

# Business Interruption



Policy Wording

**STATE**

# Welcome to State

Thank you for choosing State. You've made a great choice – we've been helping New Zealanders with their insurance needs for more than 100 years and are proud to be doing the same for you.

If you have any questions about your policy or think it doesn't provide the cover you need, please call us straight away – we'll be happy to help.

## IMPORTANT

**This document is your Business Interruption policy wording.**

Please make sure you read it carefully, as it contains important information you should know, including what your insurance covers – and what it doesn't.

## Contact us

If you have a question, need help or want to make an insurance claim, just call us on **0800 80 24 24** or visit [state.co.nz](https://state.co.nz).

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## Introduction

<b>Welcome</b>	Welcome to State. Thank you for selecting <b>us</b> as <b>your</b> insurer.
<b>About this policy</b>	<b>Your</b> Business Interruption Policy consists of: <ul style="list-style-type: none"><li>(a) this policy document, and</li><li>(b) the <b>schedule</b>, and</li><li>(c) any endorsements or warranties that <b>we</b> apply, and</li><li>(d) the information <b>you</b> have provided in the <b>application</b>.</li></ul>
<b>Your duty of disclosure</b>	<b>You</b> have a legal duty of disclosure when <b>you</b> apply for insurance. This means <b>you</b> or anyone acting on <b>your</b> behalf must tell <b>us</b> everything <b>you</b> know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding: <ul style="list-style-type: none"><li>(a) to accept or decline the insurance, and/or</li><li>(b) the cost or terms of the insurance, including the excess.</li></ul> <b>You</b> also have this duty every time <b>your</b> insurance renews and when <b>you</b> make any changes to it. If <b>you</b> or anyone acting on <b>your</b> behalf breaches this duty, <b>we</b> may treat this policy as being of no effect and to have never existed. Please ask <b>us</b> if <b>you</b> are not sure whether <b>you</b> need to tell <b>us</b> about something.
<b>Defined words</b>	If a word is shown in <b>bold</b> it has a specific meaning. There is a list of these words and what they mean in Section 11. 'Definitions'.
<b>Examples</b>	<b>We</b> have used examples and comments to make parts of this policy easier to understand. These examples and comments are printed in <i>italics</i> and do not affect or limit the meaning of the section they refer to.
<b>Headings</b>	The headings in this policy are for reference only and do not form part of it. They are not to be used when interpreting the policy document.

## 1. Insurance agreement

<b>1.1 Our agreement</b>	<b>You</b> agree to pay <b>us</b> the premium described in the <b>schedule</b> and comply with this policy. In exchange, <b>we</b> agree to insure <b>you</b> as set out in this policy.
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## 2. What you are covered for

<b>2.1 Interruption to your business</b>	<b>You</b> are insured for <b>business interruption</b> resulting from <b>insured damage</b> . <i>Please also see 'Contingent business interruption extensions' and 'Optional policy extension' for other circumstances that we consider to be insured damage.</i>
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## 3. Insured items

**You** only have cover for the following 'Insured items' that are specified in the **schedule**.

### 3.1 Loss of insured profit

#### A. Reduction in turnover

**You** are insured for loss of **insured profit** produced by the following formula:

[the **rate of insured profit**] × [the **reduction in turnover**].

#### B. Increase in cost of working

**You** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the sum produced by the following formula:

[the **rate of insured profit**] × [the amount of the **reduction in turnover** avoided by the additional expenditure].

#### C. Reduced margin

**You** are insured for the reduction in **insured profit** that equitably results from the increase in ratio of:

[the cost of materials used and goods sold] to [turnover],

if **turnover** is maintained during the **indemnity period**, but at a **rate of insured profit** that is less than would have been achieved but for the **insured damage**.

However, **you** are not insured for the reduction in **insured profit** that results from any change to any of the other **uninsured working expenses** that affects this ratio.

*This is because the increase may result from a fixed cost element in the expenses that has not been insured.*

#### D. Savings in insured expenses

**We** will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **insured profit**) that cease or reduce because of the **insured damage**.

### 3.2 Loss of rent

#### A. Reduction in rent

**You** are insured for **reduction in rent**.

#### B. Increase in cost of working

**You** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in rent**. Provided that this additional expenditure does not exceed the amount of the **reduction in rent** avoided by the additional expenditure.

#### C. Savings in insured expenses

**We** will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **rent**) that cease or reduce because of the **insured damage**.

### 3.3 Loss of revenue

#### A. Reduction in revenue

**You** are insured for **reduction in revenue**.

#### B. Increase in cost of working

**You** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in revenue**. Provided that this additional expenditure does not exceed the amount of the **reduction in revenue** avoided by the additional expenditure.

#### C. Savings in insured expenses

**We** will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **revenue**) that cease or reduce because of the **insured damage**.

### 3.4 Payroll

#### A. Loss in respect of payroll

**You** are insured for the sum produced by the following formula:

[the **rate of payroll**] × [the **reduction in turnover**].

#### B. Increase in cost of working

**You** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the sum produced by the following formula:

[the **rate of payroll**] × [the amount of the **reduction in turnover** avoided by the additional expenditure].

### C. Savings in payroll

We will deduct from **your** claim any sum saved during the **indemnity period** for **payroll** that ceases or reduces because of the **insured damage**.

## 3.5 Payroll – Dual basis

### A. Reduction in turnover

#### (a) Initial period

**You** are insured for the sum produced by the following formula for the **initial period** shown in the **schedule**:

[the **rate of payroll**] × [the **reduction in turnover**] – [any savings in **payroll**].

#### (b) Remaining period

**You** are insured for the sum produced by the following formula for the remaining portion of the **indemnity period**:

[the **rate of payroll**] × [the **reduction in turnover**] – [any savings in **payroll**],

but not exceeding the sum produced by the following formula:

[the remainder percentage shown in the **schedule**] × [the **rate of payroll**] × [the **reduction in turnover**] + [any savings in **payroll** deducted under (a) of this 'Insured item'].

Please note: If **you** choose, the **alternative period** shown in the **schedule** may be substituted for the **initial period** provided that the claim under (b) of this 'Insured item' does not exceed savings in **payroll** deducted under (a) of this 'Insured item'.

### B. Increase in cost of working

In addition to 'Insured item 3.1 B', **you** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the amount that would have been payable under 'Insured item 3.5 A (a), (b)' above had such expenditure not been incurred.

## 3.6 Wages – Dual basis

### A. Reduction in turnover

#### (a) Initial period

**You** are insured for the sum produced by the following formula for the **initial period** shown in the **schedule**:

[the **rate of wages**] × [the **reduction in turnover**] – [any savings in **wages**].

#### (b) Remaining period

**You** are insured for the sum produced by the following formula for the remaining portion of the **indemnity period**:

[the **rate of wages**] × [the **reduction in turnover**] – [any savings in **wages**],

but not exceeding the sum produced by the following formula:

[the remainder percentage shown in the **schedule**] × [the **rate of wages**] × [the **reduction in turnover**] + [any savings in **wages** deducted under (a) of this 'Insured item'].

Please note: If **you** choose, the **alternative period** shown in the **schedule** may be substituted for the **initial period** provided that the claim under (b) of this 'Insured item' does not exceed savings in **wages** deducted under (a) of this 'Insured item'.

### B. Increase in cost of working

In addition to 'Insured item 3.1 B', **you** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the amount that would have been payable under 'Insured item 3.6 A (a), (b)' above had such expenditure not been incurred.

## 3.7 Wages in lieu of notice

**You** are insured for:

- (a) **wages** that **you** have to pay to employees whose services cannot be used at all during the notice period shown in the **schedule**, because of the **insured damage**, and
- (b) a fair percentage (based on **reduction in turnover** or other agreed index) of **wages** that **you** have to pay to employees whose services cannot be used in full during this period, because of the **insured damage**.

The most **we** will pay for any week's **wages** is the sum produced by the following formula:

[the 'Wages in lieu of notice' sum insured shown in the **schedule**] ÷ [the number of weeks in the notice period shown in the **schedule**].

- 3.8 Redundancy pay** **You** are insured for the amount of redundancy pay **you** are required to pay to employees, in accordance with their employment contract, who become redundant as a result of the **insured damage**.
- 3.9 Claims preparation costs** **You** are insured for:
- (a) fees reasonably incurred to pay **your** accountant, auditor, or another professional financial consultant (but not an insurance broker), and
  - (b) reasonable costs incurred for **your** own staff,
- for quantification (but not negotiation) of claims under this policy and (where applicable) **your material damage policy** that covered the **loss**.
- 3.10 Book debts** **You** are insured for the amount that **you** are unable to collect from customers due to **your** accounting or other **business** records suffering **insured damage**.
- We** will pay the difference between:
- (a) the total amount of debit balances in customers' accounts due to **you** and outstanding as at the start of the **indemnity period**, and
  - (b) the total amount that can be established as owing by identifiable customers, during the 12 months after the start of the **indemnity period**.
- 3.11 Rewriting of records** **You** are insured for costs reasonably incurred to replace or restore:
- (a) entries, or
  - (b) information, or
  - (c) **data** (but not **software**),
- contained within any of **your business** records, provided that the need to replace or restore is as a result of the **insured damage**.
- 3.12 Additional increased cost of working** **You** are insured for necessary and reasonable additional expenses, provided they are incurred during the **indemnity period** solely:
- (a) to avoid or diminish the **reduction in turnover**, or
  - (b) to resume or maintain normal **business** operations.
- No cover is provided for expenditure which is:
- (i) covered under an Insured item's 'Increase in cost of working', until the amount of cover under that Insured Item for those expenses is exhausted, or
  - (ii) incurred for reinstating **your** property damage.

## 4. Contingent business interruption extensions

We provide the following Contingent business interruption cover. **You** only have this cover for the 'Insured items' shown in the **schedule**.

We will consider each of the **business interruptions** in the following extensions to have resulted from **insured damage** and we will calculate **your** claim as set out in the relevant 'Insured item' specified in the **schedule**.

### How much we will pay

The most we will pay under all 'Contingent business interruption extensions' in total for any **event** is:

- (a) 10% of the sum insured shown in the **schedule** for each applicable 'Insured item', or
  - (b) \$1,000,000 in total,
- whichever is the lesser.

#### 4.1 Prevention of access – Property damage

**You** are insured for **business interruption** resulting directly from **property damage** in the **vicinity** that prevents or hinders access to the **situation**.

The **deferment period** is the first 24 hours.

#### 4.2 Prevention of access – Injury, murder or suicide

**You** are insured for **business interruption** resulting directly from:

- (a) immediate and imminent danger to human life, or
- (b) injury of any person, or
- (c) murder or suicide of any person,

occurring at the **situation** or in the **vicinity** that prevents or hinders access to the **situation**.

The **deferment period** is the first 24 hours.

#### 4.3 Prevention of access – Closure by any authority

**You** are insured for **business interruption** resulting directly from closure of the **situation** by any lawful authority due to:

- (a) defects in drains or other sanitary arrangements, or
- (b) the **accidental** escape of fumes or any hazardous material.

The **deferment period** is the first 24 hours.

#### 4.4 Dependent business that attracts customers

**You** are insured for **business interruption** resulting directly from **property damage** to an anchor tenant situated in the same retail shopping complex as **your business**.

Notwithstanding the 'Indemnity period' stated in the **schedule**, the **indemnity period** under this extension is 30 days.

The **deferment period** is the first 72 hours.

#### 4.5 Failure of utilities

**You** are insured for **business interruption** resulting directly from **property damage** to the buildings, plant, equipment, or supply lines, located in New Zealand, of any public utility that supplies:

- (a) power or gas, or
- (b) water or sewage disposal, or
- (c) telecommunications,

to **your business**.

This extension does not insure **you** for **business interruption** in connection with **property damage** to:

- (i) any offshore oil or gas installation including undersea gas pipelines, or
- (ii) any undersea electric or telecommunication cables.

The **deferment period** is the first 24 hours.

#### 4.6 Customers or suppliers premises

**You** are insured for **business interruption** resulting directly from **property damage** occurring at a location within New Zealand:

- (a) where **you** have property stored, deposited, processed, repaired, altered or renovated, or
- (b) where any of **your** direct customers are located, or
- (c) where any of **your** direct suppliers of goods are located.

#### 4.7 Closure of transport routes, ports or airports

**You** are insured for **business interruption** resulting directly from:

- (a) **property damage**, or
- (b) an order by a lawful authority,

that results in closure of any transport route, port or airport anywhere in New Zealand.

The **deferment period** is the first 7 days.

## 5. Automatic policy extensions

In addition to the cover provided under 'Interruption to your business' and 'Insured items', **we** also provide the following Automatic policy extensions.

### 5.1 Defer commencement of the indemnity period

**You** may elect to defer the start of the **indemnity period** after **insured damage** occurs on the following basis:

- (a) **you** must notify **us** (in writing or by electronic means) within 90 days of the **insured damage** occurring of **your** intention to defer the commencement of the **indemnity period**, and
- (b) the deferred **indemnity period** must start:
  - (i) no later than the number of months specified in the **schedule** as the 'Indemnity Period', or
  - (ii) within 12 months of the date the **insured damage** occurred,whichever is the earlier otherwise this option to defer expires, and
- (c) the **indemnity period** cannot be deferred if **we** have already paid a claim under any 'Insured item' of this Business Interruption policy (other than for Rewriting of records, or Claims preparation costs in respect of **your material damage policy**) resulting from that **insured damage**.

When **you** do elect to defer commencement of the **indemnity period** as described above, then:

- (a) **you** must notify **us** (in writing or by electronic means) of the actual date on which **you** elect the **indemnity period** to start as soon as possible, but no later than 30 days after that actual date, and
- (b) 8.4 'Standard adjustments' is deleted and replaced with the following:

'When calculating **your** claim under all 'Insured items', **we** will make allowance for adjustments that are necessary to provide for:

  - (i) the trend of **your business** operations, and
  - (ii) variations in **your business** operations, and
  - (iii) other circumstances affecting **your business** operations,that:
  - (a) occur before or after the start of the **indemnity period**, or
  - (b) would have affected **your business** operations had the **insured damage** not occurred, so that the final adjusted figures should represent, as close as is reasonably practicable, the results that would have been achieved during the **indemnity period** but for the **insured damage**', and
- (c) the definition of **standard turnover** is deleted and replaced with:

'The **turnover** during the period in the previous 12 months immediately before the date of the **insured damage**, subject to any adjustments as per 8.4 'Standard adjustments'.

If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard turnover', and
- (d) the definition of **standard revenue** is deleted and replaced with:

'The **revenue** during the period in the previous 12 months immediately before the date of the **insured damage**, subject to any adjustments as per 8.4 'Standard adjustments'.

If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard revenue'.

### 5.2 Methamphetamine contamination

**You** are insured for **business interruption** resulting directly from **contamination damage** that is a covered claim under the 'Methamphetamine contamination' extension of **your material damage policy**.

The **indemnity period** starts as soon as testing is carried out in accordance with New Zealand Standard NZS 8510 or by an operator approved by **us** that confirms **contamination damage** and ends:

- (a) as soon as **remediation** has been completed, or
  - (b) where **we** have settled **your** claim for **contamination damage** by payment of the estimated costs to **remediate**, **we** will cover the **business interruption** costs for the reasonable estimated period that it would take to **remediate** the building or that part of the building that suffered the **contamination damage**, or
  - (c) the 'Indemnity period' as shown in the **schedule** has expired,
- whichever comes first.



### The most we will pay

The most **we** will pay under this extension in total per **contamination claim** is:

- (a) 10% of the sum insured shown in the **schedule** for each applicable 'Insured item', or
- (b) \$250,000 in total,

whichever is the lesser.

'5.1 – Defer commencement of the indemnity period' does not apply to this extension.

## 6. Optional policy extension

This Optional policy extension only applies where shown in the **schedule** and applies to the 'Insured items' shown in the **schedule**.

### 6.1 Natural disaster cover

**You** are insured for **business interruption** in connection with **natural disaster damage**.

The excess for **natural disaster damage** as shown in **your material damage policy** will apply.

For contingent business interruption extensions the **deferment period** is the first 21 days. This replaces any other **deferment period** that applied.

## 7. Exclusions

### 7.1 Communicable disease

This policy does not cover any **loss**, damage, liability, claim, cost or expense directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any:

- (a) **communicable disease**;
- (b) notifiable organism or disease under the Biosecurity Act 1993;
- (c) fear or threat (actual or perceived) or action taken to control or prevent or suppress any of the diseases, conditions or circumstances described in this exclusion.

This exclusion will not apply to **business interruption** directly caused by or arising from any of the following perils:

- (i) fire, lightning, explosion,
- (ii) aircraft or vehicle impact or falling objects,
- (iii) windstorm, rainstorm, hail, tornado, cyclone, typhoon, hurricane,
- (iv) landslip, earthquake, seismic and/or volcanic activity,
- (v) tsunami, flood, freeze, weight of snow or ice, avalanche, meteor/asteroid impact,
- (vi) riot, riot attending a strike, civil commotion, vandalism, malicious mischief.

### 7.2 Confiscation

This policy does not insure **business interruption** in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority.

### 7.3 Cyber

This policy does not cover any **loss**, damage, liability, claim, cost or expense directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with any:

- (a) **cyber act** or **cyber incident**, including any action taken in controlling, preventing, suppressing or remediating any **cyber act** or **cyber incident**; or
- (b) loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **data**, including any amount relating to the value of such **data**.

Exclusion 7.3 (a) shall not apply to any **business interruption** directly caused by any of the following:

- (i) theft or forcible entry;
- (ii) storm, windstorm, hail, tornado, cyclone, hurricane;
- (iii) fire, lightning or explosion;
- (iv) earthquake, volcano activity or tsunami;
- (v) flood, freeze or weight of snow; or
- (vi) aircraft impact or vehicle impact or falling objects,
- (vii) water damage;
- (viii) loss of or damage to refrigerated goods due to a change in temperature.

Provided that there is no cover where such **business interruption** is directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with a **cyber act**.

<b>7.4 Natural disaster</b>	This policy does not insure <b>business interruption</b> in connection with <b>natural disaster damage</b> other than cover provided by 6.1 'Natural disaster cover'.
<b>7.5 Nuclear</b>	This policy does not insure any <b>business interruption</b> in connection with: <ul style="list-style-type: none"> <li>(a) ionising radiation or contamination by radioactivity from: <ul style="list-style-type: none"> <li>(i) any nuclear fuel, or</li> <li>(ii) any nuclear waste from the combustion or fission of nuclear fuel.</li> </ul> </li> <li>(b) nuclear weapons material.</li> </ul>
<b>7.6 Sanctions</b>	This policy does not insure <b>business interruption</b> or provide any cover to the extent such cover would expose <b>us</b> to any sanction, prohibition or restriction under any United Nations resolution, or any trade or economic sanctions, laws or regulations of the European Union, United Kingdom, United States of America, Australia or New Zealand.
<b>7.7 Seepage, pollution and contamination</b>	This policy does not insure <b>business interruption</b> in connection with seepage, pollution or contamination other than seepage, pollution and contamination resulting from <b>insured damage</b> .
<b>7.8 Terrorism</b>	This policy does not insure <b>business interruption</b> of any type in connection with an <b>act of terrorism</b> , including in connection with controlling, preventing, suppressing, retaliating against, or responding to an <b>act of terrorism</b> .
<b>7.9 War</b>	This policy does not insure <b>business interruption</b> in connection with any of the following, including controlling, preventing or suppressing any of the following: war, invasion, acts of foreign enemy, hostilities (whether war is declared or not), civil war, rebellion, revolution, insurrection, military or usurped power.

## 8. What we will pay

<b>8.1 Maximum amount payable for insured items</b>	The most <b>we</b> will pay during an <b>indemnity period</b> for any one 'Insured item' is the specific sum insured shown in the <b>schedule</b> for that 'Insured item'.
<b>8.2 Accumulated stock</b>	If there is a shortage of stock after the <b>indemnity period</b> ends because the <b>turnover</b> was temporarily maintained from accumulated stock held by <b>you</b> during the <b>indemnity period</b> , <b>we</b> will make a fair allowance for this in settling the claim.
<b>8.3 Departments</b>	If <b>your business</b> operations are conducted in departments that have separately identifiable trading results, this policy shall apply separately to each department. However, 'What we will pay – 8.1 Maximum amount payable for insured items' remains unchanged and any claim settlement shall be calculated by reference to the trading results of all departments affected (whether positively or negatively) by the <b>business interruption</b> .
<b>8.4 Standard adjustments</b>	When calculating <b>your</b> claim under all 'Insured items', <b>we</b> will make allowance for adjustments that are necessary to provide for: <ul style="list-style-type: none"> <li>(a) the trend of <b>your business</b> operations, and</li> <li>(b) variations in <b>your business</b> operations, and</li> <li>(c) other circumstances affecting <b>your business</b> operations,</li> </ul> that: <ul style="list-style-type: none"> <li>(i) occur before or after the start of the <b>indemnity period</b>, or</li> <li>(ii) would have affected <b>your business</b> operations had the <b>insured damage</b> not occurred,</li> </ul> so that the final adjusted figures should represent, as close as is reasonably practicable, the results that would have been achieved during the relative period after the <b>loss</b> but for the <b>insured damage</b> . <i>We will take into account both positive and negative adjustments to your business operations.</i>

## 9. Claims conditions

### Your obligations

- 9.1 Advise us** If **you** become aware of any event that is likely to give rise to a claim under this policy regardless of the anticipated quantum, **you** must contact **us** immediately.
- 9.2 Minimise the loss** **You** must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.
- 9.3 Notify the Police** **You** must immediately notify the Police if **you** suspect criminal activity has occurred.
- 9.4 Provide full information** When making a claim, **you** consent to **your** personal information in connection with the claim being:
- (a) disclosed to **us**, and
  - (b) transferred to the Insurance Claims Register Limited.
- You** must:
- (i) give **us** free access to examine and assess the claim, and
  - (ii) send any relevant correspondence or documents to **us**, and
  - (iii) complete a claim form and/or statutory declaration to confirm the claim if **we** request it, and
  - (iv) provide any other information, proof of ownership or assistance that **we** may require at any time.
- 9.5 Be honest** If **your** claim is dishonest or fraudulent in any way, **we** may:
- (a) decline the claim either in whole or in part, and/or
  - (b) declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist from the date of the dishonest or fraudulent act.
- This is at **our** sole discretion.
- 9.6 Do not dispose of property** **You** must not destroy or dispose of anything that is or could be part of a claim until **we** have given **you** permission to do this.
- 9.7 Obtain our agreement** **You** must obtain **our** agreement before:
- (a) incurring any expenses in connection with any claim under this policy, or
  - (b) negotiating, paying, settling, admitting or denying any claim against **you**, or
  - (c) doing anything that may prejudice **our** rights of recovery.

### Managing your claim

- 9.8 Subrogation** Once **we** have accepted any part of **your** claim under this policy, **we** may assume **your** legal right of recovery. If **we** initiate a recovery **we** will include **your** excess, and any other uninsured losses suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your** excess first.
- You** must fully co-operate with any recovery process. If **you** do not, **we** may recover from **you** the amount paid in relation to the claim.
- 9.9 Reparation** If any person is ordered to make reparation to **you** for **business interruption** that **we** have paid a claim for under this policy, then **you** must tell **us**. Any payments received must first reimburse **our** claims payment up to the amount of any reparation received.

# 10. General conditions

## How we administer this policy

- 10.1 Assignment** **You** may not assign this policy or any interest under this policy without **our** prior written consent.
- 10.2 Cancellation**
- By you
- You** may cancel this policy at any time by notifying **us**. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the expired portion of the **period of insurance**.
- By us
- We** may cancel this policy by giving **you** notice in writing or by electronic means at **your** last known address. **Your** policy will be cancelled from 4pm on the 30th day after the date of the notice. **We** will refund **you** any premium that is due to **you** based on the unused portion of the **period of insurance**.
- 10.3 Change of terms** **We** may change the terms of this policy (including the excess) by giving **you** notice in writing or by electronic means, at **your** last known address. Unless otherwise specified in the notice the change in terms will take effect from 4pm on the 30th day after the date of the notice.
- 10.4 Currency** Any amounts shown in this policy or in the **schedule** are in New Zealand dollars, unless otherwise specified in the **schedule**.
- 10.5 GST** Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:
- (a) all sums insured exclude GST, and
  - (b) all sub limits exclude GST, and
  - (c) all excesses include GST, and
  - (d) GST will be added, where applicable, to claim payments.
- 10.6 Other insurance** **You** must notify **us** as soon as **you** know of any other insurance policy that covers **you** for any of the risks covered under this policy.
- This policy does not cover **your** liability or loss at all if it is insured to any extent under any other insurance policy. **We** will not contribute towards any claim under any other insurance policy.
- 10.7 Premium adjustments** If the premium for this policy has been calculated based on estimated figures, then the premium is only a provisional premium for the **annual period**.
- Within 3 months of the expiry of the **annual period**, **you** must tell **us** what the actual figures are. **We** will re-calculate **your** actual premium based on the actual figures.
- The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending on the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.
- 10.8 Premium payment options** **You** may choose either an annual or a monthly renewable contract.
- If **you** have elected a monthly renewable contract, then:
- (a) **you** must pay by direct debit using the Direct Debit Authority **we** require, and
  - (b) the policy is for the initial **period of insurance** stated in the **schedule**, and
  - (c) the policy will be renewed for further monthly periods of insurance upon receipt of the renewal premium due under the Deduction Authority, and
  - (d) the policy terms, including the premium, will be reviewed on the anniversary date stated in the **schedule**.
- 10.9 Separate insurance** Where the 'Insured' consists of more than one legal entity the word 'Insured' shall apply to each as if a separate policy had been issued to each. However, this does not increase the amount of cover available under this policy.

## Laws and Acts that govern this policy

- 10.10 Disputes about this policy** The law of New Zealand applies to disputes about this policy and the New Zealand Courts have exclusive jurisdiction.
- 10.11 Legislation changes** Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.
- 10.12 Insurance Law Reform Acts** The exclusions and conditions in this policy are subject to **your** rights under the Insurance Law Reform Act 1977 and Insurance Law Reform Act 1985.

## Your obligations

- 10.13 Comply with the policy** **You** (and any other person or entity **we** cover) must comply with the conditions of this policy at all times. If:
- (a) **you**, or
  - (b) any other person or entity covered under this policy, or
  - (c) anyone acting on **your** behalf,
- breaches any of the terms and/or conditions of this policy, **we** may:
- (i) decline the claim either in whole or in part, and/or
  - (ii) declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist.
- 10.14 True statements and answers** True statements and answers must be given, whether by **you** or any other person, when:
- (a) applying for this insurance, and/or
  - (b) notifying **us** regarding any change in circumstances, and/or
  - (c) making any claim under this policy, and communicating with **us** or providing any further information regarding the claim.
- 10.15 Reasonable care** **You** must take reasonable care at all times to avoid circumstances that could result in a claim. **Your** claim will not be covered if **you** are reckless or grossly irresponsible.
- 10.16 Change in circumstances** **You** must tell **us** immediately if there is a material:
- (a) increase in the risk insured, or
  - (b) alteration of the risk insured.
- Once **you** have told **us** of the change, **we** may then cancel or alter the premium and/or the terms of this policy.
- If **you** fail to notify **us** about a change in the risk insured, **we** may:
- (i) declare this policy unenforceable, and/or
  - (ii) decline any subsequent claim either in whole or in part.
- These actions will be taken from the date **you** knew, or ought to have known, of the increase or alteration in the risk insured.
- For avoidance of any doubt, information is 'material' where we would have made different decisions about either:*
- (i) *accepting your insurance, or*
  - (ii) *setting the terms of your insurance,*
- if we had known that information. If in any doubt, notify us anyway.*

# 11. Definitions

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accident' also applies to the words 'accidentally', 'accidental' and 'accidents'.

<b>accidental</b>	Unexpected and unintended by <b>you</b> .
<b>act of terrorism</b>	Any act, or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation 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) de jure or de facto, and that: (a) involves violence against one or more persons, or (b) involves damage to property, or (c) endangers life other than that of the person committing the action, or (d) creates a risk to health or safety of the public or a section of the public, or (e) is designed to interfere with or disrupt an electronic system.
<b>alternative period</b>	The portion of the <b>indemnity period</b> , that: (a) starts with the commencement of the <b>indemnity period</b> , and (b) ends no later than the number of weeks specified in the <b>schedule</b> as the 'Alternative period'.
<b>annual period</b>	The <b>period of insurance</b> . However, if: (a) <b>you</b> pay the premium monthly, or (b) the <b>period of insurance</b> is for more than 12 months, the <b>annual period</b> is the current 12 month period calculated consecutively from the date this policy first started.
<b>application</b>	The information provided by <b>you</b> to <b>us</b> when <b>you</b> purchased this insurance or requested a quotation for this insurance from <b>us</b> . It also includes any subsequent information <b>you</b> provide <b>us</b> with.
<b>business</b>	The business described in the <b>schedule</b> .
<b>business interruption</b>	Interruption to or interference with <b>your business</b> operations.
<b>communicable disease</b>	Any disease which can be transmitted by means of any substance or agent from any organism to another organism where: (a) 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 (b) 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 (c) 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.
<b>computer system</b>	Any computer, hardware, <b>software</b> , communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller and including any similar system or configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility.
<b>contamination claim</b>	<b>Contamination damage</b> arising out of or attributable to an <b>event</b> or multiple <b>events</b> regardless of the number of acts, persons, tenancies, occupancies or incidents involved.
<b>contamination damage</b>	<b>Loss</b> caused by <b>methamphetamine</b> contamination that exceeds the <b>contamination level</b> .
<b>contamination level</b>	The relevant guideline value for indoor surface contamination as set out in the most recent version of the New Zealand Standard NZS 8510.
<b>cyber act</b>	An unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, or the threat or hoax thereof involving access to, processing of, use of or operation of any <b>computer system</b> .

<b>cyber incident</b>	Any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any <b>computer system</b> , or any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any <b>computer system</b> .
<b>data</b>	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 <b>computer system</b> .
<b>deferment period</b>	The period by which the start of the <b>indemnity period</b> is deferred.
<b>event</b>	Any one event or series of events arising from one source or original cause.
<b>indemnity period</b>	<p>The period during which <b>your business</b> suffers a <b>business interruption</b> that starts when the <b>insured damage</b> occurs and ends no later than the number of months specified in the <b>schedule</b> as the 'Indemnity Period'.</p> <p>However, for a claim under any Contingent business interruption extension, indemnity period means the period during which <b>your business</b> suffers a <b>business interruption</b> that starts when the <b>business interruption</b> occurs and ends no later than the number of months specified in the <b>schedule</b> as the 'Indemnity Period'.</p>
<b>initial period</b>	<p>The part of the <b>indemnity period</b> that:</p> <ul style="list-style-type: none"> <li>(a) starts with the commencement of the <b>indemnity period</b>, and</li> <li>(b) ends no later than the number of weeks specified in the <b>schedule</b> as the 'Initial period'.</li> </ul>
<b>insured damage</b>	<ul style="list-style-type: none"> <li>(a) Sudden and <b>accidental loss</b> occurring at the <b>situation</b> to any property (or part) owned or used by <b>you</b> for the <b>business</b>, provided that the <b>loss</b> is: <ul style="list-style-type: none"> <li>(i) covered as a claim under <b>your material damage policy</b>, or would have been but for the excess, or</li> <li>(ii) caused by the explosion of a <b>pressure vessel</b>.</li> </ul> </li> <li>(b) <b>property damage</b>.</li> </ul>
<b>insured profit</b>	<p>The amount by which the sum of the <b>turnover</b> plus the amount of the closing stock exceeds the sum of the amount of the opening stock plus the amount of the <b>uninsured working expenses</b>.</p> <p>With regard to this calculation:</p> <ul style="list-style-type: none"> <li>(a) the amount of the opening and closing stocks must be in accordance with <b>your</b> normal accounting methods, allowing for depreciation, and</li> <li>(b) the words and expressions used have the usual meaning attached to them as used in <b>your</b> books and accounts, including the <b>uninsured working expenses</b>.</li> </ul>
<b>loss</b>	Physical loss or physical damage occurring during the <b>period of insurance</b> .
<b>material damage policy</b>	<p>The insurance policy that <b>we</b> call a Material Damage Policy, that <b>you</b> have with <b>us</b> that insures <b>loss</b> to tangible property.</p> <p><i>The Material Damage Policy may have another name such as Business Assets, Industrial All Risks, Commercial Special Risks or similar.</i></p>
<b>methamphetamine</b>	The Class A controlled drug Methamphetamine or Class B controlled drug Amphetamine as defined by the Misuse of Drugs Act 1975 or any precursor chemicals or by-products for either.
<b>natural disaster damage</b>	<b>Insured damage</b> that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunamis, geothermal activity, hydrothermal activity, or fire caused by any of these.
<b>payroll</b>	Gross salaries and <b>wages</b> (including bonuses, holiday pay, ACC levies and any other costs relating to the ongoing payment of salaries and <b>wages</b> ) for all employees of the <b>business</b> .
<b>period of insurance</b>	The period shown in the <b>schedule</b> , that specifies the start and end dates of this insurance contract.

<b>pressure vessel</b>	Any boiler or economiser that during ordinary use is subjected to either generated fluid pressure or vacuum, including: <ul style="list-style-type: none"> <li>(a) all integral parts including pipes, and</li> <li>(b) controls, and</li> <li>(c) systems (other than systems forming part of a building or structure).</li> </ul>
<b>property damage</b>	Sudden and <b>accidental loss</b> to property that would have been covered (but for the excess) as a claim under <b>your material damage policy</b> , if <b>you</b> owned the property.
<b>rate of insured profit</b>	The rate of <b>insured profit</b> earned on the <b>turnover</b> , during the financial year immediately before the date of the <b>insured damage</b> , subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.
<b>rate of payroll</b>	The rate of <b>payroll</b> to <b>turnover</b> , during the financial year immediately before the date of <b>insured damage</b> , subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.
<b>rate of wages</b>	The rate of <b>wages</b> to <b>turnover</b> , during the financial year immediately before the date of the <b>insured damage</b> , subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.
<b>reduction in rent</b>	The amount that the <b>rent</b> , during any part of the <b>indemnity period</b> , shall fall short of the <b>standard rent</b> that relates to the same period, as a result of <b>insured damage</b> .
<b>reduction in revenue</b>	The amount that the <b>revenue</b> , during any part of the <b>indemnity period</b> , shall fall short of the <b>standard revenue</b> that relates to the same period, as a result of <b>insured damage</b> .
<b>reduction in turnover</b>	The amount that the <b>turnover</b> , during any part of the <b>indemnity period</b> , shall fall short of the <b>standard turnover</b> that relates to the same period, as a result of <b>insured damage</b> .
<b>rent</b>	The actual amount of any: <ul style="list-style-type: none"> <li>(a) rent <b>you</b> receive, and</li> <li>(b) payments to <b>you</b> for services provided, for letting out the premises at the <b>situation</b>.</li> </ul>
<b>remediate</b>	To reduce the level of <b>methamphetamine</b> contamination to below the <b>contamination level</b> . <i>This means that we will not pay to remove all traces of methamphetamine contamination and will not restore the building to its condition when it was new.</i>
<b>revenue</b>	The monies paid to <b>you</b> , or monies billed by <b>you</b> for work done or services provided as part of <b>your business</b> operation.
<b>schedule</b>	The latest version of the schedule <b>we</b> issued to <b>you</b> for this policy.
<b>situation</b>	The location or locations referred to as 'Situation of risk' in the <b>schedule</b> .
<b>software</b>	Programs, procedures and routines associated with the operation of electronic or electromagnetic data processing or electronically controlled equipment including any operating system.
<b>standard rent</b>	The rent <b>you</b> received during the period in the previous 12 months immediately before the date of the <b>insured damage</b> , subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.  If <b>insured damage</b> occurs before the end of the first year in business, the results to date will be the basis for establishing standard rent.
<b>standard revenue</b>	The <b>revenue</b> during the period in the previous 12 months immediately before the date of the <b>insured damage</b> that corresponds with the <b>indemnity period</b> , subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.  If <b>insured damage</b> occurs before the end of the first year in business, the results to date will be the basis for establishing standard revenue.



<b>standard turnover</b>	<p>The <b>turnover</b> during the period in the previous 12 months immediately before the date of the <b>insured damage</b> that corresponds with the <b>indemnity period</b>, subject to any adjustments as per 'What we will pay – 8.4 Standard adjustments'.</p> <p>If <b>insured damage</b> occurs before the end of the first year in business, the results to date will be the basis for establishing standard turnover.</p>
<b>turnover</b>	<p>Whichever of the following options provides the most equitable measurement of <b>your</b> claim:</p> <p>(a) all money, or other reimbursements <b>you</b> receive for goods or services in connection with <b>your business</b> operations, or</p> <p>(b) such other index of <b>your business</b> operations that gives the most equitable result.</p>
<b>uninsured working expenses</b>	<p>Those expenses listed in the <b>schedule</b> as 'Uninsured working expenses'. If no expenses are listed in the <b>schedule</b> then uninsured working expenses are deemed to be expenses that vary in direct proportion to the <b>turnover</b> and/or production.</p>
<b>vicinity</b>	<p>The area within a 5 kilometre radius of the <b>situation</b>.</p>
<b>wages</b>	<p>The total value of all remuneration (including a pro-rata proportion of bonuses, holiday pay, ACC levies and any other costs relating to the ongoing payment of wages), of all employees, except employees whose remuneration is treated as salaries in <b>your</b> accounts.</p>
<b>we</b>	<p>State, a business division of IAG New Zealand Limited.</p> <p>We may also use the words 'us', 'our' or 'company' to describe State.</p>
<b>you</b>	<p>The person(s) or entity named in the <b>schedule</b> as 'Insured'. <b>We</b> may also use the word 'Insured' to describe you.</p>

## **Business Interruption Insurance**

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