

ANDO / NZBROKERS GROUP

MATERIAL DAMAGE POLICY

In consideration of the Insured named in the Schedule having paid or promised to pay the required premium, the Company named in the Schedule agrees to cover the Insured as set out in this Policy.

INSURING AGREEMENT

If, during the Period of Insurance, any:

- Loss or Damage happens to any Insured Property at the Location;**
- Costs or losses arise for which this Policy is expressly extended;**

then, subject to the terms, conditions and exclusions of this Policy, the Company will cover the Insured for the Loss or Damage and costs.

Subject to the "Goods and Services Tax" Condition and the "Alternative Residential Accommodation", "Capital Additions", "Hazardous Substance Emergencies", "Money", "Property in the Course of Construction", "Reinstatement of Amount of Insurance", and "Seasonal Stock Increase" Memoranda of this Policy, the Company's liability will not exceed in total during the Period of Insurance the Total Sum Insured and if more than one item is included in the Schedule will not exceed in respect of each item the Sum Insured applicable to that item.

Important:

- This is your Policy of Insurance. Read it carefully so that you know exactly what you are covered for.
- If you do not fully understand this Policy, have your NZbrokers Group insurance broker explain it to you.
- All claims and general enquiries should be directed to your NZbrokers Group insurance broker.

DEFINITIONS

Whenever these words appear in this Policy, they have the following meanings:

All Other Property: contents of buildings, chattels in the open or under shelter, tenant's improvements, plant and equipment, Proof Materials and Records, reproduction of Proof Materials and Records and all other Insured Property not more specifically described under 'Buildings' and 'Stock'. All Other Property also extends to include glass and other landlord's property, fixtures and fittings for which the Insured is responsible provided not included under Buildings.

Buildings: buildings, other structures, and their appurtenances including but not restricted to the plant, fixtures, fittings, pipes and cables pertaining to any of them and located in or on about the buildings premises. Buildings also extend to include lights, aerials, signs and lettering, in or on them, or tanks, poles, power lines and their supports, walls, gates, fences, gardens and shrubs, roads, paths, yards and the like.

Burglary: theft accompanied by violence or threat of violence to any person or violent and forcible entry to or exit from any enclosed building, enclosed yard, or locked vehicle.

For the purpose of this Definition "enclosed yard" means a yard fully enclosed by a security fence of no less than two metres in height with security gates having a suitable locking device.

Burglary also includes theft following the forcible removal of any fixture, fitting, structure and/or item permanently affixed to or forming part of any building.

Common Site: a common physical location where the Insured Property is linked to achieve a common business purpose at that location.

Drone:

- (i) a Remotely Piloted Aircraft System (RPAS), or
- (ii) an Unmanned Ariel Vehicle (UAV), or
- (iii) an Unmanned Ariel System (UAS), or
- (iv) an aircraft weighing 25 kilograms and under, without a human pilot on board,

includes all accessories and parts as specified in the schedule used solely in connection with the Drone.

Indemnity Value: the value of Insured Property at the time of Loss or Damage, sufficient to place the Insured back in the same financial position to that immediately prior to the Loss or Damage.

Insured Property: all tangible property of every kind and description not expressly excluded, the Insured's own or held by them jointly or in trust or on commission or on consignment or sold but not delivered or for which they are responsible or have assumed responsibility.

Insured Property also includes:

Personal Effects and Tools

directors', partners', executive officers', consultants', employees' and visitors' personal effects (including Money) and tools are deemed to be property for which the Insured has assumed responsibility for the purpose of this insurance, but only whilst the personal effects and tools are at any Specified Situation whilst being worn, kept, carried or used by directors, partners, executive officers, consultants, employees and visitors acting in the course of their employment or on behalf of the Insured.

❑ Proof Materials and Records

The expression "tangible property" includes proof materials (which shall include but not be limited to print blocks, plates, lettering, films (positive and negative), artwork, typeset and/or paste-up), documents, manuscripts, securities, deeds, plans, business and office books and records, technical drawings, designs, specifications, valuations, card indexes, models, books of account, microfilm, data media, magnetic media, computer system data/documents/media/records, and any and all other materials, documents and records of a similar nature and description.

❑ 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 deemed to be property for which the Insured has assumed responsibility for the purpose of this insurance.

Loss or Damage: physical loss or physical damage unintended and unforeseen by the Insured.

Natural Disaster Perils: earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire occasioned by or through or in consequence of any of these.

Pre-1935 Building Risks:

(i) a Building; or

(ii) All Other Property and/or Stock located in any building;

originally constructed prior to 1935.

Region: the area of land in the applicable Region or Districts as defined in Local Government New Zealand (LGNZ) Regions and Districts boundary map(s).

Schedule: the most current Schedule (including any endorsements) issued to the Insured and any subsequent Schedule (including any endorsements) which may be issued if this insurance is renewed.

Site Deductible: the percentage specified in the Schedule applied to the Total Sum Insured of Insured Property covered under this Policy at the Common Site.

Stock: stock and materials in trade.

BASIS OF SETTLEMENT

The Company will pay the Insured as provided in the Policy and may at its sole option either repair, reinstate or replace lost or damaged property or any part of it, or may pay the amount of Loss or Damage.

❑ **For property specified as Buildings and All Other Property under the Sums Insured Schedule designated with the letter "R", the basis of settlement will be as set out in the Reinstatement Memorandum incorporated in this Policy.**

- ❑ **For property specified as Buildings and All Other Property under the Sums Insured Schedule not designated with the letter "R"**, the basis of settlement will be the Indemnity Value of the property at the time any Loss or Damage occurs.

- ❑ **For property specified as Stock under the Sums Insured Schedule**, the basis of settlement will be for:
 - **Stock, raw materials, stores, packing materials, supplies and other merchandise:** The delivered cost of replacement materials.
 - **Work in Progress and Finished Products:** The actual costs incurred to reinstate the level of stock inventories to that existing before the loss.
 - **Owners Account:** All stocks held or sold on behalf of others: the current market value based on the sale price which would have been received at the final destination for which it was intended notwithstanding the occurrence of Loss or Damage, less expenses not incurred.

- ❑ **For reproduction of proof materials and records**, the basis of settlement will be the expenditure incurred (including legal, technical, professional and clerical salaries, charges and other costs and expenses) for researching and obtaining information and for the reproduction, replacement and restoration of proof materials (which shall include but not be limited to print blocks, plates, lettering, films (positive and negative), artwork, typeset and/or paste-up), documents, manuscripts, securities, deeds, plans, business and office books and records, technical drawings, designs, specifications, valuations, card indexes, models, books of account, microfilm, data media, magnetic media, computer system data/documents/media/records, and any and all other materials, documents and records of a similar nature and description, but excluding the value of the materials and the value of the information contained thereon or therein.

- ❑ **For portable computers (commonly known as "laptops/notebooks") and video-data projectors**, the basis of settlement will be the replacement cost at the time of replacement if they are not more than 2 years old, or Indemnity Value if more than 2 years old.

- ❑ **For Drones and accessories**, the basis of settlement will be the replacement cost at the time of replacement if they are not more than 3 years old, or Indemnity Value if more than 3 years old.

- ❑ **For directors', partners', executive officers', consultants', employees' and visitors' personal effects (including Money) and tools**, the basis of settlement will be the replacement cost at the time of replacement.

- ❑ **For Proof Materials and Records**, the basis of settlement will be the cost of replacing the materials at the time any Loss or Damage occurs, but excluding the value of the information contained thereon or therein.

- ❑ **For glass**, the basis of settlement will be the cost of replacing or repairing the broken glass, including the cost of:
 - temporary shuttering and/or the hiring of a security service to protect Insured Property pending replacement of broken glass;
 - replacement signwriting, ornamentation, burglar alarm tape and the like on the glass;
 - replacement heat reflecting or tinting or security material or process on the glass;
 - removing and re-fixing window and show case frames and fittings.

- ❑ **For works of art**, the Company may appoint an independent and suitably qualified valuer or restorer to determine whether the work of art can be restored to its pre-damage condition.

If the valuer or restorer determines that the work of art cannot be economically restored to its pre-damage condition, the work of art will be deemed destroyed. Its pre-damage value will be determined by the valuer, or,

providing the restorer is suitably qualified, by the restorer. The amount payable will be the difference between the pre-damage value and any salvage value of the damaged work of art.

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

In the event of the total loss of a work of art, which is part of a set, the Company will pay the Insured the full amount of the value of the set and the Insured agrees to surrender the remaining article or articles of the set to the Company.

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

For the purpose of this Section, a 'work of art' is a creation, such as a print, sculpture or a painting, that has been made in order to be a thing of beauty in itself or a symbolic statement of meaning, rather than having a practical function.

EXCLUSIONS

1. This Policy does not cover:

- (a) the Deductible specified in the Schedule;
- (b) property in the course of installation, construction, demolition, erection, or testing following any of them;
- (c) current coin, bank and currency notes, cheques, postal notes, travellers cheques, bank drafts, money orders, phone cards, unused postage and revenue stamps, franking machine credits, tickets, credit card vouchers, redeemable vouchers and tokens, and any other negotiable instruments;
- (d) jewellery, precious stones, furs, precious metals or bullion, other than as Stock of the Business or as part of any plant or machinery;
- (e) motor vehicles and other mechanical or electrically propelled vehicles, and accessories contained in them or on them, other than:
 - such vehicles used primarily within the confines of any Specified Situation; or
 - held as Stock of the Business or for auction while within the confines of any Specified Situation;
- (f) watercraft and aircraft of every kind, and accessories contained in them or on them, except as held as Stock of the Business or for auction while within the confines of any Specified Situation;
- (g) property, other than Money, in transit outside the confines of any premises, site or location owned or occupied or operated by the Insured in excess of the amount specified in the Schedule for Property In Transit;

but this Exclusion 1 (g) does not apply to Loss or Damage arising from fire, explosion, lightning, windstorm, flood, hail, snow, frost, ice, aircraft and other spatial devices or articles dropped from any of them, direct impact by animals and vehicles, riot, civil commotion, strikes, locked out workers or workers taking part in labour disturbances, vandalism, acts of malicious persons, leakage or spillage of gas, vapour or liquid, burning out of electric wiring or motors, or water damage;

- (h) property damaged as a result of its undergoing any normal Production Process where the damage is directly caused by the operation of that process;

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

- (i) any of the following property unless specified in the Schedule:

standing timber, growing crops, pastures, trees, landscaping, livestock, dams, canals, road or railway tunnels, railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, and land;

but this Exclusion 1 (i) does not apply to any road or railway tunnel and any railway bridge located at any Specified Situation not exceeding the limit specified in the Schedule for Roads, Bridges and Railway Tunnels and Railway Bridges, nor any docks, piers or wharves forming part of any buildings;

- (j) any above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers, other supporting structures and equipment of any type which is related to such installations.

This Exclusion applies to all equipment other than that which is on or within 300 metres of an insured structure and which is the responsibility of the Insured.

- (k) any consequential losses including penalties, loss of use of any property, delays, or loss of market, other than as provided herein.
- (l) Loss, costs or expenses resulting from or to any Drone while the Drone is in use, being flown or operated.

2. This Policy does not cover Loss or Damage resulting from or directly or indirectly caused by or arising in connection with:

- (a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, civil commotion assuming the proportions of or amounting to a popular rising, military rising, mutiny, rebellion, revolution, insurrection, military or usurped power;
- (b) confiscation, requisition, or destruction of or damage to property by order of Government, Civil, Public or Local Authority unless the order is given for the purpose of preventing or controlling fire or any other event for which cover is provided by this Policy;
- (c) nuclear weapons material, ionising radiations or contamination from any nuclear fuel or from any nuclear waste which results from the combustion (including self-sustaining process of nuclear fission) of nuclear fuel;
- (d) Natural Disaster Perils;
- (e) landslip, subsidence or erosion of land;
- (f) normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements;
- (g) manufacture, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975

3. This Policy does not cover loss directly caused by:

- (a) unexplained disappearance, shortages revealed only by the taking of an inventory, or shortages due to clerical or accounting errors;
- (b) any fraudulent scheme or device or false pretence practised on the Insured or on any other person having care of the Insured Property;
- (c) theft by the Insured or by any of the Insured's principals or employees, except theft by the Insured's employees which is discovered within 3 working days of its occurrence.

4. This Policy does not cover Loss or Damage caused by or arising from:

- (a) fumes, dust, smoke, smuts;
- (b) wear and tear, gradual deterioration, or corrosion;
- (c) action of micro-organisms, mould, rot, vermin or insects;

- (d) the inherent nature of the property (including shrinkage, evaporation, loss of weight, change of flavour or colour or texture or finish), or action of light;
- (e) pollution or contamination;
- (f) changes in artificially controlled temperature or atmosphere;
- (g) exposure to weather conditions where the property is not normally left in the open, unless reasonable precautions have been taken to protect the property from those conditions.

5. This Policy does not cover:

- (a) explosion, rupture, bursting, cracking, leakage, collapse, of any steam boiler (other than steam boilers used for domestic purposes), economiser, pipe or other vessel due to generated or applied fluid pressure within or without, but excluding pressure caused by chemical explosion;
- (b) mechanical or electrical or electronic breakdown of machinery or electrical equipment;

but this Exclusion 5(b) is limited to the machinery or electrical equipment immediately affected and does not apply to subsequent Loss or Damage to other Insured Property not otherwise excluded.

For the purpose of this Exclusion:

- “breakdown” means the actual breaking, failure, seizing, deformation or burning out of any part of the machinery or equipment due solely to internal stress or a fault in the machinery or equipment whilst in use and not by any cause or event external to the affected machinery or equipment;
- “machinery” means any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

6. This Policy does not cover:

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

7. This Policy does not cover any claim, loss, damage, liability, death, injury, illness, or any other form of cover otherwise available under this Policy resulting from or directly or indirectly caused by or arising in connection with:

any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to such loss, damage, liability, death, injury, illness, disablement, cost or expense or action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

“Act of terrorism” means an act including but not limited to the use of force or violence and/or the threat of that, including the intention to influence any government or to put in fear the public or any section of the public which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s).

8. This Policy does not cover Loss or Damage resulting from or directly or indirectly caused by or arising in connection with:

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of electronic data;
- (b) error in creating, amending, entering, deleting or using electronic data;
- (c) total or partial inability or failure to receive, send, access or use electronic data for any time or at all;
- (d) communication, display, distribution or publication of electronic data but not where this causes bodily injury if otherwise covered by this policy or a section of this policy but for this exclusion;

regardless of any other contributing cause or event whenever it may occur.

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

9. This Policy does not cover Loss or Damage directly or indirectly caused by or resulting from:

- (a) the gaining of access to the Insured’s computer system via data communication media that terminate in the Insured’s computer system;
- (b) data corruption, amendment of data or erasure of data by electronic or non-electronic means; or
- (c) computer virus, being an executable programme or computer code segment that is self-replicating (or requires a host programme to replicate itself), requires a host programme or executable disc segment in which it can be contained, and which destroys or alters the host programme or other computer code or data, causing undesired programme or computer system operation.

10. This policy does not cover Loss or Damage as a result of or in connection with the failure of any building or structure to contain or incorporate:

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

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

11. This Policy does not cover Loss or Damage or interruption in connection with any infectious animal or human disease.

12. This Policy does not cover any additional costs necessary solely to comply with regulations made applicable to the repair, replacement or reinstatement of Loss or Damage to Insured Property (or any portion of it) in connection with:

- (a) Insured Property being an earthquake-prone Building as described in the Building Act 2004 (and any substitution of, amendment to, replacement of or statutory regulation made under this Act); or
- (b) the seismic capacity of the property; or
- (c) the performance of the property in an earthquake.

For the avoidance of doubt, the costs to reinstate up to the level of seismic capacity or earthquake performance which applied to Insured Property prior to the Loss or Damage are not excluded by this Exclusion.

- 13. This Policy does not cover, nor will the Company be liable to pay any claim or provide any benefit hereunder, to the extent that the provision of such cover, payment of such claim or provision of such benefit is prohibited by any sanction, prohibition or restriction under the laws or regulations of any jurisdiction applicable to the Company or the Company's parent Company or its ultimate controlling entity.**

Provided that:

- Exclusions 1 (h), 2 (f), 4, 5 and 6 apply only to that part of the property immediately affected and do not apply to subsequent Loss or Damage to other Insured Property;
- Exclusions 1 (h), 2 (f), 4, 5 and 6 do not apply to Loss or Damage directly caused by any event not otherwise excluded.

CONDITIONS

ALTERATION OF RISK

If with the knowledge of the Insured the risk of Loss or Damage is increased by any change in the nature of the Insured's occupation or otherwise, unless notice is given to the Company of such change prior to an event giving rise to a claim the cover provided by this Policy will be forfeited as regards the affected Insured Property only.

Provided however, notice is not required to be given:

- to carry out such work and to make such changes in the use or occupancy as is usual and/or incidental to the Business of the Insured;
- to carry out any alterations and/or repairs to any Insured Property, provided structural alterations are notified to the Company within a reasonable period;
- to shut down or cease business operations or for individual Buildings to remain vacant or unoccupied, for less than 90 days.

BREACH OF WARRANTY OR CONDITION

The cover provided by this Policy will not be invalidated or prejudiced by reason of any breach of Warranty or Condition of this Policy where the breach occurs without the knowledge or consent of the Insured.

Provided that notice is given to the Company as soon as practicable once the Insured becomes aware of any such breach and the Insured agrees to pay an appropriate additional premium if required.

CANCELLATION

By the Insured

The Insured may cancel this Policy at any time and with immediate effect, by written notice delivered to the Company. In the event of such cancellation, the Company will be entitled to a pro-rata proportion of the premium (subject to any adjustment required by the terms of this Policy) for the period the Policy has been in force.

By the Company

The Company may cancel this Policy at any time by giving written notice to the Insured or the Insured's NZbrokers Group insurance broker. The notice may be delivered personally or posted to the Insured's or the Insured's NZbrokers Group insurance broker's last known postal address. The cancellation will take effect at

4pm on the 30th day after the notice has been delivered or posted. In the event of such cancellation, the Company will refund to the Insured a pro-rata proportion of the premium (subject to any adjustment required by the terms of this Policy) for the unexpired period of the Policy.

CLAIMS

Upon becoming aware of any event giving rise, or likely to give rise, to a claim under this Policy, the Insured will:

- take prompt steps to minimise the Loss or Damage;
- take reasonable steps to protect the property from further Loss or Damage;
- immediately notify the Company;
- if a criminal act is suspected, inform the police;
- within thirty days or as soon as practicable thereafter, submit full particulars of the claim in writing to the Company.

CURRENCY

Where any Sum or Sums Insured, Special Limits, Deductibles or other amounts are stated, these amounts are in New Zealand Dollars (NZD) unless expressed otherwise.

DEFINED WORDS

This Policy and the Schedule shall be read together as one contract and words and expressions to which specific or special meanings have been given will, unless the context otherwise requires, have that same meaning whenever they may appear in the Policy.

FRAUD

If any claim is in any respect fraudulent or if any false declaration is made or used in support thereof or if any fraudulent means or devices are used by the Insured or anyone acting on behalf of the Insured to obtain any benefit under this Policy in respect of the claim, all benefit under this Policy in respect of that claim will be forfeited.

For the purpose of this Condition, if the Insured comprises more than one person or entity, each of the Insured shall be treated as having been issued with a separate Policy.

A breach of this Condition by one person or entity comprising the Insured shall not prevent any other person or entity comprising the Insured who is not a party to the fraud from claiming under this Policy.

GOODS AND SERVICE TAX

Provided that Goods and Services Tax (GST) is recoverable by the Company, the Total Sum Insured, Special Limits specified in the Schedule and the Limits specified in any Memorandum are **exclusive of GST**.

In the event of a claim, the Company will pay a maximum of the:

- Total Sum Insured; or
- Special Limits specified in the Schedule; or
- limits specified in any Memorandum;

(whichever is applicable) plus additional GST to a maximum of the current rate of GST applied to that Total Sum Insured or Special Limits specified in the Schedule or the Limits specified in any Memorandum.

However, all Deductibles specified in this Policy are **inclusive of GST**.

JURISDICTION

Any disputes arising out of or under this Policy are subject to the law of New Zealand and the New Zealand courts have sole jurisdiction.

LIMIT OF LIABILITY/MARGINS

The liability of the Company under this Policy for each 'Building', 'All Other Property' and 'Stock' item at each situation specified in the Schedule will not exceed during the Period of Insurance 110% of the Sum Insured specified for that item.

Provided however:

- ❑ the Company's liability will not exceed the combined total Sum Insured for all 'Building', 'All Other Property' and 'Stock' items at each situation specified in the Schedule; and
- ❑ the increased liability of the Company does not apply to the Natural Disaster Damage Memorandum and Natural Disaster Damage – Residential Property Memorandum.

MISDESCRIPTION

This Policy will not be invalidated or prejudiced by:

- ❑ any innocent or inadvertent alteration or misdescription of property or occupancy or any other inaccuracy which does not affect the Total Sum Insured specified in the Schedule;
- ❑ any act of the occupier whereby the risk of Loss or Damage to property not occupied by the Insured is increased without the authority or knowledge of the Insured;
- ❑ any innocent or inadvertent misrepresentation of any material fact;

provided that notice is given to the Company as soon as practicable once the Insured becomes aware of any of the above and the Insured agrees to pay an appropriate additional premium and or agree to a change in terms and conditions if required.

MUTUALLY ACCEPTABLE ADJUSTERS

Where the Company wishes to appoint any loss adjuster, assessor, surveyor, valuer or investigator in respect of any claim under this Policy, the appointee must be mutually acceptable to the Company and the Insured.

OBSERVANCE OF TERMS AND CONDITIONS

The due observance and fulfilment of the terms, provisions, conditions and endorsements of this Policy in so far as they relate to anything to be done or complied with by the Insured, and the truth of statements and answers in the written submission or proposal or supporting documents, or in any claim form, or in any statement in support of a claim, whether made by the Insured or by others on behalf of the Insured, will be conditions precedent to the Company's liability to make any payment under this Policy.

OTHER INSURANCE

If at the time of any claim arising under this Policy there is any other valid and collectable insurance covering the Loss or Damage, this Policy will only apply in excess of the amount payable under the other insurance, even if there is a similar Other Insurance Condition in the other insurance policy.

For the purpose of applying the Deductible applicable to this Policy, the amount of any other such insurance will not be taken into account, as the other insurance is permitted on Loss or Damage within the Deductible amount.

OTHER INTERESTED PARTIES

Where the Insured is under an obligation to insure the interest of any person or entity (including contractors and sub-contractors to the extent required by any contract) with an insurable interest in any of the Insured Property, the Company will cover the Insured and that person or entity as if a separate Policy had been issued to each.

However:

- ❑ the Company will not be liable to cover any person or entity whose interest has not been declared to and agreed by the Company by the time a claim becomes payable; and
- ❑ the Company's liability will not be increased beyond the amount that would be payable if this Condition had not been incorporated in the Policy.

PRIORITY OF CLAUSES

In the event that any person or entity is entitled to cover by virtue of more than one of the several clauses or Memoranda of this Policy, the Company will cover that person or entity in terms of the clause or Memoranda most favourable to them.

REASONABLE CARE

The Insured will take all reasonable steps to keep all Insured Property safe and secure and maintain fire protection equipment and security alarms, systems, locks and protection in good working order.

SALVAGE

Where there is Loss or damage to Insured Property covered by this Policy, the Company may:

- ❑ enter any building where the Loss or Damage has occurred and take and keep possession of the damaged property;
- ❑ deal with the salvage in any reasonable manner; provided that:
 - the Insured is not entitled to abandon any property to the Company;
 - the Company is not entitled to sell or otherwise dispose of salvaged branded goods without the prior consent of the Insured. In the event of the Insured declining 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, which identify the goods as supplied by the Insured, the salvage value of the goods will be determined after such removal at the Company's expense.

SUBROGATION

Where, upon accepting liability for a claim under this Policy, the Company is entitled to become subrogated to the Insured's right of recovery or claim they may have against any other person or entity, the Insured must, at the Company's expense, do and concur in doing and permit to be done anything reasonably required by the Company for the purpose of enforcing that right.

The Insured must comply with this Condition when required, whether before or after having a claim paid by the Company for the Loss or Damage.

The Company will not exercise subrogation against any entity covered under this Policy, nor against any employee unless the employee has caused the Loss or Damage wilfully.

THE CONTRACT

This Policy is a contract consisting of the following parts:

- ❑ the written submission and/or completed proposal and/or other supporting documents supplied by the Insured; and
- ❑ this Policy wording; and
- ❑ the Schedule (including any endorsements).

This Policy, and any Schedule or endorsements will be read together as one contract.

MEMORANDA

In the event of any conflict or inconsistency between the Policy and the Memoranda, the terms of the Memoranda will prevail. In the event of any conflict or inconsistency between Memoranda, the Memorandum most favourable to the Insured will prevail.

ALTERNATIVE RESIDENTIAL ACCOMMODATION

Where any residential property covered by this Policy is rendered uninhabitable by Loss or Damage covered by this Policy, this Policy extends to cover reasonable expenses for alternative accommodation (including the cost of boarding out domestic cats and/or dogs which normally reside there) necessarily incurred by the Insured or by the occupant (being an employee or officer of the Insured), provided that:

- these expenses are not otherwise covered;
- the period for which the expenses are covered will be limited to the period reasonably required for reinstatement of the affected property;
- the Company will be entitled to deduct a reasonable allowance for expenses reduced or avoided in consequence of the affected accommodation being rendered uninhabitable.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Alternative Residential Accommodation. The limit applies separately to each unit of residential accommodation and does not apply to any Loss or Damage that would be recoverable under this Policy without the benefit of this Memorandum.

The Special Limit to which this Memorandum refers is deemed to be included in the Total Sum Insured specified in the Schedule.

ANYWHERE IN NEW ZEALAND – ALL OTHER PROPERTY AND STOCK

Notwithstanding the Location specified in the Schedule, this Policy extends to cover All Other Property and Stock whilst anywhere in New Zealand.

For the purposes of this Memorandum:

- ❑ cover excludes any portable electronic equipment and portable tools of trade;
- ❑ the liability of the Company, in respect of any one Loss or Damage, is limited to the amount specified in the Schedule for Anywhere in New Zealand – All Other Property and Stock.

The cover provided by this Memorandum will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule.

CHANGE OF TEMPERATURE

Notwithstanding Exclusion 4 (f), this Policy extends to cover Loss or Damage caused by any change in temperature provided the Loss or Damage is not otherwise excluded.

Reasonable costs incurred by the Insured in the removal and/or storage of such property at another building and/or premises are also covered.

The extension of cover provided under this Memorandum does not include any change in temperature caused by mechanical or electrical or electronic breakdown of machinery or electrical equipment covered under the Machinery Breakdown Optional Memorandum

CLAIMS PREPARATION COSTS

The Company will cover the Insured, free of any Deductible, for all costs and expenses reasonably incurred for the purpose of assessing, preparing, presenting or certifying any claim made under this Policy, provided the claim is accepted under this Policy.

Salaries, wages, overheads and other expense of the Insured's employees and consultants will be deemed to be part of such costs and expenses.

Provided, cover for all costs and expenses under this Memorandum will only apply where the Insured is unable to recover such costs and expenses under a separate Business Interruption Policy.

CONSTRUCTIVE LOSS

In the event of Loss or Damage to Insured Property comprising any Building covered for Reinstatement and where the cost of reinstating the Loss or Damage to that Building is 60% or more of its reinstatement value then that Building will be treated as having been destroyed where the following conditions exist:

- the reinstatement of the Building is prevented by sole reason of any Law; or
- in any other instance where in agreement between the Insured and the Company it is the most practical and/or economic method of settlement.

For the purpose of this Memorandum, 'Law' means any regulation made under or framed in pursuance of any Act of Parliament or regulation or by-law of any Local Authority.

CONTRACTUAL VALUE

Notwithstanding the Basis of Settlement Clause, this Policy is extended to cover Insured Property that is the subject of a lease, rental, hire or similar agreement whereby the Insured is required to provide cover for the property on an agreed value basis, then the cover provided by this Memorandum for such property shall be the agreed value as specified in the lease, rental or hire agreement.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Contractual Value.

The cover provided by this Memorandum will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule.

DAMAGE BY ELECTRIC CURRENT

Notwithstanding Exclusion 5 (b), this Policy extends to cover Loss or Damage to Insured Property caused by the actual burning out of part or parts of the property due to the failure of electrical insulation, or abnormal or artificially generated electric current, or electrically induced self-heating. The Company will not be liable under this Extension for:

- ❑ loss of use;
- ❑ Loss or Damage to lighting or heating elements, fuses or protective devices, or electrical contacts at which sparking or arcing occurs in ordinary working;
- ❑ electric motors and starters which individually exceed 5kw or 6.7hp

DEMOLITION, REMOVAL OF DEBRIS AND OTHER COSTS

This Policy extends to cover costs necessarily incurred for any of the following purposes in consequence of Loss or Damage covered by this Policy:

- ❑ demolition, dismantling, shoring up or propping up of the Insured Property;
- ❑ cleaning up, removal and disposal of debris, including any kind of solid, liquid or gaseous matter, and the clearing, cleaning and repairing of gutters, drains and the like from the site of the Insured Property damaged and the area immediately adjacent to such site;
- ❑ recovery, removal, storage and return of Stock and All Other Property, whether damaged or undamaged;
- ❑ temporary repairs and other measures (including the erection and maintenance of street and/or pavement hoardings and/or scaffolding) to secure the property or to make it safe or suitable for continued use.

The cover provided by this Memorandum does not include any amounts legally liable to pay by way of compensation or other damages resulting from pollution or contamination of property by any of the debris.

The costs of Demolition, Removal of Debris and Other Costs are deemed to be included in the Total Sum Insured specified in the Schedule.

DRONES

Notwithstanding Exclusion 1(f) and 1(g) this Policy extends to cover any Drone whilst at the Specified Situation and in transit anywhere New Zealand.

The liability of the Company, in respect of any one item and any one loss, is limited to the amounts specified in the Schedule for Drones and Accessories.

ELECTRONIC DATA

Notwithstanding Exclusion 8 and Exclusion 9, this Policy extends to cover Loss or Damage to Electronic Data caused by any of the following:

- (a) fire, explosion, lightning;
- (b) windstorm, hail, tornado, cyclone, hurricane;
- (c) Natural Disaster Perils;
- (d) flood, freezing, weight of snow;
- (e) impact from any external source, including but not limited to, aircraft or other aerial objects dropped from them and/or by any road vehicle or animal;
- (f) bursting, overflowing, discharging or leaking of water tanks, apparatus or pipes; or
- (g) theft of electronic data solely where such theft is accompanied by theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such electronic data.

EXPEDITING COSTS

Where a claim is payable under this Policy for the cost of reinstating any Insured Property, the Company will also cover the Insured for such additional costs of express freight, air freight, overtime labour, penalty labour and additional labour as are reasonably incurred for the purpose of expediting that reinstatement.

The cover provided by this Memorandum will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule.

GENERAL AVERAGE / SALVAGE CHARGES

The Company will cover the Insured against general average and salvage charges adjusted or payable in connection with any Insured Property being transported by sea or air between places in New Zealand according to the contract of affreightment and/or the governing law and practice. For example, the vessel carrying the Insured Property is involved in a casualty or if cargo is jettisoned to save the voyage because the vessel is at peril, the Company will cover contributory costs, regardless of whether or not the Insured's property is damaged. This cover is free of any Deductible.

GRADUAL DAMAGE

Notwithstanding Exclusion 4 (b), this Policy extends to cover Loss or Damage to Insured Property due to gradual deterioration/damage, mildew, mould or rot caused by water which accidentally leaks, overflows or is discharged from any internal water system installed at the Location. Such Loss or Damage is covered provided that action is taken to minimise the Loss or Damage and to prevent any further Loss or Damage as soon as the loss is discovered.

For the purpose of this Memorandum an internal water system is: any water pipe, waste disposal pipe, water cylinder, water storage tank, toilet, bidet, shower or bath which is permanently connected and contained within the walls, floors or roof of the structure and any pipe which is hidden from view that is connected to an appliance, such as a washing machine or dishwasher.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Gradual Damage.

HAZARDOUS SUBSTANCE EMERGENCIES

The Company will cover the Insured for any charge that the New Zealand Fire Service, any Local Body or Authority, or any entity is authorised to make against the Insured in respect of any Hazardous Substance Emergency arising out of or in connection with any Insured Property, whether or not there is any damage to the Insured Property.

"Hazardous Substance Emergency" has the same meaning as defined in the Fire Service Act 1975 or any statutory amendment to or re-enactment of that Act.

The liability of the Company, in respect of any one event, is limited to the amount specified in the Schedule for Hazardous Substance Emergencies.

INVENTORY

This Policy extends to include the costs reasonably incurred by the Insured in taking inventory (including but not limited to unpacking, repacking and restocking) to establish the value of Insured Property following Loss or Damage covered by this Policy. However, the cover provided will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule.

LANDSCAPING

Notwithstanding Exclusion 1 (i), this Policy extends to cover the costs reasonably incurred by the Insured in the repair, replacement or reinstatement of any:

- ❑ Landscaping; or
- ❑ Ornamental Trees;

following Loss or Damage covered by this Policy.

The liability of the Company, in respect of any one event, is limited to the amount specified in the Schedule for Landscaping.

LANDSLIP

Notwithstanding Exclusion 2 (e), this Policy extends to cover Loss or Damage to Insured Property directly or indirectly arising from:

- sudden and unforeseen landslip that is neither gradual nor progressive; and/or
- the movement (whether by way of falling, sliding or flowing) of land.

The cover under this Memorandum is extended to include the removal of land which has moved or slipped, but only in relation to the area of the building line and immediately adjacent areas up to a maximum of 5 meters from the external walls of the building. The liability of the Company for the removal of land is limited to \$10,000.

The Company will not be liable under this Memorandum for:

- ❑ Loss or Damage caused by:
 - subsidence;
 - the expansion, shrinkage, compaction or erosion of soil.

For the purpose of this Memorandum the words “and land” are deleted from Exclusion 1 (i).

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Landslip.

LOST OR STOLEN KEYS

Where any key (including electronic keys and swipe cards or any equivalent device) or combination giving access to Insured Property is lost, stolen or believed on reasonable grounds to have been stolen or duplicated without proper authority, this Policy extends to cover the reasonable costs necessarily incurred in altering or replacing locks and replacing their keys.

This Policy also extends to cover the reasonable cost of opening any safe or strongroom following loss or theft of its key or access card or combination.

The cover provided by this Memorandum will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule.

MONEY

Notwithstanding Exclusion 1(c) of this Policy and subject to the definitions and additional exclusions set out below, this Policy extends to cover loss to Money:

Section A: Whilst in transit, or at any of the Insured's sites of contract during Business Hours, or at any Specified Situation during Business Hours, or whilst in a locked safe or strongroom outside Business Hours.

Section B: Whilst in any residence of the Insured or any duly authorised Principal or employee of the Insured, or at any Specified Situation or while in money-change machines or gambling or gaming machines or vending machines outside Business Hours and not in a locked safe or strongroom.

Definitions:

Money means current coin, bank and currency notes, cheques, postal notes, traveller's cheques, bank drafts, money orders, phone cards, unused postage and revenue stamps, franking machine credits, tickets, credit card vouchers, redeemable vouchers and tokens, and any other negotiable instruments.

Business Hours means any hours during which the Insured or any Principal or any employee is on any Specified Situation for the purpose of the Insured's Business.

Principal means any of the Insured's directors and executive officers.

Natural Disaster Damage:

Notwithstanding Exclusions 2 (d) and 2 (e), this Policy extends to cover Loss or Damage to Money caused by or arising from:

- Natural Disaster Perils; or
- the sudden and unforeseen collapse of property consequent upon landslip or subsidence of land beneath or adjacent to the affected property.

Additional Exclusions:

There is no cover under this Memorandum for:

- losses due to errors in receiving or paying out;
- Loss or Damage occurring whilst 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;
- losses resulting from the payment of money in exchange for a cheque that is subsequently dishonoured.

Limits of Liability:

The liability of the Company, in respect of any one loss, is limited to the amounts specified in the Schedule for Money – Section A and B.

However, if an additional amount designated "Special Cover" is also specified in the Schedule, the liability of the Company under Sections A and/or B, in respect of any one loss, will increase by the amount of the "Special Cover" during the period from midnight 30th November to midnight 5th of January.

NATURAL DISASTER DAMAGE - RESIDENTIAL PROPERTY

Notwithstanding Exclusions 2 (d) and 2 (e), where this Policy extends to cover Loss or Damage to any:

- Residential Building that is also covered by section 18 of the Earthquake Commission Act 1993; caused by-Natural Disaster Perils;

the following applies to the Residential Building:

- (a) The cover under this Policy for Loss or Damage caused by Natural Disaster Perils is in excess of the cover provided under EQCover.
- (b) This Policy pays in excess of EQCover if the Loss or Damage caused by Natural Disaster Perils is covered by EQCover, or would have been but for:
 - (i) the application of the excess under EQCover; or

- (ii) a failure to correctly notify the Earthquake Commission of the Loss or Damage within the time frame required by the Earthquake Commission Act; or
 - (iii) a decision by the Earthquake Commission to decline the claim for that Loss or Damage in whole or in part and for any reason whatsoever.
- (c) Where the amount of the claim under this Policy exceeds the cover under the EQCover (or would have but for (b) (i), or (ii) or (iii) above), this Policy pays up to the difference between what EQCover pays (or would have paid) and the applicable Sum Insured under this Policy, less any excess under EQCover.

Where a Natural Disaster Damage Deductible applies, the Deductible will be offset by the amount actually paid by the Earthquake Commission to the Insured for the same Loss or Damage to that part of the Insured Property from the same event.

In all cases, the minimum Site Deductible Amount is \$2,500 or any different amount specified in the Schedule.

For the purpose of this Memorandum:

- "EQCover" means the cover provided under sections 18 of the Earthquake Commission Act 1993;
- "Residential Building" has the same meaning given to it in the Earthquake Commission Act 1993.

PORTABLE EQUIPMENT IN TRANSIT

This Policy extends to cover any portable telephones (commonly known as "cellphones"), portable organisers, portable computers (commonly known as "laptops/notebooks"), portable printers, video-data projectors, photographic equipment and their associated carrying cases whilst in transit and located anywhere in the world outside the confines of any Specified Situation, in New Zealand.

The liability of the Company, in respect of any one item and any one loss, is limited to the amounts specified in the Schedule for Portable Equipment In Transit.

PROFESSIONAL FEES

This Policy extends to cover architects', surveyors', consulting engineers', clerk of works', legal, accounting and other fees, salaries and costs reasonably incurred in reinstating damage to Insured Property covered by this Policy. The fees, salaries and costs are included in the Total Sum Insured specified in the Schedule.

This Memorandum does not apply to fees for preparing claims made under this Policy.

PROGRESS CLAIM PAYMENTS

The Insured will be entitled to progress claim payments from the Company, provided that:

- a claim is accepted under this Policy;
- acceptable evidence of Loss or Damage covered by this Policy is produced;
- where required, an interim statement of loss is supplied by the Insured and approved by the Company's assessor/surveyor;
- if the aggregate of progress payments exceeds the total amount of the adjusted loss, the Insured will immediately refund the difference between the amount of adjusted loss and the aggregate of payments actually made.

PROPERTY IN TRANSIT

Where Insured Property is destined for transit beyond New Zealand, the cover provided by this Policy ceases at the time the Insured Property passes over the ship's 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 Insured Property ceases at the point of sale, whichever is the earlier.

PROTECTION COSTS

This Policy extends to cover the Insured for any costs or damage directly resulting from, or reasonably incurred by or imposed on the Insured for the purpose of protecting against or fighting any fire or other event covered that either involves or threatens to involve Insured Property.

RECOVERY APPORTIONMENT

If the Company, 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:

- the Insured will be fully reimbursed for any portion of the loss not covered by this Policy, including that portion of the loss which is not covered by reason of a Deductible; with
- any remaining balance belonging to the Company.

The Company will pay the costs of all recovery proceedings.

Notwithstanding anything to the contrary in the Deductible Clause of this Policy, no account will be taken of subrogated recoveries in determining the amount of adjusted loss to which the Deductible applies.

REDUCTION OF AMOUNT OF INSURANCE FOR UNREPAIRED ITEMS

Where there is any existing Loss or Damage to Insured Property that occurred prior to the current Period of Insurance that has not been repaired, replaced or reinstated at the commencement of the current Period of Insurance, the Company will deduct the amount of insurance cancelled by such Loss or Damage from the respective Sum Insured for that item of Insured Property at the commencement of the current Period of Insurance.

REDUNDANT FOUNDATIONS

Notwithstanding "Special Provision 1 (b) of the Reinstatement Memorandum" or anything in this Policy to the contrary, where any undamaged or partly damaged building or plant foundations are unsuitable for further use and/or are rendered redundant for any reason whatsoever (including due to the action or regulations of any Municipal or Government or Local Authority or similar Body or due to the operation of any Health or similar regulation) in consequence of Loss or Damage covered by this Policy to the superstructures or plant resting on them, the affected foundations will be deemed to be and treated as constructively totally lost for the purpose of claims under this Policy and any of its Memoranda.

If it is not necessary to demolish the foundations in order to effect reinstatement of 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 and will be deducted from the amount of claim payable by the Company.

REDUNDANT PLANT

Notwithstanding "Special Provision 1 (b) of the Reinstatement Memorandum" or anything in this Policy to the contrary, where in consequence of Loss or Damage to any plant covered by this Policy, any undamaged or salvaged:

- plant in the same interdependent system or line; or

- spare parts held exclusively for the lost or damaged plant or other plant in that system or line;

are unsuitable for further use and/or are rendered redundant for any reason whatsoever (including due to the action or regulations of any Municipal or Government or Local Authority or similar Body or due to the operation of any Health or similar regulation), the said unsuitable and/or redundant plant and parts will be deemed to be and treated as constructively totally lost for the purpose of claims under this Policy and any of its Memoranda.

Claims payable under this Memorandum will be net of any realisable salvage value of the unsuitable and/or redundant plant and parts.

REDUNDANT STOCK

Where, in consequence of Loss or Damage to any property covered by this Policy, any undamaged or salvaged Stock reduces in value or becomes unusable by or unsuitable to the Insured for any reason whatsoever, the said reduced value and/or unusable and/or unsuitable Stock will be deemed to be and treated as constructively totally lost for the purpose of claims under this Policy and any of its Memoranda.

Claims payable under this Memorandum will be net of any realisable salvage value of the reduced value and/or unusable and/or unsuitable Stock.

REFRIGERATED PROPERTY

Notwithstanding Exclusions 4 (e) and 4 (f) or anything in this Policy to the contrary, this Policy extends to cover:

- Loss or Damage to Insured Property stored in refrigerated cabinets, chambers or cool stores arising from:
 - accidental breakdown, damage, stoppage or malfunction of refrigerating plant from any cause, including accidental or malicious disconnection of the power supply or disconnection or failure of the public electricity supply by the supply authority; or
 - contamination by the escape of refrigerant gas or liquid into the refrigerated cabinet, chamber or cool store;
- additional costs and expenses reasonably incurred to avoid or minimise such damage by transferring the threatened property to alternative refrigerated storage or by other means;

provided that:

- the words “Insured Property stored in refrigerated cabinets, chambers or cool stores” are deemed to include property anywhere on the Insured’s premises which would, but for the Loss or Damage, have been placed in the refrigerated cabinets, chambers or cool stores;
- this Memorandum only covers Loss or Damage arising from the disconnection of the public power supply by the supply authority where less than 24 hours prior notice of the disconnection has been given to the Insured.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Refrigerated Property.

REINSTATEMENT OF AMOUNT OF INSURANCE

In the event of any claim under this Policy, and in the absence of written notice by the Company or the Insured to the contrary, the amount of insurance reduced or cancelled by such claim will be automatically reinstated from the date the Insured Property is repaired, replaced or reinstated.

The Insured agrees to pay such pro-rata premium at the rate applicable to the item(s) concerned as may be required by the Company for the reinstatement.

However, if the Loss or Damage is caused by Natural Disaster Perils, the amount of insurance reduced or cancelled by such claim will not be reinstated unless agreed in writing to by the Company.

REINSTATEMENT OF AMOUNT OF INSURANCE ONCE REPAIRED

If an Item of Insured Property referred to in the Reduction of Amount of Insurance for Unrepaired Items Memorandum:

- is covered under this Policy during the repair, replacement or reinstatement of it, the amount of insurance cancelled by that Memorandum is progressively added back to the Sum Insured for that Item at the rate it is progressively repaired, replaced or reinstated during the Period of Insurance; or
- is not covered under this Policy during the repair, replacement or reinstatement of it, the amount of insurance cancelled by that Memorandum is only added back to the Sum Insured once the repair, replacement or reinstatement of that Insured Property has been completed during the Period of Insurance.

Provided however, if the Loss or Damage is caused by Natural Disaster Perils, the amount of insurance cancelled by that Loss or Damage will not be reinstated unless agreed to by the Company.

RENEWAL TERMS

If the Company intends to refuse renewal of this Policy, or to offer renewal on any terms less favourable to the Insured or the Insured's NZbrokers Group insurance broker than those applying during the current Period of Insurance, the Company must give the Insured or the Insured's NZbrokers Group insurance broker notice of that intention. The notice must be received by the Insured or the Insured's NZbrokers Group insurance broker not less than 30 days before the expiry of the current Period of Insurance. If the notice is not received by that time, the Company will, if so required by the Insured or the Insured's NZbrokers Group insurance broker, extend the current Period of Insurance so that it will expire not less than 30 days after the notice is received by the Insured or the Insured's NZbrokers Group insurance broker. The Insured undertakes to pay a pro-rata proportion of the annual premium for the period of any such extension.

RENTED PREMISES

This Policy extends to cover the Insured for Loss or Damage to all internal and external glass, mirrors, wash basins, lavatory pans (including the cost of temporary shuttering and/or the hiring of a security service to protect Insured property pending replacement glass; replacement signwriting or ornamentation or burglar alarm tape and the like on glass; replacement heat reflecting, tinting, security material or process on the glass; removing and re-fixing window and show case frames and fittings) and Loss or Damage to landlord's fixtures and fittings for which the Insured is responsible by reason of any lease or rental agreement.

REPAIR OR REINSTATEMENT BY THE INSURED

The Company will allow the Insured to undertake any repair, reinstatement or replacement work in relation to Loss or Damage covered by this Policy and due allowance shall be made for a reasonable margin of profit, provided the Insured has the required qualifications and capability to undertake such work and their charges and/or costs are competitive.

REPAIRS AND MAINTENANCE

The carrying out of any alterations and/or repairs to and/or maintenance on any Insured Property will not prejudice the cover provided by this Policy.

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 that has suffered Loss or Damage covered by this Policy, provided the terms of such reward are agreed to by the Company prior to it being offered.

The Company will not unreasonably refuse its agreement to the terms of a reward payable under this Memorandum.

SALE OF INSURED PROPERTY

This Policy extends to cover Loss or Damage to any Insured Property covered by this Policy which is for sale and where an agreement to sell has not been fully completed, provided the said Insured Property is not otherwise fully insured by or on behalf of the purchaser against such Loss or Damage.

SPONTANEOUS COMBUSTION

Notwithstanding Exclusion 4 (d), this Policy extends to cover Loss or Damage to any Insured Property caused by its own spontaneous combustion or fermentation or natural heating.

SUBSIDENCE

Notwithstanding Exclusion 2 (e), this Policy extends to cover Loss or Damage to Insured Property directly or indirectly arising from:

- sudden and unforeseen subsidence of land that is neither gradual nor progressive; and/or
- the movement (whether by way of sinking, collapsing, sliding or flowing) of land.

The cover under this Memorandum is extended to include the removal of land which has moved or slipped, but only in relation to the area of the building line and immediately adjacent areas up to a maximum of 5 meters from the external walls of the building. The liability of the Company for the removal of land is limited to \$10,000.

The Company will not be liable under this Memorandum for:

- Loss or Damage caused by:
 - landslip;
 - compaction or erosion of soil;
 - movement as a result of the water-table drying out from atmospheric or climatic conditions;
 - normal settlement, normal shrinkage or normal expansion of any building or its foundations;
- any loss or decrease in the value of the land or site.

For the purpose of this Memorandum the words “and land” are deleted from Exclusion 1 (i).

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Subsidence.

SUSTAINABLE REBUILDING COSTS

This Policy extends to cover additional reasonable costs incurred to upgrade Building(s) with Sustainable Products, provided that:

- the Building(s) have suffered a total loss covered by this Policy; and
- Reinstatement conditions apply to the Building(s); and
- the Building(s) are reinstated; and
- the Company approves the Sustainable Products, approval of which will not be unreasonably withheld.

The liability of the Company for such costs, in respect of any one loss, is limited to the amount specified in the Schedule for Sustainable Products.

The cover provided by this Memorandum will not increase the liability of the Company beyond the Total Sum Insured specified in the Schedule for each item of Insured Property.

For the purpose of this Memorandum 'Sustainable Products' means:

- products that increase the efficiency of the Building relating to the use of energy and/or water; and
- rebuilding materials that reduce environmental impacts.

TEMPORARY REMOVAL

This Policy extends to cover any Insured Property (except stock) whilst temporarily removed within New Zealand and whilst in transit to and from that place.

The Company's liability will not exceed the amount for which the Company would be liable had the Loss or Damage occurred at the particular place from which the property is temporarily removed.

In this Memorandum, "temporary removal" means removed for a particular purpose or reason, with the intention that the property be returned to the place from which it has been removed once that purpose or reason has been served.

UNDAMAGED/UNHARMED PROPERTY

Notwithstanding "Special Provision 1 (b) of the Reinstatement Memorandum" or anything in this Policy to the contrary, this Policy extends to cover the following costs, which are included in the Total Sum Insured specified in the Schedule:

- Costs actually incurred in the demolition, damage/destruction, removal and subsequent repair and reinstatement of otherwise undamaged/unharmful property (including additional costs necessary to comply with any Act of Parliament or any regulations made under or in pursuance of any such Act or with any By-Laws of any Local Authority) necessary to enable reinstatement of any Insured Property following its Loss or Damage covered by this Policy.

UNLAWFUL SUBSTANCES

Notwithstanding Exclusions 2 (g) and 4 (e), this Policy extends to insure Loss or Damage to any Building and or All Other Property within the Building specified in the Schedule, in connection with the manufacture, storage, distribution or use of any controlled drug as defined in the Misuse of Drugs Act 1975, provided that:

- the Building is tenanted; and
- the Insured or person who manages the tenancy on behalf of the Insured has met the "Landlords Obligations".

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

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

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

The liability of the Company, in respect of any one individual unit per event, and in the aggregate during the Period of Insurance, is limited to the amounts specified in the Schedule for Unlawful Substances.

WAIVER OF RECOVERY RIGHTS

This Policy will not be invalidated or prejudiced by reason of the Insured having waived any right of recovery or claim they may have against any other party to a contract or agreement with the Insured in the ordinary course of business, but only where:

- the contract or agreement is not for the supply of goods or services by the Insured; and
- the waiver was made in writing before the loss occurred.

WAIVER OF RECOVERY RIGHTS (GROUP COMPANIES)

Where the Insured is a company forming part of a group, this Policy will not be invalidated or prejudiced if the Insured waives any right of recovery or claim they may have against any other associated or affiliated company named in the Schedule or any other related company. For the purpose of this Memorandum “related company” has the meaning set out in the Companies Act.

OPTIONAL MEMORANDA

The following Optional Memoranda will apply only when specified in the Schedule.

BOILER EXPLOSION

Notwithstanding Exclusion 5 (a), this Policy extends to cover explosion, rupture, bursting, cracking, leakage or collapse of any steam boiler, economiser, pipe or any other vessel being Insured Property due to generated or applied fluid pressure within or without.

The Company will not be liable under this Memorandum for:

- Loss or Damage caused by rust, corrosion, boiler scale or oxidation of any kind;
- the cost of carrying out alterations, additions, improvements, overhauls or maintenance.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Boiler Explosion.

CAPITAL ADDITIONS

This Policy extends to cover:

- any Buildings, or All Other Property (but not Stock) acquired by the Insured or which otherwise becomes the responsibility of the Insured;
- alterations, additions and improvements to Buildings, or All Other Property (but not Stock);

at any location in New Zealand, provided that:

- the Insured will give particulars to the Company as soon as reasonably possible thereafter, but no later than 30 days of the last day of each Period of Insurance during which any extension of cover becomes operative. Following notification of the particulars, the Insured will pay the appropriate additional premium on the property, retrospective to the date on which the cover became operative;
- the provisions of this Memorandum will be fully reinstated following notification of particulars in accordance with the above paragraph;

- cover under this Memorandum will be deemed to have become operative upon the date on which the risk in or responsibility for the property to which this Memorandum applies passes to the Insured;
- this Memorandum will not apply to any appreciation in value of the Insured Property which is not consequent upon any acquisition, alteration, addition or improvement covered by this Memorandum;
- if any Reinstatement Memorandum is incorporated in this Policy, and in the absence of written notice by the Company or the Insured to the contrary, the insurance on property covered by this Memorandum will be subject to that Reinstatement Memorandum.

The liability of the Company, at any one time under this Memorandum, will not exceed the amount specified in the Schedule for Capital Additions.

MACHINERY BREAKDOWN

Notwithstanding Exclusion 5 (b), this Policy extends to cover mechanical or electrical or electronic breakdown of machinery or electrical equipment being Insured Property, with no reduction being made for parts replaced where damage is repaired.

The Company will not be liable under this Memorandum for:

- ❑ damage to belts, ropes, wires, chains, tyres, dies, exchangeable tools, engraved cylinders, glass components, porcelain components, ceramics, refractories, felts, sieves, fabrics, jointing, packaging and operating media (except loss of refrigerant or insulating oil);
- ❑ wasting or wearing away or wearing out of any part caused by or naturally resulting from ordinary use or working, gradual deterioration, damage due to cavitation scratching of painted or polished surfaces;
- ❑ the cost of carrying out alterations, additions, improvements, overhauls or maintenance.

The liability of the Company, in respect of any one loss, is limited to the amount specified in the Schedule for Machinery Breakdown.

NATURAL DISASTER DAMAGE

Notwithstanding Exclusion 2 (d), this Policy extends to cover Loss or Damage to Insured Property caused by and arising from:

- ❑ Natural Disaster Perils; or
- ❑ measures taken under proper authority, following any event covered by this Memorandum to:
 - avoid its spreading; or
 - reduce its consequences;

provided:

- this cover only applies for items of Insured Property selected and specified in the Schedule for Natural Disaster Damage; and
- ❑ the cover under this Memorandum applies only in excess of any cover provided under the Earthquake Commission Act 1993 for the same Insured Property; and
- ❑ the amount payable for any Loss or Damage to Insured Property under this Memorandum will be reduced by any amount payable under the Earthquake Commission Act 1993 (including any excess payable thereunder), and;
- ❑ the liability of the Company will not exceed the Sum Insured specified in the Schedule for such Insured Property.

The Natural Disaster Damage Deductible payable for any Loss or Damage to Insured Property will be reduced by any amount payable under the Earthquake Commission Act 1993 for the same event and the same Insured Property.

PROPERTY IN THE COURSE OF CONSTRUCTION

Notwithstanding Exclusion 1(b), this Policy extends to cover Loss or Damage to any Insured Property covered by this Policy which is undergoing:

- (i) Demolition; or
- (ii) installation, construction or erection; or
- (iii) testing following any of (i) or (ii) above.

Provided that:

- (a) the property is owned, will be owned, or will be occupied by the Insured; and
- (b) the expected value or contract price does not exceed the amount specified in the Schedule for Property in the Course of Construction.

REINSTATEMENT

This Memorandum applies to those items of Insured Property that are shown in the Schedule to be covered for Reinstatement.

In the event of any Insured Property to which this Memorandum applies being lost, damaged or Destroyed, the basis on which the amount payable under this Policy is to be calculated will be the cost of Reinstatement of the property, subject to the special provisions of this Memorandum.

Definitions:

In this Memorandum, and unless the context otherwise requires:

- (a) **“Reinstatement”** means:
 - (i) where property is lost or Destroyed, its replacement by Equivalent Property;
 - (ii) where property is damaged but not Destroyed, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new, using modern equivalent materials, skills and techniques that are readily available and which, if the property is a building, are readily available in the country the damaged property is located and, incorporating such alterations as are necessary to comply with any Act of Parliament or Regulation that are in force on the date the Loss or Damage occurs, but subject to any limitations or Exclusions to such Act of Parliament or Regulation under this Policy;
- (b) **“Equivalent Property”** (if the property is neither All Other Property nor Stock) means:
 - (i) new property which is as nearly as is practicable the same as the property lost or Destroyed, using modern equivalent materials, skills and techniques that are readily available in the country the damaged property is located and, incorporating such alterations as are necessary to comply with any Act of Parliament or Regulation that are in force on the date the Loss or Damage occurs, but subject to any limitations or Exclusions to such Act of Parliament or Regulation under this Policy;
 - (ii) where, no property which falls within the scope of paragraph (b) (i) above can be constructed; property which is designed to perform a purpose or function which is the same as or equivalent to (but not more extensive than) that performed by the property lost or Destroyed;
 - (iii) where, no property which falls within the scope of paragraph (b) (i) above is suitable to the requirements of the Insured, then property which is designed to perform a purpose or function suitable to the requirements of

the Insured (including a change in the nature and use of the property), but not more extensive than the property lost or Destroyed.

- (c) **“Equivalent Property”** (if the property is All Other Property) means any new plant or equipment which is 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 is the nearest to an equivalent capacity, and, incorporating such alterations as are necessary to comply with any Act of Parliament or Regulation that are in force on the date the Loss or Damage occurs, but subject to any limitations or Exclusions to such Act of Parliament or Regulation under this Policy;
- (d) **“Destroyed”** means so damaged by a contingency covered by this Policy that the property cannot, by reason only of the extent of that damage, be repaired. For the avoidance of doubt, no Insured Property damaged will be considered destroyed for the purpose of this Memorandum by reason only of any cost in reinstatement to comply with any Act of Parliament or Regulation.
- (e) **“Site”** means any parcel of land.
- (f) **“Regulation(s)”** means building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law or rule or order or directive or condition of consent of any Municipal or Local or similar Authority or Body.
- (g) **“Undamaged”** means not damaged physically and directly by a contingency covered by this Policy.

Special Provisions

1. The amount payable under this Memorandum will include the cost incurred in Reinstatement which is necessary to comply with any Act of Parliament or Regulation that are in force on the date the Loss or Damage occurs, provided that the amount payable will not include the cost incurred in work necessary to comply with any Act, Regulations or By-Laws:
 - (a) to the extent to which such work had already been required of the Insured by notice served prior to the happening of the Loss or Damage or Destruction; or
 - (b) in respect of Undamaged property or Undamaged portions of property other than foundations (unless foundations are expressly excluded from cover under this Policy) whether or not the undamaged Insured Property or portion comprises a separate Building or a separate item of All Other property; or
 - (c) to the extent to which such work is required, whether in whole or in part, because damaged (but not Destroyed) property (or any portion of it):
 - (i) is an earthquake-prone building as described in the Building Act 2004 (and any substitution of, or amendment to, replacement of or statutory regulation made under this Act); or
 - (ii) does not comply with any Act of Parliament or Regulation applicable at the time of reinstatement in connection with:
 - (a) the seismic capacity of the property; or
 - (b) the performance of the property in an earthquake;

whether or not the work is also required in order to comply with any other Act of Parliament or Regulation.

2. Where property is lost or Destroyed, the work of Reinstatement shall be carried out on the original location at the same Site unless:
 - (a) Reinstatement on the original location at the same Site is not permissible by reason of any Act, Regulations or By-Laws; or
 - (b) Reinstatement on the original location at the same Site is not suitable to the Insured's requirements; in which case, the Reinstatement may be carried out on another location on the same Site or on any other Site or Sites. That alternative site or sites must be located in the same country as the same site or sites.

3. Where the work of Reinstatement is carried out in the terms of Definition (b) (ii) or (b) (iii), or on another location on the same Site or on any other Site or Sites, the liability of the Company in respect of the cost of Reinstatement will not exceed the cost that would have been incurred had Reinstatement been carried out in the terms of Definition (b) (i) and on the original location at the same Site.
4. Where any property covered under this Memorandum is damaged but not Destroyed, the Company's liability shall not exceed the amount the Company could have been called upon to pay for Reinstatement if such property had been Destroyed.
5. In any of the following circumstances, no payment will be made beyond the amount which would have been payable had this Memorandum not applied to the Insured Property:
 - (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 actually been incurred, or agreed between the Company and the Insured.
6. Where required by the Company, the Insured shall, at the commencement of such insurance and/or when required, provide the Company with a certificate from a Valuer approved by the Company specifying the estimated cost of Reinstatement of any Insured Property to which this Memorandum applies. This certificate must also contain such other estimates or information as may be required by the Company.
7. The liability of the Company under this Memorandum 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 Act of Parliament or Regulation .

SEASONAL STOCK INCREASE

The Sum Insured on Stock specified in the Sums Insured Schedule is increased during the months of October, November and December or any other period specified in the Schedule.

The liability of the Company, in respect of any one loss, is limited to the percentage specified in the Schedule for Seasonal Stock Increase.

STOCK DECLARATION

The premium charged for cover on Stock is provisional and represents 75% of the full premium payable for the Sum Insured specified in the Sums Insured Schedule. It is adjustable at the end of the current Period of Insurance in accordance with the following conditions:

- (a) Declarations of the actual value of Stock held on the last day of each month within the Period of Insurance will be made to the Company within six weeks after the end of each month.
- (b) The Sum Insured on Stock specified in the Sums Insured Schedule is the limit of the Company's liability in respect of that property. If any monthly declaration exceeds that amount, then in calculating the average of the monthly declarations, the Sum Insured specified will be included in place of the actual declaration for that month.
- (c) If no declaration is received for any one month, the Sum Insured on Stock specified in the Sums Insured Schedule will apply in place of the declaration for that month.
- (d) The average of these monthly declarations will be calculated at the end of the Period of Insurance and the actual premium payable will be assessed on that average or on one half of the Sum Insured on Stock specified in the Sums Insured Schedule, whichever is greater.
- (e) The Company will refund to the Insured the amount by which the provisional premium paid exceeds the actual premium payable as calculated above. Alternatively, the Insured will pay to the Company the amount by which the provisional premium paid falls short of the actual premium.