

WHEREAS the Insured named in the Schedule attached hereto (which forms part of this contract and is hereinafter referred to as the "Schedule") has made to State, a business division of IAG New Zealand Limited a proposal and declaration which shall be the basis of this contract and be deemed to be incorporated herein and has paid or agreed to pay to State the premium stated in the said proposal.

NOW IT IS AGREED subject to the terms, exclusions and conditions contained herein endorsed hereon or attached hereto which shall all be deemed to be conditions precedent to the right of the Insured to recover hereunder that State will indemnify the Insured against loss, damage or additional expenditure incurred in the manner and to the extent hereinafter provided.

PROVIDED THAT such loss, damage or additional expenditure incurred, shall occur during the Period of Insurance stated in the Schedule or during any subsequent period for which the Insured shall pay and State shall agree to accept a renewal premium.

GENERAL EXCLUSIONS

State shall not be liable for –

1. Loss or damage directly or indirectly occasioned by or through or in consequence of any of the following occurrences –
 - (a) earthquake, volcanic eruption, subterranean fire, tsunami
 - (b) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war be declared or not), civil war
 - (c) mutiny, military or popular uprising, insurrection, rebellion, revolution, military or usurped power, confiscation, nationalisation, requisition or destruction by or under the order of any Government de jure or de facto or by any Public Authority.

2. Loss or destruction of or damage directly or indirectly caused by or arising from or in consequence of or contributed to –
 - (a) by nuclear weapons material
 - (b) by ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only combustion shall include any self-sustaining process of nuclear fission.

3.
 - (a) loss or damage, or
 - (b) any costs or expenses to repair or modify any part of any computer, data processing equipment or media, microchip, integrated circuit or similar device or any computer software, whether the property of the Insured or notdirectly or indirectly caused by or consisting of or arising from the failure of any computer, data processing equipment or media, microchip, integrated circuit or similar device or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000
 - (i) to correctly recognise any date as its true calendar date
 - (ii) to capture, save or retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
 - (iii) to capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.

4. Any act of terrorism. Notwithstanding any provision to the contrary, this insurance excludes loss, damage, death, injury, illness, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with -
 1. an act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss, damage, death, injury, illness, liability, cost or expense.
 2. any action taken in controlling, preventing, suppressing or in any way relating to an act of terrorism.

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

In any action, suit or other proceeding where State alleges that by reason of General Exclusion 1 above that any loss, destruction, damage or liability is not covered by this insurance the burden of proving that such loss, destruction, damage or liability is covered shall be upon the Insured.

SECTION 1

ELECTRONIC EQUIPMENT AND ANCILLARY MACHINES

(Physical Damage)

In the event of any sudden and unforeseen physical loss or damage to any part of the items described in the Schedule from any cause whatsoever other than those specifically excluded State will pay for all such loss or damage up to an amount not exceeding in respect of each of the items the sum set opposite thereto in the Schedule and not exceeding in all the Total Sum Insured.

This insurance applies whilst the insured items are within the precincts of the Situation and working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning, adjustment, inspection, repair, overhaul or relocation but only after completion of successful initial commissioning at the Situation.

EXCLUSIONS TO SECTION 1

State shall not be liable for –

1. the Excess stated in the Schedule to be borne by the Insured in respect of each and every occurrence of loss or damage to each and every item. If more than one item is lost or damaged in one occurrence the Insured shall not however be called upon to bear more than the highest single Excess which is applicable to such items;
2. the cost of replacement of spent lost or damaged expendable or replaceable parts (including bulbs, valves, tubes, x-ray tubes, picture tubes, fuses, batteries, belts, chains, tapes, ribbons, cards) unless necessitated by loss or damage insured by this Section of the Policy;
3. loss or damage due to faults or defects known to the Insured or any of the Insured's responsible employees at the time of arrangement of this insurance and not disclosed to State;
4. wasting or wearing away or wearing out of any part of an insured item caused by or naturally resulting from ordinary use or working or gradual deterioration;
5. loss or damage caused by rust, corrosion, oxidation or atmospheric moisture or temperature unless directly resulting from damage covered by this Section of the Policy to insured air conditioning equipment described in Section 1 of the Schedule;
6. scratching of painted or polished surfaces;
7. consequential loss of any kind or description whatsoever.

SPECIAL CONDITIONS TO SECTION 1

1. Sum Insured
The Sum Insured for each item must not be less than the New Replacement Cost which shall mean the cost of replacement of the insured item by a new item of the same kind and capacity including packing, freight, customs duties and dues, if any, and installation charges.
2. Bases of Indemnity
 - (a) Where damage to an insured item can be repaired State will pay all expenses necessarily incurred to restore the damaged item to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purpose of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues if any.
If the repairs are executed at a workshop owned by the Insured State will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.
No deduction shall be made for depreciation in respect of parts replaced but the value of any salvage will be taken into account.
If the cost of repairs as detailed in (a) equals or exceeds the actual value of the insured item immediately before the occurrence of the damage the settlement shall be made on the basis provided for in (b) below.
 - (b) Where an insured item is totally lost or destroyed State will at State's own option either –
 - (i) pay the actual value of the item immediately before the occurrence of the loss including costs for ordinary freight, erection and customs duties, if any, such actual value to be calculated by deducting proper depreciation from the New Replacement Cost of the item

OR

 - (ii) supply an equivalent replacement item similar in type, capacity and condition to the insured item immediately before the occurrence of the loss and pay any costs for ordinary freight and erection.State will also pay any normal charges for the removal of the item destroyed but less the value of any salvage.

3. State will not pay the cost of any –
 - (a) alterations, additions, improvements or overhauls;
 - (b) provisional repairs unless such repairs constitute part of the final repairs and do not increase the total repair costs;
 - (c) extra charges incurred for overtime, nightwork, work on public holidays, express freight or air freight unless specially agreed upon by endorsement.
4. Repairs

Upon notification of a claim being given to State in accordance with General Condition 2 the Insured may proceed with the repair of any minor damage provided that such repair work is without prejudice to any question of liability of State and that any damaged part requiring replacement is kept for inspection by State. In all other cases of damage State shall have the opportunity of inspecting the damage before any alterations, repairs or replacements are commenced. If an inspection by a representative of State does not take place within seven days from the date of notification of the claim the Insured shall be entitled to proceed with repairs or replacement.

The liability of State shall cease for any insured item which has sustained damage and is operated without being repaired to the satisfaction of State.

SECTION 2

ELECTRONIC DATA PROCESSING MEDIA (Loss of Media and Information thereon)

In the event of any sudden and unforeseen loss of or damage to any part of the Electronic Data Processing Media described below from any cause whatsoever other than those specifically excluded State will pay for all such loss or damage up to an amount not exceeding in respect of each of the items the sum set opposite thereto and not exceeding in all the Total Sum Insured.

This insurance applies whilst the insured Data Media is

- (a) at the Situation
 - (b) at the Media Storage Situation or
 - (c) temporarily at any alternative situation for processing purposes
- or in transit between any of these situations.

EXCLUSIONS TO SECTION 2

State shall not be liable for –

1. the Excess stated below to be borne by the Insured in respect of each and every occurrence of loss or damage;
2. loss or distortion of data information or records contained on the insured Data Media while mounted in or on any machine for use or processing unless such loss or distortion occurs –
 - (a) at the Situation due to loss or damage to the machine indemnifiable under Section 1 of the Policy
 - OR
 - (b) at any alternative situation for processing purposes due to loss or damage to the machine which would be indemnifiable if the machine were insured under Section 1 of the Policy;
3. loss or damage due to faults or defects known to the Insured or any of the Insured's responsible employees at the time of arrangement of this insurance and not disclosed to State;
4. wasting or wearing away or wearing out caused by or naturally resulting from ordinary use of working or gradual deterioration;
5. loss or damage caused by rust, corrosion, oxidation or atmospheric moisture or temperature unless directly resulting from damage covered by Section 1 of the Policy to insured air conditioning equipment described in Section 1 of the Schedule;
6. consequential loss of any kind or description whatsoever.

SPECIAL CONDITIONS TO SECTION 2

1. Sum Insured

The Sum Insured must not be less than the cost of replacement of the insured Data Media when new by unused Data Media of the same specification together with the estimated cost of re-collection and preparation of data in the appropriate form including any necessary additional expense for the hire of personnel, premises or data preparation machines.

2. Basis of Indemnity

State will pay for

- (a) the actual cost of replacement of lost or damaged Data Media by new unused materials;
- (b) any expenses which can be proved to have been incurred by the Insured strictly for the purpose of restoring the Data Media by reproduction of data or information in a condition equivalent to that existing prior to the occurrence of loss or damage and necessary to allow operation of the Electronic Data Processing System to be continued in the normal manner.

Lost data or information may be produced in an updated form if the cost of doing so is no greater than that of reinstatement in the original form.

State will not pay the cost of any extra charge incurred for overtime, nightwork, work on public holidays unless specially agreed upon by endorsement.

State shall only be liable for costs and expenses incurred within a period of twelve months following the occurrence of indemnifiable loss or damage.

SECTION 3

INCREASED COST OF WORKING

In the event of interruption of the normal operation of the Electronic Data Processing System directly resulting from damage indemnifiable under Section 1 of this Policy State will indemnify the Insured for additional expenditure incurred for the use of a substitute Electronic Data Processing System to maintain normal business operations during the interruption.

Provided that the liability of State shall not exceed the Sum Insured in respect of each Item stated below or in all the Total Sum Insured.

EXCLUSIONS TO SECTION 3

State shall not be liable for –

1. the Excess stated below to be borne by the Insured in respect of each and every interruption;
2. interruption periods due to alterations, additions or improvements to the Electronic Data Processing System.
3. a period of more than four weeks extension of business interruption due to delay in the repair or replacement of items of foreign manufacture where such delay results from –
 - (a) measures restrictions or regulations imposed by any Government or Public or Local Authority
 - (b) the time required to procure replacement parts or complete items in overseas markets
 - (c) the time required to transport parts or complete items between the Situation and the overseas place of repair or restoration
 - (d) the time required to engage and transport overseas specialists or consultants to assist in or supervise local repairs.

PROVISIONS TO SECTION 3

1. Sum Insured

The Sum Insured must not be less than the expenses which the Insured would have to pay for twelve months use of a substitute Electronic Data Processing System of similar performance to the system specified in Section 1 of this Policy including personnel and transportation costs.

The Sum Insured is the limit of indemnity for an interruption of twelve months duration. The limit of indemnity for any one interruption of lesser duration shall be the pro-rata proportion of the Sum Insured corresponding to the actual duration of the interruption or the Indemnity Period whichever is the lesser.

The Total Sum Insured shall be the limit of indemnity for the aggregate of all interruptions during the Period of Insurance.

2. Basis of Indemnity

State will pay for all actual expenditure of the types specified below which have been incurred for the use of a substitute Electronic Data Processing System during the period of interruption over and above the normal expenses which would have been incurred by the Insured in the operation of the Electronic Data Processing System insured under Section 1 of this Policy.

The period of interruption shall start with the commencement of use of a substitute Electronic Data Processing System.

GENERAL CONDITIONS

1. Specific Meaning

This Policy and the Schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of the Policy or Schedule shall bear that specific meaning wherever it may appear.

2. Notice and Claims

On the happening of any event which might give rise to a claim under this Policy the Insured shall:

- (a) notify State as soon as possible;
 - (b) take all reasonable steps within the Insured's power to minimise the extent of loss or damage;
 - (c) preserve any damaged or defective parts and make them available for inspection by a representative of State;
 - (d) supply at the request of and free of expense to State all such proof information and other evidence with respect to the claim as State may reasonably require;
 - (e) notify the Police of any loss or damage due to theft or any attempt thereof;
- State shall not in any case be liable for loss or damage of which no notice has been received by State within 14 days after its occurrence.

3. Alteration of Risk

Notice in writing shall be given as soon as possible to State of every change materially varying any of the facts or circumstances existing at the commencement of this insurance and the scope of cover, Sum Insured and/or the premium shall if necessary be adjusted accordingly.

4. Precautions

The Insured shall at the Insured's own expense take all reasonable precautions to prevent loss or damage and to comply with statutory requirements and manufacturer's recommendations relating to the safeguarding and operation of the insured items.

5. Observance of Terms and Conditions

The due observance and fulfilment of the terms and conditions of this Policy in so far as they relate to anything to be done or complied with by the Insured and the truth of the statements and answers in the proposal and declaration shall be conditions precedent to any liability of State to make any payment under this Policy.

6. Fraudulent Claims

If any claim be in any respect fraudulent or if any fraudulent means or devices be used by the Insured or anyone acting on behalf of the Insured to obtain benefit under this Policy all benefit hereunder shall be forfeited.

7. Inspection

Representatives of State shall at all reasonable times have the right to inspect and examine any item insured by this Policy.

8. Assignment

State shall in no case be bound to accept notice of any transfer of the interest in this insurance and nothing contained in this Policy shall give any right against State to any person other than the Insured or transferee approved by State in writing.

9. Cancellation

This Policy may be cancelled by the Insured at any time by notice in writing delivered to State in which case State shall retain or be entitled to recover as the case may be the minimum premium for the time during which the Policy has been in force. State may at any time by giving written notice to the Insured cancel this Policy. Notice of cancellation may be delivered personally or posted to the Insured at the address last known to State. The cancellation of the Policy shall be effective as from 4 p.m. on the seventh day after such posting or personal delivery. After cancellation by State as aforesaid State will on application by the Insured refund the amount of unearned premium.

10. Subrogation

The Insured shall at the expense of State do and permit to be done all such acts and things as may be necessary or reasonably required by State for the purpose of enforcing any rights or remedies or of obtaining relief or indemnity from parties other than those insured under this Policy to which State shall be or would become entitled or subrogated upon State paying for or making good any loss or damage under this Policy whether such acts and things shall be or become necessary or required before or after the Insured's indemnification by State.

11. Arbitration

If any difference shall arise under this Policy between State and the Insured then subject to the agreement of the parties it shall be referred to arbitration.

12. Alteration of Terms

State can change the terms of this Policy (including the Deductible) by giving the Insured fourteen days notice at the Insured's last known address.

13. Contribution

If at the time of any loss or damage happening to any of the insured items there is any other insurance or insurances effected by the Insured or by any other person or persons on the Insured's behalf covering such items either alone or together with any other property State shall not be liable to pay or contribute more than State's rateable proportion of such loss or damage.

14. Reinstatement of Sum Insured

Following the occurrence of loss or damage to any item insured under any Section of this Policy the Sum Insured in respect of such item shall immediately stand reduced by the amount paid or payable in respect of such loss or damage. Nevertheless the Sum Insured shall be reinstated to the full amount stated in the Schedule of the Policy in respect of such item from the time of the occurrence of the loss or damage provided that an additional premium calculated on a pro-rata basis from the date of the occurrence to the expiry of the Policy shall be paid by the Insured upon any amount so reinstated.