payable by tenants to others for rates, insurance and other fixed costs.

Turnover

'Turnover' means the money paid or payable to the Insured for goods sold and delivered and for services provided in the course of the **Business** at the **Premises**. Turnover also includes any money paid or payable to the Insured by tenants in respect of rental of the **Premises** and for services provided; including any money paid or payable by tenants for rates, insurance and other fixed costs which, but for that payment, would be payable by the Insured.

CONDITIONS (Applicable to all Sections)

ALTERATION OF RISK

If with the knowledge of the Insured the risk of **Loss** or **Damage** is increased by any change in the use or occupancy of the Insured's **Premises** or otherwise, the cover provided by this **Policy** will be forfeited as regards the affected **Insured Property** unless notice is given to **Insurers** within 60 days of such change.

Provided however, notice is not required to be given:

- i. of any changes in the use or occupancy as are usual and/or incidental to the **Business** of the Insured;
- ii. to carry out any alterations and/or repairs to any **Insured Property**, provided structural alterations are notified to the **Insurers** within a reasonable period.

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

APPLICATION OF SUBLIMITS ENDORSEMENT (LMA5130)

1. Application to Insured Interests. Each sublimit stated in this **Policy** applies as part of, and not in addition to, the overall **Policy** limit for an **Event** insured hereunder. Each sublimit is the maximum amount potentially recoverable from all insurance layers combined for all insured **Loss, Damage**, expense, time element or other insured interest arising from or relating to that aspect of the **Event**, including but not limited to type of property, construction, geographic area, zone, **Location**, or peril.

2. Application within Perils. If insured under this **Policy**, any sublimit for earthquake, earth movement, flood, windstorm, named storm, or named windstorm is the maximum amount potentially recoverable from all insurance layers combined for all insured **Loss, Damage**, expense, time element or other insured interest arising from or relating to such an **Event**. If flood occurs in conjunction with a windstorm, named storm, named windstorm, earthquake or earth movement, the flood sublimit applies within and erodes the sublimit for that windstorm, named storm, named windstorm, earthquake or earth movement.

This endorsement takes precedence over and, if in conflict with any other wording in the contract bearing on the application of sublimits, replaces that wording.

CANCELLATION

(a) By the Insured

The Insured may cancel this **Policy** at any time with immediate effect by giving written notice to the **Insurer/s** (Details below):-

Concordia Underwriting Agency LP

Contact Telephone Number: 0800 424 915

Email Address: info@concordia.org.nz

The **Insurer/s** will then retain a pro rata proportion of the premium (subject to any adjustment required by the terms of this **Policy**) for the time during which the **Policy** has been in force.

Example cancelled after 6 months: 50% of annual premium to be refunded.

(b) By the **Insurer/s**

The **Insurer/s** may cancel this **Policy** at any time by giving written notice to the Insured or to the Insured's broker. The notice must be delivered personally or by a method that requires confirmation of delivery. The cancellation will take effect at 4 p.m. on the 30th day after the notice has been delivered. The **Insurer/s** will then refund a pro-rata proportion of the premium to the Insured, subject to any adjustment required by the terms of this **Policy**.

CURRENCY

Where any sum insured, sub-limit, deductible or other amount is stated, these amounts are in New Zealand Dollars (NZD)

unless expressed otherwise.

DEDUCTIBLE

Should more than one **Deductible** apply under this **Policy** for any claim or series of claims arising from one **Event**, the **Deductibles** shall not be aggregated and the highest single **Deductible** shall apply. Except that for any **Loss** or **Damage** caused by or in connection with **Natural Disaster**, the **Natural Disaster Deductible** specified shall apply.

Should any Waiting Period apply to any **Loss** arising from interruption or interference to the **Business** in relation to the same **Event** this Waiting period would be additional to the above deductible.

FRAUD

If the Insured or anyone acting on behalf of the Insured makes any claim that is in any respect fraudulent, or makes any false declaration in support of any claim, or uses any other fraudulent means or devices to obtain benefit under this **Policy**, all benefit in respect of that claim will be forfeited. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

GOODS AND SERVICES TAX

Provided GST is recoverable by the **Insurer/s**, the Sum Insured and special limits covered by this **Policy** are exclusive of GST. Where payable GST will be added to any claim payments. All Deductible Amounts within this **Policy** include GST.

For the purpose of this clause, 'GST' means tax payable under Section 5(13) of the Goods and Services Tax Act 1985, or under any statutory amendment to or re-enactment of the Section or Act.

MISREPRESENTATION

This **Policy** is voidable in the event of the misrepresentation or non-disclosure of any material fact. However, the insurance will not be prejudiced by:

- (a) any innocent misrepresentation of property or occupancy; or
- (b) any act or omission of the occupier whereby, without the Insured's knowledge or consent, the risk of **Loss** or **Damage** to property not occupied by the Insured is increased.

The Insured's insurance Manager (or equivalent) must give notice to the **Insurer/s** without delay upon becoming aware of any such event and the Insured must pay an appropriate additional premium if required. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

MORE THAN ONE INSURED

Where this **Policy** is to the benefit of more than one Insured any notice, for which provision is made in this **Policy**, given by or given to the Insurance Manager (or equivalent) of each Insured entity declared in the **Policy Schedule** will be considered sufficient notice by or to all Insureds.

MUTUALLY ACCEPTABLE ADJUSTERS

Where the **Insurer/s** wishes to appoint any loss adjuster or assessor in respect of any claim under this **Policy**, the appointee must be mutually acceptable to the **Insurer/s** and the Insured.

NEW ZEALAND POLICY

This **Policy** is to be governed by and construed in accordance with the laws of New Zealand, whose courts will have sole jurisdiction over any legal action arising out of or in connection with this **Policy**.

OBSERVANCE

The liability of the **Insurer/s** will be conditional upon the Insured complying and as appropriate any other person entitled to indemnity complying as though they were the Insured with the terms of this **Policy**.

OTHER INSURANCE

If, at the time of any claim arising under this **Policy**, there is any other valid and collectable insurance covering all or part of the same **Loss**, this **Policy** will apply only to the amount of any **Loss** in excess of that recoverable under the other insurance. This condition does not apply where the other insurance is 'excess' insurance expressly intended to provide a layer of cover in excess of that provided under this insurance.

The amount of **Loss** excluded from this **Policy** by reason of any other insurance will not be cumulative upon the amount of **Loss** excluded from the **Policy** by application of any Deductible; other insurance being permitted on **Loss** within the Deductible.

REASONABLE PRECAUTIONS

The Insured must make reasonable endeavours to maintain any fire protection or security equipment or installations in accordance with the manufacturer's recommendations; and must take reasonable precautions against **Loss** or **Damage** as insured under this **Policy**.

RECOVERY APPORTIONMENT

If the **Insurer/s**, having exercised its right of subrogation, recovers any part or all of a **Loss** in respect of which a claim has been paid or is payable under this **Policy**, the amount so recovered will be apportioned as follows:

- (a) The Insured will be fully reimbursed for the uninsured portion of the **Loss**, excluding that portion of the **Loss** that is uninsured because of a Deductible.
- (b) Any remaining balance will be apportioned between the Insured and the **Insurer/s** in the ratio of their respective losses; the **Loss** to the Insured being that portion of the **Loss** that is uninsured by reason of any Deductible, and the **Loss** to the **Insurer/s** being the amount of its actual payment under the **Policy**.

The expenses of all recovery proceedings will be apportioned in the ratio of respective recoveries. If no recovery is made, proceedings conducted solely by the **Insurer/s** will be at its own expense.

No recovery to which this Memorandum applies will be taken into account in determining the amount of 'adjusted loss' for the purpose of the Deductible condition of this **Policy**.

RENEWAL TERMS

If the **Insurer/s** intends to refuse renewal of this **Policy**, or to offer renewal on any terms less favourable to the insured than those applying during the current Period of Insurance, the **Insurer/s** must give the Insured 30 days notice of that intention. If the current Period of Insurance expires before the end of 30 days after the notice has been received by the Insured, the Period of Insurance will, if the Insured so requires, be extended to expire at the same time as the period of notice. In the event of such an extension, the Insured will pay a pro rata proportion of the premium for the extended Period of Insurance.

SUBROGATION

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

The Insured must comply with this condition when required, whether before or after having been indemnified by the **Insurer/s**. The **Insurer/s** will not exercise subrogation against any person or corporation insured under this **Policy**, or against any employee of the Insured unless the employee has caused the **Loss** or **Damage** wilfully.

WAIVER OF RECOVERY RIGHTS (BY AGREEMENT)

This insurance will not be invalidated by reason of the Insured having waived any right of recovery or indemnity against any other party to a contract or agreement with the Insured in the ordinary course of **Business**, but only where:

- (a) the contract or agreement is not for the supply of goods or services by the Insured; and
- (b) the waiver was made in writing before the **Loss** occurred.

WAIVER OF RECOVERY RIGHTS (GROUP COMPANIES)

Where the Insured is a parent or subsidiary in a group of related companies, this insurance will not be invalidated by reason of the Insured waiving or having waived any right of recovery it may have against any other company in the same group. 'Subsidiary Company' means a company, more than half the nominal value of whose equity share capital is owned by a parent company either directly or through other subsidiaries; and 'a group of related companies' means a group of companies related to one another by virtue of such ownership.

EXCLUSIONS (Applicable to all Sections)

The following exclusions apply unless expressly stated otherwise:

ASBESTOS ENDORSEMENT (CUA5019 (AMENDED))

A. This **Policy** only insures asbestos physically incorporated in an insured **Building** or structure, and then only that part of the asbestos which has been physically **Damaged** during the period of insurance by one of these Listed Perils:

fire; explosion; lightning; windstorm; hail; direct impact of vehicle, aircraft or vessel; riot or civil commotion, vandalism or malicious mischief; or accidental discharge of fire protective equipment; or **Natural Disaster**

This coverage is subject to each of the following specific limitations:

1. The said **Building** or structure must be insured under this **Policy** for **Damage** by that Listed Peril.
2. The Listed Peril must be the immediate, sole cause of the **Damage** of the asbestos.
3. The Assured must report to Underwriters the existence and cost of the **Damage** as soon as practicable after the Listed Peril first **Damaged** the asbestos. However, this **Policy** does not insure any such **Damage** first reported to the Underwriters more than 12 (twelve) months after the expiration, or termination, of the period of insurance.
4. Insurance under this **Policy** in respect of asbestos shall not include any sum relating to:
 - (i) any faults in the design, manufacture or installation of the asbestos;
 - (ii) asbestos not physically **Damaged** by the Listed Peril including any governmental or regulatory authority direction or request of whatsoever nature relating to undamaged asbestos

B. Except as set forth in the foregoing Section A, this **Policy** does not insure asbestos or any sum relating thereto.

BIOLOGICAL OR CHEMICAL MATERIALS

This Insurance excludes **Loss, Damage**, cost or expense of any nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or **Event** contributing concurrently or in any other sequence to the **Loss**.

BUILDING DEFECTS & MOULD EXCLUSION

The **Insurer/s** will not indemnify any Insured or fulfil any obligation otherwise owed to any Insured in respect of any **Building** or structure directly or indirectly caused by the failure of that **Building** or structure to contain:

1. materials; or
2. a design; or
3. a system; or
4. a standard or workmanship;

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

COMMUNICABLE DISEASE ENDORSEMENT (LMA5393)

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

agent from any organism to another organism where:

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

DEFECTIVE WORKMANSHIP OR DESIGN

For the avoidance of doubt, this **Policy** does not cover the cost of repairing or replacing faulty materials, the cost of putting right faulty workmanship, or the cost of putting right work performed to a faulty defective design plan or design specification. This exclusion does not apply to any flow-on **Loss** or **Damage** occurring as a result of the faulty or defective materials or workmanship, or as a result of work performed to a faulty defective design plan or design specification.

DETERIORATION

This **Policy** does not insure against **Loss** or **Damage** to the property or part immediately affected directly caused by:

- (a) normal working, normal maintenance, wear and tear, erosion, corrosion (caused by atmospheric conditions only), slowly developing deformation or distortion;
- (b) action of micro-organisms, mould, mildew, rot, fungi, vermin or insects;
- (c) the nature of the **Insured Property** (including shrinkage, evaporation, loss of weight, change in flavour, or colour or texture or finish), action of light;
- (d) fumes, smoke or smut;
- (e) a change in any artificially controlled temperature or atmosphere;

but this exclusion will not apply to any resultant **Loss** or **Damage** not expressly excluded.

DISAPPEARANCE

This **Policy** does not insure against unexplained disappearance, **Loss** directly resulting from shortages revealed only by the taking of an inventory, or shortages due to clerical or accounting errors.

EXISTING DAMAGE - DAMAGE CAUSED BY A PRIOR EVENT

This **Policy** does not cover **Loss**, **Damage**, cost or expense of any nature arising directly or indirectly from an **Event** predating the commencement of the Period of Insurance as stated in the **Policy Schedule** ("Prior **Damage**").

INTERRUPTION

In respect of the property or part immediately affected, this **Policy** does not insure against **Loss** or **Damage** directly caused by total or partial cessation of work, delay or interruption or cessation of any process.

LAND MOVEMENT

This **Policy** does not insure against **Loss** or **Damage** directly or indirectly caused by or resulting from landslip, subsidence or erosion of land.

MACHINERY

This **Policy** does not insure against mechanical or electrical Breakdown of any Machine in which the **Damage** originates. However, this exclusion does not apply to:

- (a) subsequent **Loss** or **Damage** arising from an ensuing cause not otherwise excluded;
- (b) **Damage** to any:
 1. electric motor or starter that does not individually exceed 10kW;

2. distribution switchboard or permanently installed electrical reticulation; directly caused by failure of electrical insulation or abnormal electric current or electrically induced self heating.

For the purpose of this exclusion:

'Machine' means any apparatus 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 apparatus.

'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.

MONEY

This **Policy** does not insure Money, meaning current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, credit card receipts, and other negotiable instruments. For the avoidance of doubt bitcoin and other forms of electronic currently are excluded.

NUCLEAR

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

This **Policy** does not insure **Loss, Damage**, liability or expense directly or indirectly caused by or contributed to by or arising from:

- (a) nuclear weapons material;
- (b) ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
- (c) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
- (d) any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
- (e) the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter.

PRESSURE VESSELS

In respect of the **Pressure Vessel** in which the **Damage** originates, this **Policy** does not insure against:

- (a) explosion, rupture, bursting, collapse, of the **Pressure Vessel** due to generated or applied fluid pressure (other than pressure caused solely by weight of contents or by chemical explosion); or
- (b) overheating, cracking or leaking of any **Pressure Vessel** due to or arising from its operation.

This exclusion does not apply to subsequent **Loss** or **Damage** arising from an ensuing cause not otherwise excluded.

For the purpose of this exclusion, '**Pressure Vessel**' means any boiler or economiser or pipe or other vessel that, in normal use, is subject to generated or applied fluid pressure.

PROPERTY CYBER AND DATA EXCLUSION (LMA5401)

1. Notwithstanding any provision to the contrary within this **Policy** or any endorsement thereto this **Policy** excludes any:
 - 1.1 Cyber Loss;
 - 1.2 **Loss, Damage**, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **Loss** of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data; regardless of any other cause or **Event** contributing concurrently or in any other sequence thereto.
2. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in

full force and effect.

3. This endorsement supersedes and, if in conflict with any other wording in the **Policy** or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

4. Cyber Loss means any **Loss, Damage**, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
5. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.
6. Cyber Incident means:
 - 6.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 6.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.
7. Computer System means:
 - 7.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,

owned or operated by the Insured or any other party.
8. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

SANCTIONS

Notwithstanding any provision to the contrary within the **Policy** or any endorsement thereto, it is understood and agreed that this **Policy** does not insure any **Loss** or provide any benefit under this **Policy** where a claim payment would breach any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulation of New Zealand, Australia, the European Union, United Kingdom or United States of America, or any local autonomous sanctions.

SEEPAGE OR POLLUTION

This **Policy** does not insure physical **Loss** or **Damage** or the threat of physical **Loss** or **Damage** caused by any kind of seepage or any kind of pollution and/or contamination but this **Policy** does not exclude physical **Loss** or **Damage** to the **Insured Property** specified in the **Policy Schedule** caused by:

- (a) pollution or contamination which itself results from an **Event** covered by this **Policy**;
- (b) an **Event** covered by this **Policy** which itself results from pollution or contamination.

SETTLEMENT, SHRINKAGE OR EXPANSION

This **Policy** does not insure against **Normal Settlement**, shrinkage or expansion of **Buildings**, foundations, walls, pavements, roads, and other structural improvements. However, this exclusion will not apply to any resultant **Loss** or **Damage** not otherwise excluded.

TERRORISM

Notwithstanding any provision to the contrary within this insurance or any endorsement thereto it is agreed that this insurance excludes **Loss, Damage**, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or **Event** contributing concurrently or in any other sequence to the **Loss**.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) 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.

This exclusion also excludes **Loss, Damage**, death, injury, illness, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

THEFT BY EMPLOYEES

This **Policy** does not insure against theft by any of the Insured's employees, but this exclusion does not apply if:

- (a) the theft is discovered within 72 hours (excluding the hours of any Saturday, Sunday, or other public holiday) of its occurrence; or
- (b) the theft is accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any enclosed **Building**.

TRANSMISSION AND DISTRIBUTION LINES

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

This **Policy** does not insure losses in respect of Transmission and Distribution Lines.

"Transmission and Distribution Lines" means overhead transmission and distribution lines and their supporting structures or any equipment which includes but is not limited to wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual.

However, this exclusion will not apply in respect of Transmission and Distribution Lines that extend from the public highway to the insured **Premises** and are the responsibility of the Insured and which are on or within 300 metres of any insured structure.

UNLAWFUL SUBSTANCES

This **Policy** does not insure any **Loss, Damage**, cost, expenses or interruption directly or indirectly caused by or arising from, any activity in connection with any drug(s) or illegal substances(s) including pre-cursor chemicals or materials used in or near the **Insured Property**. This exclusion does not apply to **Loss** or **Damage** to **Insured Property** caused by fire or explosion, including resulting smoke **Damage**.

UNOCCUPANCY

This **Policy** does not provide cover for any **Loss** or **Damage** to **Buildings** and their **Contents** which are **Unoccupied** for a period of greater than 60 consecutive days, unless otherwise agreed with **Us**.

VEHICLES, AIRCRAFT AND WATERCRAFT

This **Policy** does not insure any motor vehicle, mobile plant, other mechanical or electrically propelled vehicle (including but not limited to railway locomotives and rolling stock), watercraft or aircraft of any kind, and any accessories in them or on them, unless held as **Stock** or auction for the **Business**. However, this exclusion does not apply to mobile plant used in or around the Insured/s **Location**.

WAR

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

This **Policy** does not insure any **Loss** or **Damage** occasioned by or through or in consequence directly or indirectly of any of the following occurrences, namely:

- (a) war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war;
- (b) mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.

WEATHER

This **Policy** does not insure against **Loss** or **Damage** directly caused by weather conditions to property not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

GENERAL DEFINITIONS (Applicable to all Sections)

The following definitions apply to all sections of this **Policy** and have the following meanings wherever they appear with initial capital letters and in **bold** in this **Policy**.

Building(s)

'**Building(s)**' means any permanent structures, other structures, and their appurtenances including but not limited to plant, fixtures, fittings, pipes and cables pertaining to any of them and located in or about the building or structure, fixed signs and lettering, tanks, poles, power lines and their supports, walls, gates, fences, roads, paths, yards and the like if the Insured is responsible for insuring them and their value is not included in the Sum Insured on **Contents** or **Stock**. It does not include landscaping.

Business

'**Business**' means the Insured business as described in the **Policy Schedule**.

Contents

'**Contents**' means contents of **Buildings**, chattels in the open or under shelter, tenants improvements and all other tangible property, including plant, equipment, glass, fixtures and fittings, if the Insured is legally responsible for insuring them and their value is not included in the Sum Insured on **Buildings** or **Stock**, however it does not include landscaping.

Damage

'**Damage**' means physical loss or physical damage or physical destruction, unforeseen and unintended by the Insured. '**Damaged**' has a corresponding meaning.

Deductible

'**Deductible**' means the dollar amounts stated in the **Policy Schedule**

Event

'**Event**' means an event or series of events arising from any one cause during any period of 72 consecutive hours.

Insured Property

Tangible property of every description not expressly excluded, the Insured's own or held by the Insured jointly or in trust or on commission for which the Insured is legally responsible for insuring them and which are specified in the **Policy Schedule**.

Insurer/s

In this insurance, '**Insurer/s**' refers to all insurers named below.

In respect of Lloyd's syndicates, the syndicate numbers and details of the Insurers and their proportions are shown in the table within the **Policy Schedule**. The Insurers bind themselves severally and not jointly, that is, in the event of a loss, each of them (and their Executors and Administrators) is liable only for their own share of their syndicate's proportion of the risk.

For 'Certain Underwriters at Lloyd's', the Insured or their representative can obtain the name of each syndicate(s) and their respective shares by applying to Market Services, Lloyd's, One Lime Street, London EC3M 7HA.

The 'Certain Underwriters at Lloyd's' are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Their Firm Reference Number(s) and other details can be found on the Financial Services Register at www.fca.org.uk.

Location

'**Location**' means the location or locations shown in the Schedule of **Insured Property**, being **Premises** owned, used or leased by the Insured.

Loss

'**Loss**' means sudden physical loss or sudden physical **Damage** unintended or unforeseen by the Insured.

Natural Disaster

'**Natural Disaster**' means any earthquake, hydrothermal activity, geothermal activity, volcanic eruption, or tsunami and includes fire resulting from any of them, subject to the fire sum insured.

Normal Settlement

'**Normal Settlement**' means downward movement as a result of the ground being compressed by the weight of the buildings within 10 years of construction.

Policy

'**Policy**' means this document, the **Policy Schedule** or **Schedule** and any endorsements.

Policy Schedule

'**Policy Schedule**' or '**Schedule**' means the schedule attached to the **Policy** or any later schedule issued on renewal or variation or by way of endorsement.

Premises

'**Premises**' means all premises owned or occupied by the Insured, including **Locations** and all other places where the **Insured property** is used or to be used for the purpose of the **Business**, anywhere in New Zealand.

Stock

'**Stock**' means materials in trade located in or about the **Premises** if the Insured is responsible for insuring them and their value is not included in the Sum Insured on **Buildings** or **Contents**.

Unoccupied

'Unoccupied'

- a) Church building
means in relation to all **Buildings** that form part of a church building, a church building where parishioners normally congregate for religious services, but who have not done so for any continuous period of 60 days, and
- b) Residential building
means in relation to all **Buildings** that form part of a residential building, a residential building where no one has stayed overnight at the building for any continuous period of 60 days.

We, Us, Our

'**We**', '**Us**', '**Our**' means Concordia Underwriting Agency Limited

'Work of Art'

'**Work of Art**' means an object of intrinsic rarity, artistic, historical or cultural value, including but not limited to carvings, paintings, pictures, prints, sculptures, sketches, tapestries, ornaments, antiques, valuable rugs or mats, porcelain, rare glassware and similar property.

MEMORANDA, WARRANTY AND EXCLUSIONS ATTACHING TO THIS POLICY AND APPLYING TO QBE INSURANCE (AUSTRALIA) LIMITED (NEW ZEALAND BRANCH) AND AIG INSURANCE NEW ZEALAND LIMITED ONLY

CONDITIONS (Applicable to Section 1)

COMMERCIAL COOKING WARRANTY

Where commercial cooking is carried out at the Location, the indemnity under this insurance policy is conditional upon compliance with the following requirements:

1. No deep frying or wok cooking is to be left unattended.
2. Kitchen staff are to be made aware of where all electricity and gas shut-off switches or valves pertaining to the cooking operation are located so that, in case of fire and provided reasonably safe to do so, these should be isolated.
3. When cooking has finished for the day, all cooking appliances are to be turned off and their energy source isolated (electricity at the wall and gas by the shut off valve).
4. A commercial-grade fire blanket is to be accessible for immediate use at all times and installed in a conspicuous place near, but at a safe distance away from the cooking operation.
5. There is to be a minimum of one fully charged F rated wet chemical fire extinguisher (in accordance with Australian Standard/New Zealand Standard 1850:2009), mounted, blazoned and accessible for immediate use at all times in a conspicuous place near, but at a safe distance away from, the cooking operation.
6. All waste material and scrapings are to be cleaned from each unit, removed from the building outside business hours and stored in closed metal containers.
7. Waste cooking liquid shall be removed from each appliance and is to be removed to the outside of the building and stored in one or more closed metal containers.
8. All cut-outs, thermostats, heating elements and associated controls are to comply with the relevant New Zealand standards and codes of practice, and are to be maintained in a safe working condition at all times, and must comply with relevant electrical/gas laws.
9. There must be a metal extraction hood installed above the appliance with a properly functioning metal flue to vent the fumes externally. Grease filters must be fitted in the flue, be easily accessible for cleaning. To avoid excessive build-up of grease extraction flues and ducting are to be inspected monthly and cleaned as necessary (at least every 6 months). All associated fans and blades are inspected at least annually and cleaned as necessary.
10. Every thermostat, appliance, flue and associated fan, fire blanket and extinguisher must be maintained in good working order at all times and serviced no less frequently than annually.
11. Each appliance used for deep frying shall have fitted separate externally non-adjustable and manually reset cut-out mechanisms which disconnect each heating element from the power supply when the temperature of the cooking liquid reaches 230 degrees Celsius.
12. A close-fitting steel lid is to be put in place when each appliance is not in use.

Requirements 7, 9 and 11 above do not apply to bench top fryers with ten litres or less oil capacity.

Requirement 12 above only applies to bench top fryers with ten litres or less oil capacity, when a lid forms part of, or is supplied with the bench top fryer (whether the lid is steel or not).

For the purposes of this warranty, commercial cooking excludes cooking in a residential dwelling or unit, but includes cooking in communal kitchens such as, community halls, hire venues, hostels, maraes, sports clubs and the like.

Where the Insured is not the commercial cooking operator, the Insured must provide the operator with a written copy of this warranty advising them in writing that they can be held responsible for any damage or losses resulting from breach of this warranty.

Any breach of this warranty without the reasonable knowledge or consent of the Insured shall not prejudice this insurance.

COMMERCIAL LAUNDRY WARRANTY

Where commercial laundering is carried out at the premises, the indemnity under this policy is conditional upon compliance with the following requirements:

At the commencement of each business day

1. Drier air filters are checked to ensure they are correctly in place and clean. Drier ducting is checked to ensure it is free of obstruction/blockage.

During the business day

2. Ensure any garments or linen which may contain residual oil are washed using a hot wash cycle to ensure that any oil residue is broken down.
3. Never dry rubberised material or material such as mop heads or rags, which can contain flammable residues such as solvents and cleaning chemicals.
4. To avoid spontaneous combustion. Dryer programmes are to be left uninterrupted, to ensure the final drying “cool down” stage is completed. When drying is complete, all items must be allowed to cool before being folded. Place loosely in bins on removal from the drier and allow to cool before folding and storage.

At the end of each business day

5. To avoid spontaneous combustion. Conclude drying operations at least thirty (30) minutes before leaving the premises. Ensure all machines are cleared and left empty.
6. The energy source is isolated (electricity at the wall and gas by the shut off valve).

Regular Checks and fire protection

7. Driers to be checked weekly to ensure there is no lint or other combustible build-up behind the machines. Persons using the dryer to have consulted dryer manufacturer’s guidelines and recommendations regarding what can be effectively dried in the appliance.
8. Equipment service log is immediately available and records kept up-to-date.
9. There is to be a minimum of one fully charged appropriately rated fire extinguisher (in accordance with New Zealand Standard 4503:2005 – Hand Operated Fire Fighting Equipment), mounted, blazoned and accessible for immediate use.
10. Portable fire protection equipment in the form of, hose reel(s) and fire extinguisher(s), or smoke or heat detection equipment, is maintained in good working order and serviced no less frequently than annually.

For the purposes of this warranty, commercial laundering excludes laundering in a residential dwelling or unit, but includes laundering in communal laundries such as, hotels, motels, retirement villages, restaurants, spas, salons, community halls, hire venues, hostels, backpackers, marae and the like.

Where the insured is not the commercial laundry operator, the insured must provide the operator with a copy of this warranty, advising them in writing that they may be held responsible for any damage resulting from breach of this warranty.

Any breach of this warranty without the knowledge or consent of the insured shall not prejudice this insurance.

MEMORANDA (Applicable to Section 1)

HIDDEN GRADUAL DAMAGE

This Policy is extended to cover Loss or Damage during the Period of Insurance to Insured Property due to hidden gradual damage, hidden mildew, hidden mould or hidden rot caused by water that leaks, overflows or is discharged from any permanent internal plumbing installed at the premises.

Where a claim for such Damage is payable under this Memorandum, the Policy also extends to cover the reasonable cost of:

- (1) searching for and gaining access to the source of the Damage; and
- (2) reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior.
- (3) where the date upon which the Damage commenced cannot be determined, the Damage will be deemed to have occurred at the time the Insured first had reason to suspect that Damage had occurred.
- (4) the most the Insurer/s will pay for any one Event and the maximum for the Period of Insurance are the respective amounts specified in the Policy Schedule.

EXCLUSIONS (Applicable to all Sections)

HISTORIC, HERITAGE OR CULTURAL HERITAGE SIGNIFICANCE OR VALUE

Notwithstanding any provision in this Policy to the contrary, in the event of any Loss or Damage under this Policy it is understood and agreed that QBE will not pay for any additional costs incurred by the Insured in having to comply with any Regulations in connection with any historic, heritage or cultural heritage significance or value of the building or structure.

In this exclusion:

“Regulations” means any statute, regulations, by-laws of any municipal or local authority, rules, orders in council, codes, municipal or government directives, or conditions of consent under any of them.

All other provisions in this Policy concerning the basis of settlement continue to apply.

PROPERTY CYBER AND DATA EXCLUSION (LMA5400)

1. Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss, unless subject to the provisions of paragraph 2;
 - 1.2 loss, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any Data, including any amount pertaining to the value of such Data, unless subject to the provisions of paragraph 3;regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, this Policy covers physical loss or physical damage to property insured under this Policy caused by any ensuing fire or explosion which directly results from a Cyber Incident, unless that Cyber Incident is caused by, contributed to by, resulting from, arising out of or in connection with a Cyber Act including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act.
3. Subject to all the terms, conditions, limitations and exclusions of this Policy or any endorsement thereto, should Data Processing Media owned or operated by the Insured suffer physical loss or physical damage insured by this Policy, then this Policy will cover the cost to repair or replace the Data Processing Media itself plus the costs of copying the Data from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the Data. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank Data Processing Media. However, this Policy excludes any amount pertaining to the value of such Data, to the Insured or any other party, even if such Data cannot be recreated, gathered or assembled.
4. In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss, Data or Data Processing Media, replaces that wording.

Definitions

6. Cyber Loss means any loss, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any Cyber Act or Cyber Incident including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any Cyber Act or Cyber Incident.
7. Cyber Act means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any Computer System.

8. Cyber Incident means:
 - 8.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any Computer System; or
 - 8.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any Computer System.

9. Computer System means:
 - 9.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility,

owned or operated by the Insured or any other party.

10. Data means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a Computer System.

11. Data Processing Media means any property insured by this Policy on which Data can be stored but not the Data itself.

SEISMIC STRENGTHENING

Notwithstanding anything in the Policy to the contrary, the amount payable under this reinstatement memorandum or otherwise under the Policy in respect of property that is Damaged but not Destroyed shall not include any cost incurred in connection with the seismic strengthening of the property to a level greater than it was immediately prior to the occurrence of the Damage.

For the avoidance of doubt, the Insured shall bear any costs incurred or necessary to comply with any seismic strengthening requirements of the Building Code or similar regulation, which result in an increase in the seismic strength or resistance of the property to a level greater than it was immediately prior to the occurrence of the Damage.

For the purpose of this clause Destroyed means so damaged that the property by reason only of that damage cannot be repaired.

The fact that the Insured must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the reinstatement of any damaged property shall be disregarded when assessing whether that property shall be deemed a total loss. Any provision in the Policy for Constructive Total Loss shall not apply.

All other provisions in the Policy concerning reinstatement and the basis of settlement continue to apply.