

# Material Damage



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 Material Damage 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).

Introduction	1
1. Insurance agreement	1
2. What you are covered for	1
3. Automatic policy extensions	2
4. Optional policy extensions	6
5. Exclusions	8
6. How we will pay	12
7. What we will pay	14
8. Claims conditions	16
9. General conditions	17
10. Definitions	19

## Introduction

<b>Welcome</b>	Welcome to State. Thank you for selecting <b>us</b> as <b>your</b> insurer.
<b>About this policy</b>	<p><b>Your</b> Material Damage Policy consists of:</p> <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>	<p><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:</p> <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> <p><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.</p>
<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 10. – ‘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>	<p><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.</p>
--------------------------	---

## 2. What you are covered for

<b>2.1 Damage to insured property</b>	<p><b>You</b> are insured for any sudden and <b>accidental loss</b> to <b>insured property</b> at the <b>situation</b>.</p>
---------------------------------------	---

## 3. Automatic policy extensions

In addition to the cover under 2. – ‘What you are covered for’ **we** also provide the following Automatic policy extensions.

Unless expressly stated otherwise, any amounts payable under these Automatic extensions are included within 7.1 ‘Maximum amount payable’.

### 3.1 Burglary cover

**You** are insured for sudden and **accidental loss** to **insured property**:

- (a) at the **situation**, or
- (b) during the period the **insured property** is covered by:
  - (i) 3.18 ‘Temporary removal cover’, or
  - (ii) 3.20 ‘Transit cover’, or
  - (iii) 3.22 ‘Unspecified locations’,

caused by theft or attempted theft:

- (a) accompanied by threat of violence, or actual violence, to any person, or
- (b) involving physical evidence of violent and forcible entry to, or exit from, an enclosed building (or part of an enclosed building), or
- (c) involving physical evidence of violent and forcible entry to, or exit from, a securely locked motor vehicle, **fully enclosed trailer** or **storage container**, or
- (d) of a permanently attached part of the building by the forcible removal of it.

Where the theft of **insured property** occurs from a motor vehicle, **fully enclosed trailer** or **storage container**, which itself has been stolen and not recovered, **we** will not require evidence specified in (c) above.

If the **loss** occurs during the period the **insured property** is covered by one of the Automatic policy extensions referred to in (b) (i), (ii) or (iii) above, any sub limit detailed in that extension also applies to the cover under this extension.

### 3.2 Capital additions cover

**You** are insured for:

- (a) sudden and **accidental loss** to a **building** or **contents**, located in New Zealand, that **you** acquire during the **period of insurance**, provided **you** own or are legally responsible for that property, and
- (b) appreciation in value of a **building** or **contents** that results solely from a physical:
  - (i) alteration, or
  - (ii) addition, or
  - (iii) improvement,

provided that **you** notify **us** within 90 days of **you** acquiring the property or the physical works being completed.

Once **you** have notified **us**:

- (a) **we** may charge **you** an additional premium, and
- (b) any increased value of the property will be added to **your** sum insured.

The most **we** will pay under this extension during any **annual period** is:

- (i) 10% of the sum insured for the **building** and 10% of the sum insured for the **contents**, or
- (ii) \$100,000 in total for both,

whichever is the lesser.

### 3.3 Data and software

**You** are insured for the loss of **data** and **software** resulting from electronic equipment insured by this policy suffering sudden and **accidental loss** covered by this policy.

*Please also read 6.6 Basis of settlement: certain types of property – ‘Data’ and ‘Software’.*

### 3.4 Electric motors cover

**You** are insured for sudden and **accidental loss** to:

- (a) electric motors and starters not exceeding 5kw (6.7 hp), and
- (b) distribution switchboards and permanently installed electric reticulation, at the **situation** provided that the damage is **fusion immediately preceded by**:
  - (i) the failure of electrical insulation, or
  - (ii) an identifiable abnormal electric current fluctuation from any power supply network, or
  - (iii) electrically induced self-heating.

### 3.5 Employee effects cover

**You** are insured for sudden and **accidental loss** to the clothing, personal effects and tools of trade of **your** directors and employees (but not **your** contractors). **We** will cover this property as if it were **contents**, provided that:

- (a) the property is at the **situation**, or
- (b) the property is being worn, carried or used by **your** directors or employees while they are acting in the course of their directors' duties or employment, anywhere in New Zealand.

The most **we** will pay under this extension:

- (i) is \$5,000 for any **event**, per person, and
- (ii) in total during the **annual period** is the sum insured shown in the **schedule** for **contents**.

9.7 'Other insurance' condition does not apply to this extension.

### 3.6 Expediting costs cover

**You** are insured for the reasonable costs of express freight and overtime to expedite the repair or replacement of **insured property** following a **loss** covered under this policy.

**You** must have **our** prior approval before incurring any costs.

*Our approval will be based on the economic benefit gained.*

### 3.7 Fire fighting equipment

**You** are insured for the reasonable costs **you** incur to replenish **your** portable hand-held fire fighting equipment after the equipment has been used to protect **your insured property** from **loss** covered under this policy, or immediate and imminent threat of **loss**, provided that the **loss** would be covered under this policy if it did occur.

The most **we** will pay under this extension in total during any **annual period** is \$5,000.

### 3.8 Hazardous substance emergency

**You** are insured for any charge imposed on **you** by any authorised government or regulatory body in respect of any Hazardous Substance Emergency at the **situation** during the **period of insurance**.

**We** will pay these costs where there is **loss** covered under this policy, or where there is an immediate and imminent threat of **loss**, that would be covered under this policy if it did occur.

'Hazardous substance emergency' is as defined in the Fire and Emergency New Zealand Act 2017.

The most **we** will pay under this extension is \$25,000 for any **event**.

### 3.9 Methamphetamine contamination

**You** are insured for **contamination damage** to **building(s)** that first occurs and that **you** discover during the **period of insurance**, subject to the following:

- (a) the **contamination damage** was not caused by or in connection with **you**, and
- (b) where the **building** or any part of the **building** is leased or rented to a tenant, there is no cover unless **you** or the person who manages the tenancy on **your** behalf has fully met the **landlord's obligations**.
- (c) Where the **building** or any part of the **building** is leased, rented or occupied for periods of less than 90 days:
  - (i) There is no cover unless the **contamination damage** was caused by sudden and **accidental loss** caused in connection with the manufacture, distribution or storage (but only where the storage is in connection with supply or distribution) of **methamphetamine**.
  - (ii) There is no cover for **contamination damage** that is caused by or in connection with the consumption of **methamphetamine**.
- (d) Where contamination existed prior to the current **period of insurance**:
  - (i) There is no cover for any **contamination damage** where any contamination existed or occurred prior to the current **period of insurance** unless the pre-existing contamination was disclosed to and accepted by **us** in writing.
  - (ii) If **you** have insured **your building(s)** with **us** (or any other brand underwritten by IAG New Zealand Limited) continuously since the earlier period when the **contamination damage** first occurred, **we** will waive the requirement for the **contamination damage** to have first occurred during the current **period of insurance**.

#### How we will pay

Where there is cover under this extension, **we** will:

- (a) reimburse **you** for the reasonable costs **you** incur during the **period of insurance** for testing provided that:
  - (i) the testing is carried out in accordance with New Zealand Standard NZS 8510 or by an operator approved by **us**, and
  - (ii) the testing confirms **contamination damage** to the **building**, and
- (b) pay to **remediate** that part of the **building** that suffered the **contamination damage** subject to the following provisions:

**We** may choose to:

- (i) pay the reasonable cost to **remediate** the part of the **building** that suffered the **contamination damage**, or
- (ii) pay **you** the estimated reasonable cost to **remediate** the part of the **building** that suffered the **contamination damage**.

#### **Maximum amount payable**

The most **we** will pay for **contamination damage** per **contamination claim** is \$30,000 per **building**.  
The most **we** will pay for all **contamination claims** during the **annual period** is \$250,000.

#### **Excess**

For each **contamination claim** under this extension, an excess of \$2,500 applies per **building**.  
However, if there is a higher policy excess, then the higher excess as shown on the **schedule** applies.

### **3.10 Money cover**

**You** are insured for sudden and **accidental loss** of **money**, provided that the **loss** occurs in any of the circumstances outlined below:

#### **A. Money Section A**

- (a) **money** in transit, or
- (b) **money** at the **situation** during **business hours**, or
- (c) **money** at the **situation** in a securely locked safe or strongroom outside **business hours**.

#### **B. Money Section B**

- (a) **money** at the **situation** outside **business hours** and not in a securely locked safe or strongroom, or
- (b) **money** at residential premises occupied by **you** or any director, employee, or agent, authorised to have possession of the **money**.

This extension does not provide cover for **loss** of **money**:

- (i) caused by errors in receiving it or paying it out, or
- (ii) occurring while the **money** is entrusted to any person other than:
  - (a) **you** or any director or executive officer of **yours**, or
  - (b) any employee or agent of **yours**, or
  - (c) any professional **money** carrier, or
- (iii) resulting from payment of **money** in exchange for any cheque that is subsequently dishonoured, or
- (iv) occurring while the **money** is in an unlocked and unoccupied vehicle, or
- (v) caused by theft or fraud by any of **your** employees, unless the **loss** is discovered within three consecutive **business days** of the act of theft or fraud, or
- (vi) through electronic means.

The most **we** will pay under this extension is:

- (a) \$5,000 or the 'Special carry' sum insured (during the months specified) for any **event** under Money Section A, and
- (b) \$1,000 for any **event** under Money Section B,

unless a different amount for 'Money Section A' or 'Money Section B' is shown in the **schedule**.

Payment under this extension is in addition to 7.1 'Maximum amount payable'.

### **3.11 Property under construction**

**You** are insured for sudden and **accidental loss** to any **building** and **contents** at the **situation** during the course of:

- (a) demolition, or
- (b) installation, construction or erection, or
- (c) testing and commissioning following (b) above,

provided that:

- (i) the property is owned, will be owned or will be occupied by **you**, and
- (ii) the completed value of contract works does not exceed:
  - (a) 10% of the sum insured for the **building** and/or **contents** (whichever is/are relevant), or
  - (b) \$100,000,whichever is the lesser.

- 3.12 Protection costs cover** **You** are insured for reasonable costs **you** incur to temporarily protect **insured property** by preventing or minimising an imminent sudden and **accidental loss**, provided that the **loss** would be covered under this policy if it did occur.
- The most **we** will pay under this extension during the **annual period** is \$100,000.
- 3.13 Redundant foundations** **You** are insured for **undamaged** foundations that are made redundant, where the **insured property** resting on them has been **destroyed** as a result of a **loss** covered by this policy.
- Where the redundant and **undamaged** foundations are not demolished, and the presence of them increases the market value of the **site** to which they are fixed, the amount of the market value increase will be deducted from the amount payable for **your** claim.
- 3.14 Redundant plant and stock** **You** are insured for the following provided it is also **insured property**:
- (a) **stock** rendered redundant as a result of **loss** covered by this policy to other **insured property**.
  - (b) (i) plant which is interdependent with **insured property**, and/or
  - (ii) spare parts held exclusively for **insured property**, rendered redundant as a result of **loss** covered by this policy to its respective **insured property** in (i) or (ii) above.
- Regardless of any basis of settlement shown in the **schedule**, **we** will only ever pay **you** the indemnity value of the redundant plant and/or spare parts.
- 3.15 Rewards cover** **You** are insured for a reward that **you** offer and pay to successfully secure the return of **insured property** that suffers a **loss**, provided that:
- (a) the **loss** is covered under this policy, and
  - (b) **you** have **our** prior approval to offer the reward.
- 3.16 Social club cover** **You** are insured for sudden and **accidental loss** to property of any:
- (a) social club, and/or
  - (b) sports club or similar body,
- provided that the clubs' activities are principally for the benefit of **your** employees.
- We** will cover this property as if it were **contents**.
- 3.17 Stolen keys cover** **You** are insured for the reasonable costs to:
- (a) open a safe or strongroom, and
  - (b) alter or replace locks, keys and combinations that give access to **your insured property**,
- provided that the costs are incurred because the keys or combinations are:
- (i) stolen, or
  - (ii) believed on reasonable grounds to have been duplicated without proper authority, during the **period of insurance**.

The most **we** will pay under this extension during the **annual period** is \$5,000.

**3.18 Temporary removal cover** **You** are insured for sudden and **accidental loss** to **contents** while **temporarily removed** from the **situation** to another location within New Zealand (including while in transit).

The most **we** will pay under this extension for **portable electronic equipment** and portable tools of trade is:

    - (a) \$5,000 for any one item including its standard accessories, and
    - (b) \$25,000 in total for any **event**.

**3.19 Tenanted premises** **You** are insured for sudden and **accidental loss** to:

    - (a) glass, and
    - (b) doors and windows, and
    - (c) light fittings and power points, and
    - (d) floor coverings,

that are not owned by **you** at the **situation**, provided that:

    - (i) **you** are responsible to arrange and bear the cost to repair them under the terms of **your** lease agreement, and
    - (ii) the provisions of Sections 268 to 272 of the Property Law Act 2007 do not release **you** from this responsibility.

The most **we** will pay under this extension during the **annual period** is \$5,000.

### 3.20 Transit cover

**You** are insured for sudden and **accidental loss** to **contents** and/or **stock** during any transit beginning and ending within New Zealand.

**We** will also cover **your** liability for general average and salvage charges where the contract of carriage or governing law makes **you** liable for such payments.

No cover is provided under this extension for:

- (a) **contents** while **temporarily removed**, or
- (b) **contents** and/or **stock** otherwise insured.

The most **we** will pay under this extension is:

- (i) \$5,000 for any one item of **portable electronic equipment** or any one portable tool of trade, including their standard accessories, and
- (ii) \$25,000 in total for any **event**,

unless a different amount for 'Transit cover' is shown in the **schedule**.

### 3.21 Unharmful property cover

**You** are insured for the reasonable cost to:

- (a) damage, demolish or remove, and
- (b) subsequently repair, replace or reassemble,

**insured property** that has not suffered **loss**, if this action becomes necessary to repair or replace **insured property** that has suffered a **loss** which is covered by this policy.

**We** will pay these costs provided that they are not being incurred solely to comply with any **regulations**.

### 3.22 Unspecified locations

**You** are insured for sudden and **accidental loss** to **contents** and/or **stock** while situated at any unspecified location in New Zealand away from the **situation**.

This extension does not apply to:

- (a) **contents** and/or **stock** that are **temporarily removed**, and
- (b) any **portable electronic equipment**, and
- (c) any portable tools of trade.

The most **we** will pay under this extension is:

- (i) \$25,000 for any **event**, or
- (ii) the sum insured for **contents** and/or **stock**,

whichever is the lesser, unless a different amount for 'Unspecified locations' is shown in the **schedule**.

## 4. Optional policy extensions

These Optional extensions only apply where specified in the **schedule**.

Unless stated otherwise, Optional extensions are included within 7.1 'Maximum amount payable'.

### 4.1 Theft cover

**You** are insured for sudden and **accidental loss** to **insured property** caused by theft occurring:

- (a) at the **situation**, or
- (b) during the period the **insured property** is covered by:
  - (i) 3.18 'Temporary removal cover', or
  - (ii) 3.20 'Transit cover', or
  - (iii) 3.22 'Unspecified locations'.

The most **we** will pay under this extension for any **event** is:

- (a) \$5,000 for any one item of **portable electronic equipment** or any one portable tool of trade, including their standard accessories, in respect of (b) (i) and (ii) above, and
- (b) \$25,000 in total,

unless a different amount for 'Theft cover' is shown in the **schedule**.

An excess of \$2,500 applies for each **event** under this extension, unless a higher excess for 'Theft cover' is shown in the **schedule**.



#### 4.2 Natural disaster cover

**You** are insured for **natural disaster damage** to **insured property**.

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

- (a) all **natural disaster damage** claims under this policy, and
- (b) 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 <b>regions</b> of Auckland, Northland, Otago, Southland, Taranaki, Tauranga City and Waikato	2.5% of the <b>site sum insured</b> Minimum \$2,500	10% of the <b>site sum insured</b> Minimum \$10,000
The Wellington <b>region</b>	5% of the <b>site sum insured</b> Minimum \$5,000	10% of the <b>site sum insured</b> Minimum \$10,000
The other <b>regions</b> of New Zealand	5% of the <b>site sum insured</b> Minimum \$2,500	10% of the <b>site sum insured</b> Minimum \$10,000

In all cases, the minimum excess for each **common site** is as shown in the table above unless a higher minimum excess for **natural disaster damage** is shown in the **schedule**.

Where the **insured property** that suffers **natural disaster damage** has been **temporarily removed**, the **site sum insured** excess applicable will be that of the **insured property's** original **situation**.

Where **insured property** is covered wholly or in part by the **EQC Act**, the following apply:

(a) **What we will pay if EQC Cover applies**

If EQC Cover applies:

- (i) this policy only pays in excess of the maximum cover under the **EQC Act**, and
- (ii) the most **we** will pay for **loss** to that **insured property** from any **event** is the difference between **your EQC entitlement** (whether or not that is actually paid to **you**) and the maximum amount payable under this policy for that **loss**.

(b) **Excess**

The **natural disaster damage** excess is reduced by any payment made by the Earthquake Commission except for payments for land.

#### 4.3 Refrigerated goods

**You** are insured for:

- (a) **accidental loss** to **refrigerated stock** at the **situation** provided that the **loss** results from:
  - (i) **machinery breakdown** of the refrigeration plant, or
  - (ii) sudden failure of power supplied by a public utility to **your** premises, or
  - (iii) the operation of an overload switch, and
- (b) reasonable costs **you** incur to avoid or minimise **accidental loss** to **refrigerated stock** that is covered by (a) above. *For example, moving the goods to an alternative storage unit.*

The most **we** will pay under this extension for any **event** is \$2,500 unless a different amount for 'Refrigerated goods' is shown in the **schedule**.

#### 4.4 Seasonal stock adjustments

Where **stock** has suffered a **loss** covered by the policy, the maximum amount payable for **stock** is increased by the percentage shown in the **schedule** (as 'Seasonal stock adjustments'), for the months of October, November and December, unless another period for the seasonal stock adjustments is shown in the **schedule**.

#### 4.5 Landslip and subsidence

**You** are insured for sudden and **accidental loss** to **insured property** at the **situation** caused by landslip or subsidence.

The most **we** will pay under this extension for any one **situation** in any **annual period** is \$100,000, unless a different amount for 'Landslip and subsidence' is shown in the **schedule**.

An excess of \$10,000 applies for each **event** under this extension, unless a higher excess for landslip and subsidence is shown in the **schedule**.

This extension does not include landslip or subsidence caused directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

## 5. Exclusions

### 5.1 Types of property not covered

This policy does not insure:

- (a) any **insured property** during:
  - (i) demolition, or
  - (ii) installation, construction or erection, or
  - (iii) testing and commissioning following (ii) above,  
other than cover provided by 3.11 'Property under construction'.
- (b) jewellery, precious stones, furs, precious metals or bullion, except if any of these items are:
  - (i) **stock of your** business, or
  - (ii) a component of any plant or machinery that is insured under this policy as **contents**.
- (c) any of the following (including plant attaching to, or accessories in or on any of them):
  - (i) any vehicle or trailer that is required to be registered or licensed to travel on a public road,
  - (ii) any mechanically or electrically propelled vehicles (including railway locomotives and rolling stock),
  - (iii) watercraft of any kind,
  - (iv) aircraft of any kind,except if any of these items are **stock of your** business, and at the time of the **loss** they are at the **situation** and are:
  - (a) stationary, or
  - (b) not in operation, or
  - (c) not being used.
- (d) any of the following property:
  - (i) standing timber or growing crops,
  - (ii) live plants including any trees, shrubs, hedges or grass, other than those forming part of **landscaping**,
  - (iii) livestock,
  - (iv) any living creature,
  - (v) dams, canals, or reservoirs,
  - (vi) road bridges or road tunnels,
  - (vii) railways, railway bridges or railway tunnels,
  - (viii) docks, piers, or wharves,
  - (ix) mining property located below ground level,
  - (x) any land, earth or fill (including topsoil and backfill),
  - (xi) driveways, patios, footpaths, paving or **landscaping**, constructed or consisting of gravel or shingle,
  - (xii) transmission and distribution lines not located at the **situation**,
  - (xiii) well or bore hole including its pump, lining or casing,
  - (xiv) artificial turf, swimming pools or tennis courts,
  - (xv) property located outside New Zealand,except, if the item of property is specifically listed in the **schedule** as being insured.
- (e) **money**, other than cover provided by 3.10 'Money cover'.
- (f) **insured property** that is in transit away from the **situation**, other than cover provided by:
  - (i) 3.10 'Money cover',
  - (ii) 3.18 'Temporary removal cover',
  - (iii) 3.20 'Transit cover'.

### 5.2 Losses not covered

This policy does not insure:

- (a) any of the following types of damage to **insured property**:
  - (i) slowly developing deformation or distortion,
  - (ii) marring or scratching,
  - (iii) gradual deterioration,
  - (iv) rot or mildew,
  - (v) wear and tear, corrosion or rust.

- (b) **loss immediately preceded by** any of the following:
  - (i) interruption of the supply of water, gas, electricity, or any fuel to the **situation**, other than cover provided by 4.3 'Refrigerated goods',
  - (ii) total or partial stoppage of work, or interruption or cessation of any process,
  - (iii) a change in artificially controlled temperature or atmosphere, other than cover provided by 4.3 'Refrigerated goods'.
- (c) **loss** caused by or arising from any of the following:
  - (i) action of micro-organisms, vermin or pests,
  - (ii) action of light, or inherent nature of the property (including shrinkage, evaporation, loss of weight, change of flavour or colour or texture or finish),
  - (iii) fumes, gas, dust, smoke or soot,
  - (iv) maintenance of **insured property** including servicing, cleaning and subsequent testing,
  - (v) spontaneous combustion,
  - (vi) spontaneous fermentation.

This exclusion only applies to the **insured property**, or to the part of the **insured property** (as applicable), directly affected. It does not apply to any resultant sudden and **accidental loss** to separate **insured property**, or to other parts of the same **insured property** (as applicable).
- (d) **loss** that is:
  - (i) only evidenced by an unexplained disappearance,
  - (ii) only revealed by the taking of an inventory,
  - (iii) due to clerical or accounting errors.
- (e) **loss** caused by any of the following:
  - (i) theft or attempted theft, other than cover provided by:
    - (a) 3.1 'Burglary cover',
    - (b) 3.10 'Money cover',
    - (c) 3.17 'Stolen keys cover',
    - (d) 4.1 'Theft cover',
  - (ii) any fraudulent scheme or device, or false pretence practised on **you** or any other person,
  - (iii) theft, attempted theft or fraud by **you** or an employee of **yours** other than cover provided by 3.10 'Money cover'.
- (f) **loss** following any of these events:
  - (i) exposure to weather conditions if the property is not designed to be left in the open (unless reasonable precautions have been taken to protect the property from those conditions),
  - (ii) landslip or subsidence, other than cover provided by 4.5 'Landslip and subsidence',
  - (iii) erosion or expansion of the ground,
  - (iv) normal settlement, normal shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements,
  - (v) settling, warping or cracking caused by earth or other movements, other than cover provided by 4.2 'Natural disaster cover'.

### 5.3 Building defects

This policy does not insure **loss** in connection with a building or structure being affected by:

- (a) moisture or water build-up or the penetration of external moisture or water, or
- (b) the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, microorganisms, bacteria, protozoa, or any similar or like forms,

that is caused directly or indirectly by:

- (i) non-compliance with the New Zealand Building Code, or
- (ii) faulty design or faulty specification, including but not limited to faulty sequence, procedure or programme, or
- (iii) faulty materials, or
- (iv) faulty workmanship,

when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to **loss** that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

- 5.4 Communicable disease** This policy does not insure 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 sudden and **accidental loss to insured property** 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.
- 5.5 Confiscation** This policy does not insure **loss** in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority (unless the order is given to control any immediate and imminent threat of **loss** provided that the **loss** would be covered by this policy if it did occur).
- 5.6 Consequential financial loss** This policy does not insure any kind of consequential financial loss (*e.g. financial loss that occurs as a direct or indirect result of the loss of insured property*), including the following:
- (a) delays,
  - (b) loss of market,
  - (c) penalties,
  - (d) rates, taxes, duties, development charges,
  - (e) other charges or assessments arising out of capital appreciation, that are payable to comply with any **regulations**,
  - (f) loss of use of any property, other than cover provided by:
    - (i) 3.6 'Expediting costs cover',
    - (ii) 3.13 'Redundant foundations',
    - (iii) 3.14 'Redundant plant and stock'.
- 5.7 Costs not insured** This policy does not insure the cost of:
- (a) repairing or replacing faulty materials, or
  - (b) fixing faulty workmanship, or
  - (c) fixing any work performed to a faulty:
    - (i) design plan, or
    - (ii) design specification, or
  - (d) altering or modifying any part of any refrigeration or air conditioning plant to enable the plant to operate with a more ozone friendly refrigerant.
- This exclusion does not apply to any resultant sudden and **accidental loss** to separate **insured property** or to other parts of the same **insured property** arising from the above.
- 5.8 Cyber** This policy does not insure 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** and **software**, including any amount relating to the value of such **data**.
- Exclusion 5.8 (a) shall not apply to **accidental loss to insured property** 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;

- (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 **accidental loss** is directly or indirectly caused by, contributed to by, resulting from or arising out of or in connection with a **cyber act**.

#### 5.9 Damage to machinery

This policy does not insure any **machinery breakdown** of a **machine**. This exclusion does not apply:

- (a) where sudden and **accidental loss** covered under this policy (or that would have been covered if the property was insured under this policy) occurs completely outside the **machine** that causes the **machinery breakdown** to occur. However, there is no cover for any **machinery breakdown** resulting directly or indirectly from any:
  - (i) error in: setting, programming or operating the **machine**, or
  - (ii) **stock** or part of the **machine** being drawn into the **machine**, or
  - (iii) failure to service or maintain the **machine** correctly.
- (b) to resultant sudden and **accidental loss** to other parts of the **machine** that is not **machinery breakdown**, or
- (c) to the cover provided by 3.3 'Electric motors cover', or
- (d) to the cover provided by 4.3 'Refrigerated goods'.

#### 5.10 Damage to boilers and pressure vessels

This policy does not insure the cost of repairing or replacing any part of a boiler or **pressure vessel** that suffers **loss** through:

- (a) explosion, overheating, rupture, bursting or collapse (but not pressure caused by chemical explosion), or
- (b) overheating, cracking or leaking.

This exclusion does not apply to any resultant sudden and **accidental loss** to other parts of the boiler or **pressure vessel** arising from the above.

#### 5.11 Natural disaster

This policy does not insure **natural disaster damage** other than cover provided by 4.2 'Natural disaster cover'.

#### 5.12 Nuclear

This policy does not insure **loss** in connection with:

- (a) ionising radiation or contamination by radioactivity from:
  - (i) any nuclear fuel, or
  - (ii) any nuclear waste from the combustion or fission of nuclear fuel.
- (b) nuclear weapons material.

#### 5.13 Production processes

This policy does not insure **loss** to **insured property** while it is undergoing any **production process** where any part of that **production process** (including any **accidental** modification of the process) causes or contributes to the **loss** in any way.

#### 5.14 Sanctions

**We** will not pay any claim when the payment would contravene:

- (a) any sanction, prohibition, or restriction under United Nations resolutions, or
- (b) the trade or economic sanctions, laws or regulations of New Zealand, Australia, United Kingdom, the United States of America or the European Union.

#### 5.15 Seepage, pollution and contamination

This policy does not insure **loss** in connection with seepage, pollution or contamination except if the seepage, pollution or contamination results from sudden and **accidental loss** to **insured property**, which is otherwise covered under this policy.

#### 5.16 Terrorism

This policy does not insure **loss** in connection with an **act of terrorism**, including in connection with controlling, preventing, suppressing, retaliating against, or responding to an **act of terrorism**.

#### 5.17 Unlawful substances

This policy does not insure **loss** to **insured property** in connection with presence of any 'controlled drug' as defined in the Misuse of Drugs Act 1975.

This exclusion does not apply to:

- (a) **loss** covered by 3.9 'Methamphetamine contamination', or
- (b) **loss** caused by the **accidental** spread of fire or explosion.

#### 5.18 War

This policy does not insure **loss** 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.

## 6. How we will pay

### 6.1 Basis of settlement: Reinstatement

Where the **schedule** shows any item(s) of **insured property** are insured for reinstatement, **we** will indemnify **you** as follows:

- (a) where **insured property** is lost or **destroyed**: by reimbursing **you** the cost **you** incur to replace the **insured property** to a condition substantially the same as its condition when new, or
- (b) where **insured property** is physically damaged but not lost or **destroyed**: by reimbursing **you** the cost **you** incur to repair the **loss** to the damaged part of the **insured property** to a standard that is reasonably equivalent to its condition and relative quality when new, but without necessarily reproducing it exactly.

#### Circumstances where reinstatement does not apply

6.2 'Basis of settlement: Indemnity' will apply in the following circumstances, regardless of any basis of settlement shown in the **schedule** to the contrary:

- (i) if **you** do not repair or replace the **loss** to the **insured property**, or
- (ii) repair or replacement of the **loss** to the **insured property** is not started within a reasonable period of time, or
- (iii) until the actual costs of repair or replacement of the **loss** to the **insured property** are incurred, or
- (iv) if the **insured property** is awaiting demolition or disposal at the time of the **loss**, or
- (v) either of the following apply:
  - (a) repair or replacement of the damaged, lost or **destroyed insured property** is not permissible under any **regulations**, or
  - (b) repair or replacement of the damaged, lost or **destroyed insured property** is not permissible because of the **undamaged** portion of the property.

### 6.2 Basis of settlement: Indemnity

Where the **schedule** shows any item(s) of **insured property** are insured for indemnity, or in any of the circumstances listed in 'Circumstances where reinstatement does not apply', **we** will indemnify **you** using whichever of the following options **we** choose:

- (a) where **insured property** is lost or **destroyed**: pay **you** the cost to replace the **insured property** with property of a similar condition, age and specification, as it was in, immediately prior to the **loss**, or
- (b) where **insured property** is physically damaged but not **destroyed**: pay **you** the cost to repair the **loss** to the damaged part of the **insured property**, as nearly as possible, to the condition it was in immediately prior to the **loss**, or
- (c) pay **you** an amount equal to the indemnity value of the damaged part of the **insured property**.

### 6.3 Additional costs you are covered for

Where **insured property** has suffered a **loss** covered by this policy, then included in 7.1 'Maximum amount payable' **we** will also pay:

#### Costs of compliance

Necessary and reasonable costs incurred in complying with **regulations** in order to repair or replace **loss** to the damaged, lost or **destroyed** part of **insured property**, except costs incurred:

- (a) for work that **you** have already been ordered to carry out, or
- (b) solely for the purpose of seismically strengthening the **insured property** to a performance level greater than its performance level before the **loss**. **We** will repair **your building** to the same structural performance level it had before the **loss**.
- (c) in connection with **undamaged** property, or **undamaged** parts of property. This applies even if the **undamaged** property comprises a separate building, structure or item of plant or equipment.

#### Demolition costs

Necessary and reasonable costs incurred to:

- (a) demolish or dismantle **insured property**, and/or
- (b) temporarily shore or prop **insured property**, and/or
- (c) remove debris from the **situation** (including any kind of solid, liquid or gas), and/or
- (d) clear, clean and repair gutters, drains and the like, and/or
- (e) recover, defend, safeguard, remove, temporarily store, and return **stock** and **contents**, whether damaged or **undamaged**, and/or
- (f) temporarily repair and secure **insured property** to make it comply with safety rules and **regulations** suitable for continued use,

provided that the costs arise from a **loss** covered by this policy.

Where any costs are in connection with the removal of asbestos, the maximum **we** will pay for any **event** is:

- (i) 5% of the **site sum insured**, or
- (ii) \$25,000,

whichever is the lesser.

#### **Fees and other costs**

Necessary and reasonable costs incurred for:

- (a) architect's, engineer's, surveyor's, building consultant's fees, and/or
- (b) consents and associated legal fees, and/or
- (c) training consultants and IT technicians,

to repair or replace the damaged, lost or **destroyed insured property** following a **loss** covered by this policy.

#### **Claims preparation costs**

Necessary and reasonable costs incurred to assess or prepare a claim following a **loss** covered by this policy.

**You** are not insured for any costs incurred to investigate or negotiate a claim made under this policy.

The most **we** will pay for any **event** is \$25,000.

### **6.4 Location of replacement**

Where **we** pay to replace damaged, lost or **destroyed insured property**, **you** may choose to replace the property at:

- (a) the **situation**, or
- (b) any alternative site that **you** provide in New Zealand.

Where **you** choose to use an alternative site **we** will not pay more than the cost to replace the damaged, lost or **destroyed insured property** at the **situation** in accordance with the terms of this policy.

### **6.5 Method of repair or replacement**

**We** will pay the reasonable cost to repair or replace **insured property** based on current industry accepted building materials and construction methods.

### **6.6 Basis of settlement: Certain types of property**

The method of indemnity for the following types of **insured property** will be as follows, regardless of any basis of settlement shown in the **schedule** to the contrary.

#### **Stock**

For **loss** to **stock**, **we** will indemnify **you** by one of the following methods:

- (a) for raw materials, supplies and other merchandise not manufactured by **you**:
  - (i) the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time, or
  - (ii) if this property is not replaced, the market value of it at the time and place of the **loss**.
- (b) for materials in the process of manufacture: the replacement cost of the raw materials and the cost of labour and other overhead charges expended at the time of the **loss**.
- (c) for finished goods: the replacement cost of the raw materials and the cost of labour and other overhead charges expended before any allowance for profit, or the cost of re-stocking these goods, whichever is the lesser.

#### **Works of art**

For **loss** to a **work of art**, **we** will at **our** option pay:

- (a) the indemnity value of the **work of art**, or
- (b) the cost to repair the **work of art**, as near as reasonably possible, to the condition it was in immediately prior to the **loss**.

#### **Data**

For **loss** to **data**, **we** will pay the cost of blank media plus the cost of copying the **data** from back-up or from originals of a previous generation.

These costs will not include research and engineering, nor any costs of recreating, gathering or assembling the **data**.

If the media is not repaired, replaced or restored, **we** will pay the cost of blank media. However, **we** do not cover the value of the **data** to **you**, even if the **data** cannot be recreated, gathered or assembled.

#### **Software**

For loss to **software**, **we** will pay the reasonable cost of restoring, re-setting or re-programming the **software** that is necessary to operate any electronic equipment or **machine** insured under this policy.

### Portable electronic equipment

For **loss to portable electronic equipment**, more than two years old **we** will at **our** option pay:

- (a) the indemnity value of the **portable electronic equipment**, or
- (b) the cost to repair the **portable electronic equipment**, as near as reasonably possible, to the condition it was in immediately prior to the **loss**.

### Limited lifetime construction materials

For **loss to**:

- (a) cladding, roofing or skylights, where they are made of plastic, polycarbonate, acrylic or PVC materials, and/or
- (b) any textile awnings or shade sails,

**we** will at **our** option pay:

- (i) the indemnity value of the materials, or
- (ii) the cost to repair the materials, as near as reasonably possible, to the condition they were in immediately prior to the **loss**.

The indemnity value of the materials will be depreciated over the lifetime of the product based upon the manufacturer's UV rating.

### Office equipment upgrade

For **loss to office equipment**, **we** will pay the cost to replace the equipment with an alternative model(s) of **office equipment**, provided that:

- (a) the alternative model has more energy-efficient features, and
- (b) the alternative model has otherwise comparable features and capabilities, and
- (c) the **office equipment** is **destroyed**, and
- (d) **we** approve the upgrade.

## 7. What we will pay

### 7.1 Maximum amount payable

- (a) The most **we** will pay for any **event** for a **building** (or group of **buildings**) at a specified location in the **schedule** is the corresponding sum insured noted in the **schedule** for that **building** (or group of **buildings**).
- (b) The most **we** will pay for any **event** for **contents** is the corresponding sum insured for **contents** in the **schedule**. If there is a separate sum insured for **contents** at a specified location, the most **we** will pay for any **event** for **contents** at that location is the corresponding sum insured for that location in the **schedule**.
- (c) The most **we** will pay for any **event** for **stock** is the corresponding sum insured for **stock** in the **schedule**. If there is a separate sum insured for **stock** at a specified location, the most **we** will pay for any **event** for **stock** at that location is the corresponding sum insured for that location in the **schedule**.
- (d) The most **we** will pay for any other individually specified item of **insured property** in the **schedule** with a corresponding sum insured is that sum insured.

However, the most **we** will pay for all **insured property** for any **event** is the 'Total sum insured' shown in the **schedule**, subject to clauses 7.3 'Reinstatement of sum insured once repaired' and 7.4 'Sum insured adjustment on renewal for unrepaired items' below.

### 7.2 Increased maximum amount payable

The amount referred to in 7.1 'Maximum amount payable' above is increased as follows:

The most **we** will pay for any **event**:

- (a) for all **contents** at a **situation** shown in the **schedule** is the sum insured for **contents** at that **situation** plus:
  - (i) 10%, or
  - (ii) \$100,000,whichever is the lesser.
- (b) for all **stock** at a **situation** shown in the **schedule** is the sum insured for **stock** at that **situation** plus:
  - (i) 10%, or
  - (ii) \$100,000,whichever is the lesser.



Provided that:

- (a) these increases for **contents** and **stock** do not apply to cover provided by 4.2 'Natural disaster cover', and
- (b) the most **we** will pay for any **event** at all **situations** for all **contents** and all **stock** remains unchanged.

### 7.3 Reinstatement of sum insured once repaired

Following a **loss** for which a claim is payable under this policy, the sum insured for the item of **insured property** that suffered the **loss** is reduced by the amount of the **loss**. The sum insured will only be reinstated as follows:

If the **insured property**:

- (a) is automatically covered under this policy during its repair or replacement, the amount reduced will be progressively added back to the sum insured at the rate that the **insured property** that suffered the **loss** is progressively repaired or replaced.
- (b) is not automatically covered under this policy during its repair or replacement, the amount reduced will only be added back to the sum insured once the repair or replacement of the **insured property** that suffered the **loss** has been completed.

*If an insured property is covered by a contract works policy while it is undergoing repair, the amount reduced will only be added back to the sum insured once the entire construction has been completed.*

The sum insured will not reinstate following any claim for **natural disaster damage** unless **we** have agreed to the reinstatement in writing.

**We** may ask **you** to pay an additional premium for any reinstatement of the sum insured.

### 7.4 Sum insured adjustment on renewal for unrepaired items

The sum insured for any item of **insured property** that has suffered **loss** in any previous **annual period** and that has not been repaired or replaced at the start of the current **annual period** is:

- (a) the 'Sum insured' as shown in the **schedule** for that item, less
- (b) the estimated cost of remedying the existing unrepaired or unreplaced **loss**.

The sum insured will only be reinstated to its pre loss level as per the conditions outlined under 7.3 (a) and (b) above.

### 7.5 Sub limits

If any sub limit in this policy wording is higher than the maximum amount payable for the applicable **insured property** as shown in the **schedule**, the sub limit does not apply and the most **we** will pay is the amount shown in the **schedule**.

### 7.6 Items of insured property with limited cover

The most **we** will pay for some items of **insured property** is included within 7.1 'Maximum amount payable' and is limited as follows:

#### Site improvements

The most **we** will pay for **site improvements** at the **site** during any **annual period** is:

- (a) 10% of the maximum amount payable for **building(s)** at that **site**, or
- (b) \$250,000,

whichever is the lesser, unless a different amount for **site improvements** is shown in the **schedule**.

#### Landscaping

The most **we** will pay for **landscaping** at the **site** during any **annual period** is:

- (i) 5% of the maximum amount payable for **building(s)** at that **site**, or
- (ii) \$25,000,

whichever is the lesser, unless a different amount for **landscaping** is shown in the **schedule**.

#### Works of art

The most **we** will pay for any individual **work of art** for any **event** is \$25,000 unless a different amount for that **work of art** is shown in the **schedule**.

### 7.7 Excess

The excess shown in the **schedule** will be deducted from the amount payable for each **event**.

Where an **event** occurs over a period of more than 72 consecutive hours, one excess will be deducted for every 72 consecutive hour period.

### 7.8 One excess

If a single **event** causes sudden and **accidental loss** to tangible property that **you** insure with **us** under more than one policy, only one excess will apply, being the highest applicable individual policy **excess**. This does not apply to any **loss** caused by **natural disaster damage**.

## 8. Claims conditions

### Your obligations

- 8.1 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.
- 8.2 Minimise the loss** **You** must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.
- 8.3 Notify the Police** **You** must immediately notify the Police if **you** suspect criminal activity has occurred.
- 8.4 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.
- 8.5 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.
- 8.6 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.
- 8.7 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

- 8.8 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.
- 8.9 Recoveries** If any property that **we** have paid a claim for is later found or recovered, **you** must tell **us** immediately and hand it over to **us** if **we** request it. **We** have the right to keep any property that **we** have paid a claim for under this policy, including any proceeds if it is sold.
- 8.10 Reparation** If any person is ordered to make reparation to **you** for **loss** to any property 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.
- 8.11 Branded stock** For salvage that is branded goods or merchandise, **we** will not dispose of these items by sale unless **you** agree. If **you** do not agree, the value of the salvage will be deducted from any claim payment.

## 9. General conditions

### How we administer this policy

- 9.1 Assignment** **You** may not assign this policy or any interest under this policy without **our** prior written consent.
- 9.2 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. The 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**.
- 9.3 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.
- 9.4 Currency** Any amounts shown in this policy or in the **schedule** are in New Zealand dollars, unless otherwise specified in the **schedule**.
- 9.5 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.
- 9.6 Interests of other parties** If **we** are advised of any party having a financial interest over **your insured property**, **we** may pay part or all of any valid claim proceeds to that party to the extent of their interest. This will form part of **our** obligations to **you** under this policy.
- You** consent to **us** transferring **your** relevant personal information to that party.
- Any party, who is recorded as having a financial interest under this policy, is not covered by this policy and does not have rights to claim under this policy.
- 9.7 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.
- 9.8 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.
- 9.9 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**.
- 9.10 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.

### 9.11 Stock declarations

Where **stock** is insured on a Stock Declaration basis, the premium charged on the item **stock** is provisional and represents 75% of the full premium payable for that item. At the end of each **annual period we** will adjust it as follows:

- (a) **you** must give **us** a declaration of the actual value of the **stock you** held on the last business day of each month for the **annual period**. This must be received by **us** within six weeks from the end date of the **annual period**,
- (b) if a monthly declaration exceeds the sum insured then **we** will adjust it back to the sum insured for the purpose of calculating **your stock** averages,
- (c) if no declaration is received for any one month, the **stock** sum insured will apply for that month,
- (d) the average of the monthly declarations will be calculated at the end of the **annual period** and the final premium payable will be based on the greater of:
  - (i) that average, or
  - (ii) one half of the sum insured on **stock**,
- (e) **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 upon the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

## Laws and Acts that govern this policy

### 9.12 Disputes about this policy

The law of New Zealand applies to disputes about this policy and the New Zealand Courts have exclusive jurisdiction.

### 9.13 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.

### 9.14 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

### 9.15 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.

### 9.16 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.

### 9.17 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.

### 9.18 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.

## 10. 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>accident</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: <ul style="list-style-type: none"><li>(a) involves violence against one or more persons, or</li><li>(b) involves damage to property, or</li><li>(c) endangers life other than that of the person committing the action, or</li><li>(d) creates a risk to health or safety of the public or a section of the public, or</li><li>(e) is designed to interfere with or disrupt an electronic system.</li></ul>
<b>annual period</b>	The <b>period of insurance</b> . However, if: <ul style="list-style-type: none"><li>(a) <b>you</b> pay the premium monthly, or</li><li>(b) the <b>period of insurance</b> is for more than 12 months,</li></ul> the annual period 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>building</b>	Any of the following, provided they are located at the <b>situation</b> at the start of the <b>period of insurance</b> : <ul style="list-style-type: none"><li>(a) any building,</li><li>(b) underground and above ground services directly associated with the building,</li><li>(c) permanent fixtures and fittings at the building(s), including but not limited to signs, sprinkler systems, wired alarm systems, and wired security cameras,</li><li>(d) <b>site improvements</b>,</li><li>(e) <b>landscaping</b>.</li></ul>
<b>business days</b>	The days <b>your</b> business usually operates.
<b>business hours</b>	The hours that: <ul style="list-style-type: none"><li>(a) <b>you</b> or any director or manager of <b>yours</b>, or</li><li>(b) any of <b>your</b> employees who are entrusted with the care, custody or control of <b>money</b>, are on <b>your</b> business premises for the purpose of <b>your</b> business.</li></ul>
<b>business interruption policy</b>	The insurance policy, that <b>we</b> call the Business Interruption Policy, that <b>you</b> have with <b>us</b> that covers the financial interruption to or interference with <b>your</b> business operations.
<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>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>common site</b>	A common physical location where the <b>insured property</b> is linked to achieve a common business purpose at that location.
<b>communicable disease</b>	<p>Any disease which can be transmitted by means of any substance or agent from any organism to another organism where:</p> <p>(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</p> <p>(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</p> <p>(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.</p>
<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>contents</b>	<p>Contents, including but not limited to:</p> <p>(a) machinery, plant, tools and contents,</p> <p>(b) business fixtures, fittings and furnishings,</p> <p>(c) tenants' improvements of any type,</p> <p>provided that they are:</p> <ul style="list-style-type: none"> <li>• owned by <b>you</b> (including joint ownership with others), or</li> <li>• in <b>your</b> care, custody or control and for which <b>you</b> are legally responsible.</li> </ul> <p>Contents does not include <b>stock</b>.</p>
<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>destroyed</b>	So physically damaged by an insured <b>loss</b> that the property, by reason only of that <b>loss</b> , cannot be repaired or the cost of repair is uneconomic.
<b>EQC Act</b>	Earthquake Commission Act 1993 and any Act in substitution of that Act.
<b>EQC entitlement</b>	<p>An amount payable to <b>you</b> or for <b>your</b> benefit by the Earthquake Commission as a result of <b>loss</b> to the <b>insured property</b>; and any amount that would have been payable but for:</p> <p>(a) the application of an excess under the <b>EQC Act</b>,</p> <p>(b) a failure by <b>you</b> to correctly notify a claim to the Earthquake Commission within the time required under the <b>EQC Act</b>,</p> <p>(c) a decision by the Earthquake Commission to decline a claim or limit its liability for that <b>loss</b> in whole or in part and for any reason whatsoever,</p> <p>(d) any act or omission on <b>your</b> part, the part of <b>your</b> agent, or the part of the Earthquake Commission.</p>
<b>event</b>	Any one event or series of events arising from one source or original cause.
<b>fully enclosed trailer</b>	A fully enclosed road trailer with rigid walls constructed of steel, aluminium, fibreglass 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 materials and the like does not meet the required criteria to be considered a fully enclosed trailer.

<b>fusion</b>	The process of fusing or melting together of windings or wiring following damage to the insulating material as a result of overheating.
<b>immediately preceded by</b>	The event occurring in sequence immediately prior to the <b>loss</b> . <i>If there is a chain of events, this will be the last event occurring immediately prior to the loss.</i>
<b>insured property</b>	Tangible property shown in the <b>schedule</b> within the following categories: (a) <b>buildings</b> , and (b) <b>contents</b> , and (c) <b>stock</b> , and (d) any other tangible property listed, provided that: <ul style="list-style-type: none"> <li>• the property is owned by <b>you</b> (including joint ownership with others), or</li> <li>• the property, other than <b>buildings</b>, is in <b>your</b> care, custody or control and for which <b>you</b> are legally responsible.</li> </ul>
<b>landlord's obligations</b>	Where the <b>building</b> is a commercial property, <b>you</b> or the person who manages the tenancy on <b>your</b> behalf, must: <ol style="list-style-type: none"> <li>(a) exercise reasonable care in the selection of tenant(s), and</li> <li>(b) complete an internal and external inspection of the <b>building</b> or part of the <b>building</b> at a minimum of 6 monthly intervals and upon every change of tenant(s), and</li> <li>(c) keep a written record of the outcome of each inspection, and provide to <b>us</b> a copy of these if <b>we</b> request it.</li> </ol> Where any part of the <b>building</b> is a residential property, <b>you</b> , or the person who manages the tenancy on <b>your</b> behalf, must: <ol style="list-style-type: none"> <li>(a) exercise reasonable care in the selection of tenant(s) by at least obtaining satisfactory identification and written or verbal references for each adult tenant and when a reasonable landlord would consider it appropriate also check their credit and Tenancy Tribunal history, and</li> <li>(b) inspect vacant residential property on a monthly basis, and</li> <li>(c) keep written records of the pre-tenancy checks conducted for each adult tenant, and provide to <b>us</b> a copy of these if <b>we</b> request it, and</li> <li>(d) complete an internal and external inspection of the residential parts of the building at a minimum of 3-monthly intervals and upon every change of tenants, and</li> <li>(e) keep photographs and a written record of the outcome of each inspection, and provide to <b>us</b> a copy of these if <b>we</b> request it, and</li> <li>(f) make application to the Tenancy Tribunal for vacant possession in accordance with the provisions of the Residential Tenancies Act 2010 if: <ol style="list-style-type: none"> <li>(i) <b>you</b> become aware of any illegal activity by the occupant(s) of the residential property, or</li> <li>(ii) intentional damage to the <b>building</b> is caused by one of its occupant(s).</li> </ol> </li> </ol>
<b>landscaping</b>	Permanently sited live plants, trees, shrubs, hedges or grass including rock work, paving and ornamentation used to adorn or improve the grounds at the <b>situation</b> , except if any of these items are <b>stock of your</b> business.
<b>loss</b>	Physical loss or physical damage occurring during the <b>period of insurance</b> .
<b>machine</b>	Any device that: <ol style="list-style-type: none"> <li>(a) converts and directs motion or energy, and/or</li> <li>(b) performs any electronic process,</li> </ol> including any protective component connected with that device.
<b>machinery breakdown</b>	<ol style="list-style-type: none"> <li>(a) any mechanical, hydraulic, electrical or electronic: <ol style="list-style-type: none"> <li>(i) breakdown or failure, or</li> <li>(ii) cessation of function, or</li> <li>(iii) malfunction, or</li> <li>(iv) derangement, or</li> </ol> </li> <li>(b) <b>fusion</b> of any nature.</li> </ol>

<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>money</b>	Any of the following, where they are associated solely with <b>your</b> business operations: <ul style="list-style-type: none"> <li>(a) current coin, bank and currency notes,</li> <li>(b) cheques and travellers' cheques,</li> <li>(c) bank drafts and money orders,</li> <li>(d) phone cards,</li> <li>(e) unused postage and revenue stamps,</li> <li>(f) credit card vouchers, redeemable vouchers and tokens,</li> <li>(g) franking machine credits,</li> <li>(h) other tangible negotiable instruments, <i>for example, promissory notes or bills of exchange.</i></li> </ul>
<b>natural disaster damage</b>	Sudden and <b>accidental loss</b> that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.
<b>office equipment</b>	Any of the following office equipment: desktop or laptop computers, fax machines, computer and video monitors, printers, document scanners, refrigerators and dishwashers.
<b>pre 1935 building risks</b>	Where: <ul style="list-style-type: none"> <li>(a) the <b>building</b> is, or</li> <li>(b) the <b>contents</b> and/or <b>stock</b> are located in any building, or part of a building, originally constructed prior to 1935.</li> </ul>
<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>portable electronic equipment</b>	Cellphones, video data projectors, digital cameras, other audio visual equipment, portable computing devices and portable data storage devices.
<b>pressure vessel</b>	The parts of any <b>insured property</b> or vessel that during ordinary use are subjected to either generated fluid pressure or vacuum, including: <ul style="list-style-type: none"> <li>(a) all integral parts, and</li> <li>(b) controls, and</li> <li>(c) systems (other than systems forming part of a building or structure).</li> </ul>
<b>production process</b>	Any process of producing, making, treating or servicing goods.
<b>refrigerated stock</b>	Perishable goods and/or their containers/packaging that are kept in a refrigerated storage chamber at the <b>situation</b> .
<b>region</b>	The areas of land in each of the named Regions and Districts as defined in the Local Government New Zealand (LGNZ) Regional and Districts boundaries map.
<b>regulations</b>	Building regulations or other regulations that are: <ul style="list-style-type: none"> <li>(a) made under, or</li> <li>(b) framed pursuant to,</li> </ul> any Act of Parliament or any local authority regulation or by-law.
<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>schedule</b>	The latest version of the schedule <b>we</b> issued to <b>you</b> for this policy.
<b>site</b>	Any parcel of land that <b>you</b> own or occupy.



<b>site improvements</b>	Site improvements are: (a) footpaths, driveways, car parks, <b>site</b> roads, and yards, of permanent construction, (b) permanently sited water storage tank, septic tank or heating oil tank, (c) retaining walls, (d) gates, fences.
<b>site sum insured</b>	The total sum insured for all <b>insured property</b> located at each <b>common site</b> under this policy and any other material damage policy held with <b>us</b> .
<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>stock</b>	Stock and materials in trade provided that they are: (a) owned by <b>you</b> (including joint ownership with others), or (b) in <b>your</b> care, custody or control and for which <b>you</b> are legally responsible.
<b>storage container</b>	Any fully enclosed: (a) shipping container or similar, or (b) portable shed or similar structure, or (c) non-portable container, such as a metal or wooden container that has been built into or secured to a vehicle.
<b>temporarily removed</b>	<b>Contents</b> that: (a) <b>you</b> have removed from their original location for a particular purpose, and (b) <b>you</b> intend to return to their original location, once that purpose has been served.
<b>undamaged</b>	Not directly or physically damaged by an <b>event</b> that would be covered by this policy.
<b>we</b>	State, a business division of IAG New Zealand Limited. We may also use the words 'us', 'our' or 'company' to describe State.
<b>work of art</b>	An object of artistic or cultural value including but not limited to pictures, paintings, prints, sculptures or ornaments, hand woven carpets, rugs or mats.
<b>you</b>	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.

## Material Damage Insurance

Copyright (2022) IAG New Zealand Limited

[state.co.nz](http://state.co.nz)

State has relationships with insurance intermediaries who issue our policies. State is a business division of IAG New Zealand Limited. IAG New Zealand Limited pays remuneration to insurance intermediaries when they issue State policies, and when these policies are renewed or varied. This policy document is subject to copyright.

Form no: **SI6733/2 11/22**

