

Some important updates to your Material Damage insurance

We've made some changes to the State Material Damage policy. This document highlights the key changes to the policy. These changes will be effective from your next annual policy renewal date.

What do you need to do?

Check out the key changes to your policy outlined below. It's important that you review this summary alongside your new policy wording. You can find your new policy wording at state.co.nz/businesspolicy-documents

If you have any questions about these changes, please contact us at state.co.nz or give us a call on **0800 80 24 24**.

What's changed	Where to find this in the new wording
<p>The following automatic extension is updated</p> <p>3.1 Burglary Cover</p> <p>Where the theft of insured property occurs from a motor vehicle, storage container, or fully enclosed trailer which itself has been stolen and not recovered, physical evidence of forcible entry to or exit from is no longer required.</p> <p>In your policy, fully enclosed trailer is defined as a fully enclosed road trailer with rigid walls constructed of steel, aluminium, fiberglass, or the like. All openings or hatches must be secured with a purpose-built locking mechanism or padlock. An enclosure constructed of chainmesh or soft fabric/plastic and the like is not considered a fully enclosed trailer.</p>	<p>3. Automatic extensions</p>
<p>The following optional extensions are updated</p> <p>4.1 Theft</p> <p>Cover under this optional extension for theft from a motor vehicle, storage container, or fully enclosed trailer no longer requires evidence of these being securely locked as a condition of cover.</p> <p>4.2 Natural disaster cover</p> <p>The natural disaster damage excess has been amended.</p> <p>1. The following changes apply to all risks except for risks situated in pre 1935 building risks.</p> <ul style="list-style-type: none"> All risks in the entire region of Otago now have an excess of 2.5% of the site sum insured. Previously, only the districts of Dunedin City and Clutha had an excess 2.5% of the site sum insured. All risks in the regions of Southland, Tauranga City, Taranaki, and Waikato now have an excess of 2.5% of the site sum insured. Previously, the excess, except for pre 1935 building risks, was 5% of the site sum insured. The Wellington region is now noted separately and all risks in that region now have a minimum excess of \$5,000. Previously, the minimum excess was \$2,500. <p>2. All pre 1935 building risks across New Zealand now have a minimum excess of \$10,000. Previously, there was no minimum excess specified.</p>	<p>4. Optional extensions</p>

Calculation of the Natural Disaster Damage Excess

Your **natural disaster damage** excess is calculated based on three things:

- whether the **building you keep your insured property** in was built pre-1935
- the **region** where **your insured property** is located
- your site sum insured** at the time the **natural disaster damage** happens

Please note that the method of calculating your Natural Disaster Damage excess has not changed, but the minimums and percentages which apply may have. This explanation is only included for guidance.

We have included the updated **natural disaster damage** excess table here for **your** reference.

The table shows the excess for each **region** named and will apply to the aggregate of:

1. all **natural disaster damage** claims under this policy, and
2. all **natural disaster damage** claims under the **business interruption** policy (if applicable), arising from any one **event** at each common site.

Regions	Excess excluding pre 1935 building risks	Excess on pre 1935 building risks
The regions of Auckland, Northland, Otago, Southland, Taranaki, Tauranga City and Waikato	2.5% of the site sum insured . Minimum \$2,500	10% of the site sum insured . Minimum \$10,000
The Wellington region	5% of the site sum insured . Minimum \$5,000	10% of the site sum insured . Minimum \$10,000
The other regions of New Zealand	5% of the site sum insured . Minimum \$2,500	10% of the site sum insured . Minimum \$10,000

Old Natural Disaster Damage excess table (for reference)

Regions	Excess excluding pre 1935 building risks	Excess on pre 1935 building risks
The Regions of Auckland, Northland, and the Districts of Dunedin City and Clutha	2.5% of the site sum insured .	10% of the site sum insured .
All other Regions and Districts	5% of the site sum insured .	10% of the site sum insured .

The following exclusions are now included in your policy wording:

Communicable disease

The new Communicable Disease exclusion will replace the Infectious Diseases exclusion in your current policy and provide more certainty around what is excluded.

Communicable Diseases are defined as any disease that can pass directly or indirectly between organisms (for example through objects, liquid, gas, or air) by any means (such as viruses, bacteria, or parasites). The definition does not depend on the disease being defined by or having an official status under legislation. As with the current Infectious diseases exclusion, the exclusion also applies to any notifiable organism or diseases under the Biosecurity Act 1993.

This new exclusion means you won't be covered for anything caused by, or in connection with a communicable disease, including the actual or perceived fear or threat of, or action taken to control, prevent or suppress, any of the diseases, conditions or circumstances described in the exclusion.

For full details of this exclusion, **please read the new policy wording**. You can also find more information about this exclusion and how it might affect your cover at state.co.nz/cyber-communicable

Cyber

The new Cyber exclusion will replace the Electronic Data and Software exclusion currently in your policy and means there will be no cover for anything caused by or in connection with Cyber Incidents or Cyber Acts. It also excludes cover for any loss of use, reduction in functionality, repair, replacement, restoration, or reproduction of data, along with its value.

Cyber Acts are defined as unauthorised, malicious, or criminal acts, or threats or hoaxes thereof, involving access to, or use, processing or operation of, any computer system. Cyber Incidents are any errors, omissions, unavailability or failures involving access to, or processing, use or operation of a computer system. A computer system includes any hardware, software, communications systems, microcontrollers, servers, or clouds.

Exceptions apply where loss otherwise covered by the policy is directly caused by specified perils even if a Cyber Incident contributed to the loss.

For full details of this exclusion, **please read the new policy wording**.

You can also find more information about this exclusion and how it might affect your cover at state.co.nz/cyber-communicable

5. Exclusions

Natural Disaster Damage Claims examples:

The following examples show what excess **you** may be required to pay for a natural disaster claim. These are examples only. They do not cover all scenarios and do not form part of **your** policy.

Wellington region:

Example # 1

	Current excess	New excess
	5% of the site sum insured , minimum \$2,500	5% of the site sum insured , minimum \$5,000
MD Site sum insured	\$50,000	\$50,000
Applicable excess MD &/or BI Claim	\$2,500	\$5,000
Example	<p>Situation: Your business is in Lower Hutt and is operated in a building that was constructed after 1935. Your Material Damage site sum insured is \$50,000. 5% of your site sum insured is \$2,500.</p> <p>Excess: Your excess for a natural disaster claim is \$5,000 because this is now the minimum that applies. Previously, the minimum excess for a natural disaster in your situation was \$2,500.</p>	

Example # 2

	Current excess	New excess
	5% of the site sum insured , minimum \$2,500	5% of the site sum insured , minimum \$5,000
MD Site sum insured	\$105,000	\$105,000
Applicable excess MD &/or BI Claim	\$5,250	\$5,250
Example	<p>Situation: Your business is in Lower Hutt and is operated in a building that was constructed after 1935. Your Material Damage site sum insured is \$105,000. 5% of your site sum insured is \$5,250.</p> <p>Excess: Your excess for a natural disaster claim is \$5,250 because this is 5% of your site sum insured and is more than the \$5,000 minimum. This is the same as before.</p>	

Southland, Taranaki, Tauranga City and Waikato region:

Example # 1

	Current excess	New excess
	5% of the site sum insured , minimum \$2,500	2.5% of the site sum insured , minimum \$2,500
MD Site sum insured	\$50,000	\$50,000
Applicable excess MD &/or BI Claim	\$2,500	\$2,500
Example	<p>Situation: Your business is in Hamilton and is operated in a building that was constructed after 1935. Your Material Damage site sum insured is \$50,000. 2.5% of your site sum insured is \$1,250.</p> <p>Excess: Your excess for a natural disaster claim is \$2,500 because this is the minimum excess that applies. This is the same as before.</p>	

Example # 2

	Current excess	New excess
	5% of the site sum insured , minimum \$2,500	2.5% of the site sum insured , minimum \$2,500
MD Site sum insured	\$110,000	\$110,000
Applicable excess MD &/or BI Claim	\$5,500	\$2,750
Example	<p>Situation: Your business is in Huntly and is operated in a building that was built after 1935. Your Material Damage site sum insured is \$110,000. 2.5% of your site sum insured is \$2,750.</p> <p>Excess: Your excess for a natural disaster claim is \$2,750 because this is 2.5% of your site sum insured and is more than the \$2,500 minimum. This is less than before. Previously, the excess in this situation was \$5,500, being the site sum insured of 5% and more than the previous \$5,000 minimum.</p>	

Pre-1935 building risks

Example # 1

	Current excess	New excess
	10% of the site sum insured	10% of the site sum insured , minimum \$10,000
MD Site sum insured	\$50,000	\$50,000
Applicable excess MD &/or BI Claim	\$5,000	\$10,000
Example	<p>Situation: Your business is operated in a building that was built before 1935. Your Material Damage site sum insured is \$50,000. 10% of your site sum insured is \$5,000.</p> <p>Excess: Your excess for a natural disaster claim is \$10,000 because this is now the minimum excess that applies. Previously, the minimum excess for a natural disaster in your situation was 10% of your site sum insured.</p>	

Example # 2

	Current excess	New excess
	10% of the site sum insured	10% of the site sum insured , minimum \$10,000
MD Site sum insured	\$110,000	\$110,000
Applicable excess MD &/or BI Claim	\$11,000	\$11,000
Example	<p>Situation: Your business is operated in a building that was built before 1935. Your Material Damage site sum insured is \$110,000. 10% of your site sum insured is \$11,000.</p> <p>Excess: Your excess for a natural disaster claim is \$11,000 because this is 10% of your site sum insured and is more than the \$10,000 minimum. Your excess amount is the same as before.</p>	