

MACHINERY BREAKDOWN

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 Machinery Breakdown 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**.

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Introduction

Welcome	Welcome to State. Thank you for selecting us as your insurer.
About this policy	Your Machinery Breakdown Policy consists of: <ul style="list-style-type: none">(a) this policy document, and(b) the schedule, and(c) any endorsements or warranties that we apply, and(d) the information you have provided in the application.
Duty of disclosure	You have a legal duty of disclosure when you apply for insurance. This means you or anyone acting on your behalf must tell us everything you know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding: <ul style="list-style-type: none">(a) to accept or decline the insurance, and/or(b) the cost or terms of the insurance, including the excess. You also have this duty every time your insurance renews and when you make any changes to it. If you or anyone acting on your behalf breaches this duty, we may treat this policy as being of no effect and to have never existed. Please ask us if you are not sure whether you need to tell us about something.
Defined words	If a word is shown in bold , it has a specific meaning. There is a list of these words and what they mean in Section 9 – ‘Definitions’.
Examples	We have used examples and comments to make parts of this policy document easier to understand. These examples and comments, which appear in <i>italics</i> , do not affect or limit the meaning of the section they refer to.
Headings	The headings in this policy document are for reference only and do not form part of it. They must not be used when interpreting the policy document.

1. Insurance agreement

1.1 Our agreement	You agree to pay us the premium described in the schedule and comply with this policy. In exchange, we agree to insure you as set out in this policy.
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2. What this policy covers

2.1 Damage to insured machinery	You are insured for accidental loss to insured machinery occurring at the situation .
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3. Automatic policy extensions

In addition to the cover under 2.1 'Damage to insured machinery' above, **we** also provide the following Automatic policy extensions.

Unless stated otherwise, Automatic extensions are payable in addition to the sum insured shown in the **schedule** for an item of **insured machinery**.

- 3.1 Newly acquired machinery** **You** are insured for **accidental loss** to machinery that **you** acquire during the **period of insurance**.
Provided:
- (a) the machinery is located at the **situation**, and
 - (b) the machinery is similar in type, class and function to the machinery **you** already have insured with **us**, and
 - (c) any **loss** occurs following the satisfactory completion of the machinery's installation, testing and commissioning, and
 - (d) **you** notify **us** within 90 days of **your** acquisition of the machinery.
- The most **we** will pay under this extension is:
- (i) \$50,000 for any machine, or
 - (ii) the total sum insured for **insured machinery**,
- whichever is the lesser.
- Once **you** have notified **us**:
- (a) **we** may charge **you** an additional premium, and
 - (b) the value of the machinery will be added to **your** sum insured and settlement applies in accordance with Section 6 'Basis of settlement'.
- 3.2 Cost of hire of electric motors** **You** are insured for reasonable costs **you** incur to hire a replacement electric motor following a **loss** to an electric motor covered by this policy.
- The most **we** will pay under this extension is \$5,000 for any **event**, unless a different amount is shown in the **schedule**.
- 3.3 Refrigerant replacement** **You** are insured for the reasonable costs of replacing lost refrigerant gas following a **loss** covered by this policy.
- You** are not insured for the additional costs of replacing refrigerant with a more environmentally friendly alternative.
- An excess of 10% of the cost of the refrigerant gas applies for each **event** under this extension.
- The most **we** will pay under this extension is \$5,000 for any **event**, unless a different amount is shown in the **schedule**.
- Exclusion 5.9 (a) does not apply to this extension.
- 3.4 Demolition costs cover** **You** are insured for costs **you** incur to:
- (a) demolish, dismantle, shore or prop up **insured machinery**, and
 - (b) dispose of debris (including any kind of solid, liquid or gas) from the **insured machinery**, provided that the costs arise following a **loss** covered by this policy.
- You** are not insured for any costs associated with the demolition of or removal of debris from buildings or other assets.
- The most **we** will pay under this extension for any **event** is:
- (a) 10% of the sum insured shown in the **schedule** for that item of **insured machinery**, or
 - (b) \$10,000,
- whichever is the lesser.
- 3.5 Explosion of boilers and pressure vessels** **You** are insured for the **accidental loss** to boilers and **pressure vessels** caused by:
- (a) collapse, or
 - (b) overheating, or
 - (c) **explosion**,
- provided that the boiler or **pressure vessel** is part of the **insured machinery** covered by this policy.
- The most **we** will pay under this extension for any **event** is the sum insured for the item of **insured machinery** damaged.
- The amount payable under this extension is included in the sum insured shown in the **schedule** for an item of **insured machinery**.
- Exclusion 5.15 Item (e) does not apply to this extension.

3.6 Modifications

You are insured for **accidental loss** to **insured machinery** during the modifying of **insured machinery**.

The most **we** will pay under this extension is \$10,000 for any **event**, unless a different amount is shown in the **schedule**.

The amount payable under this extension is included in the sum insured shown in the **schedule** for an item of **insured machinery**.

Exclusions 5.4 (e) Item (i), 5.4 (f) Item (iii) and 5.14 Item (a) do not apply to this extension.

3.7 Testing

You are insured for **accidental loss** to **insured machinery** during tests that are conducted in order to comply with statutory safety regulations.

We will not pay for any **loss** to **insured machinery** that is condemned as a result of the tests.

The most **we** will pay under this extension is \$5,000 for any **event**, unless a different amount is shown in the **schedule**.

The amount payable under this extension is included in the sum insured shown in the **schedule** for an item of **insured machinery**.

Exclusion 5.14 (b) does not apply to this extension.

4. Optional policy extensions

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

Unless stated otherwise, Optional extensions are payable in addition to the sum insured shown in the **schedule** for an item of **insured machinery**.

4.1 Expediting expenses

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

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

Our approval will be based on our economic benefit gained.

The most **we** will pay under this extension for any **event** is 25% of the sum insured for the item of **insured machinery** damaged.

Exclusions 5.3 and 5.4(c) Items (i) and (ii) do not apply to this extension.

4.2 Overseas airfreight

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

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

Our approval will be based on our economic benefit gained.

The most **we** will pay under this extension for any **event** is the sum insured shown in the **schedule** for this extension.

Exclusions 5.3 and 5.4 (c) Item (ii) do not apply to this extension.

4.3 Dies

You are insured for **accidental loss** to dies that are fitted to **insured machinery**, provided that:

- (a) the **insured machinery** is located at the **situation**, and
- (b) the dies are in use at the time of the **loss**.

An excess of 20% of the cost of the dies applies for each **event** under this extension, unless a higher amount is shown in the **schedule**.

The most **we** will pay under this extension for any **event** is the sum insured shown in the **schedule** for this extension.

Exclusion 5.9 (f) does not apply to this extension.

4.4 Reinstatement of boilers and pressure vessels

The basis of settlement is amended as follows for boilers and **pressure vessels**:

A. Boiler or pressure vessel that is repaired

If the boiler or **pressure vessel** is repairable, **we** will pay the cost of restoring it to the **same condition** it was in when it was new.

If the repairs are carried out at a workshop owned by **you**, **we** will pay **you** the cost of materials and wages incurred to make repairs, plus a normal margin to cover **your** overheads.

If, however, the total cost of repairs equals or exceeds:

- (a) the **new replacement cost** of the item, or
- (b) the sum insured shown in the **schedule** for the item,

then **we** will consider the boiler or **pressure vessel** irreparable, and **our** settlement to **you** will be on the basis as shown in 4.4 B. below.

This extension only applies if **you**:

- (i) actually reinstate the item, and
- (ii) commence the reinstatement quickly.

B. Boiler or pressure vessel that is a total loss

If the boiler or **pressure vessel** is a **total loss**, **we** will indemnify **you** by whichever of the following options **we** choose:

- (a) pay **you** the lesser of:
 - (i) the **new replacement cost** of the item, or
 - (ii) the sum insured shown in the **schedule** for that item, or
- (b) supply **you** with a replacement item that is similar in type, capacity and condition to the boiler or **pressure vessel** when new (if **we** do this, **we** will also pay **you** any erection and ordinary freight costs associated with the replacement item).

We will also:

- (a) pay the cost of removing the damaged boiler or **pressure vessel**, and
- (b) make a deduction for the value of any salvage.

C. Special condition

You must ensure that the sum insured on the boiler or **pressure vessel** is equal to the **new replacement cost**.

4.5 Submersible pumps

You are insured for **accidental loss** to **submersible pumps** occurring at the **situation**, including:

- (a) any costs **you** incur to dismantle and re-assemble the **submersible pump**, and
- (b) any costs **you** incur to hire a replacement pump during the time taken to repair the damaged **submersible pump**.

The most **we** will pay under this extension for any **event**, including any costs incurred in (a) and (b) above, is the sum insured shown in the **schedule** for the **submersible pump** that is damaged.

You are not insured for **accidental loss**:

- (i) to any **submersible pump** that is not recovered to the surface, or
- (ii) that is a result of inadequate maintenance and/or a failure to maintain regular servicing of the **submersible pump**.

Exclusions 5.4 (d) Items (i) and (ii) and 5.15 (f) do not apply to this extension.

5. Exclusions

5.1 Causes of loss not insured

This policy does not insure **loss** to **insured machinery** caused by any of the following:

- (a) fire,
- (b) impact from a source external to the machine,
- (c) storm or flood,
- (d) smoke or soot,
- (e) chemical explosion,
- (f) gas or vapour,
- (g) rainwater or water discharged (or leaking) from any pipe or system that is not part of the **insured machine**,
- (h) burglary or theft or attempted burglary or theft.

Many of these causes of loss can be insured under a separate policy covering your business assets. Please contact us for information about this.

5.2 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 **accidental loss** that is covered by this policy).

5.3 Consequential loss

This policy does not insure any kind of consequential loss (e.g. *financial loss that occurs as a result of the loss of insured machinery*), including the following:

- (a) penalties, or
- (b) loss of use of any property, or
- (c) delays, or
- (d) loss of market share or goodwill.

5.4 Costs not insured

This policy does not insure any of the following:

- (a) the cost of carrying out:
 - (i) alterations, additions or improvements, or
 - (ii) overhauls or maintenance,on any **insured machinery**,
- (b) the cost of provisional repairs, unless they:
 - (i) are part of the final repairs that are already covered under this policy, and
 - (ii) do not increase the total repair costs,
- (c) extra charges incurred for:
 - (i) overtime or work on public holidays, or
 - (ii) express freight or air freight,
- (d) the cost of:
 - (i) removal of pump units from bores or their reinstallation,
 - (ii) the loss of pump units within bores,
- (e) any costs associated with replacing, altering or modifying:
 - (i) **insured machinery**, or
 - (ii) any part of a refrigeration system,to enable the machine or part to operate with a more ozone friendly refrigerant,
- (f) **loss** that occurs during:
 - (i) the dismantling of **insured machinery** for removal to other situations, or
 - (ii) the installation and testing of additional or replacement **insured machinery**, or
 - (iii) modification of existing **insured machinery**.

5.5 Electronic data and software

This policy does not insure **loss** to **electronic data** and **software**, from any cause whatsoever including, but not limited to, a **computer virus**.

This includes loss of use, reduction in functionality or any other associated loss or expense in connection with **electronic data** and **software**.

This exclusion does not apply to any sudden and **accidental loss** to other parts of the **insured machinery**, that occurs as a result of the **loss** to **electronic data** and **software**.

5.6 Types of loss not covered

This policy does not insure any of the following types of **loss**:

- (a) gradual deterioration, including, (but not limited to):
 - (i) fatigue, rust, oxidation, boiler scale, sludge deposits, corrosion or erosion, cavitation, atmospheric or chemical action, or
 - (ii) the wasting away or wearing out of any part caused by normal use or operation, or
 - (iii) cosmetic damage including scratching, chipping or denting,
- (b) if the **insured machine** is a boiler or a **pressure vessel**:
 - (i) cracks, fractures, blisters, lamination, scaling, flaws or grooving, even when any of these is accompanied by leakage,
 - (ii) leakage of joints,
- (c) refrigerant from glands, seals, fatigue fractured pipes, gaskets or joints,
- (d) insulating oil from transformers, capacitors or switchgear from glands, seals, fatigue fractured pipes, gaskets or joints.

This exclusion only applies to the part of the **insured machinery** first affected. It does not apply to any resultant **accidental loss** to other parts of the **insured machine**.

5.7 Natural disaster

This policy does not insure **loss** to **insured machinery** caused by any of the following:

- (a) earthquake, volcanic activity, or hydrothermal activity,
- (b) subterranean fire or geothermal activity,
- (c) landslip, subsidence of land, erosion by the sea or expansion of the ground,
- (d) normal settlement, shrinkage or expansion of: buildings, foundations, walls, pavements, roads and other structural improvements.

- 5.8 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.
- 5.9 Parts of machinery not covered**
- This policy does not insure **loss** to any of the following parts of the **insured machine**:
- (a) operating media, including, but not limited to: refrigerant gas, lubricating oils, fuel, catalysts or heat exchanging liquids,
 - (b) exchangeable and replacement parts, including, but not limited to: bits, drills, cutters, knives, saw-blades, other cutting edges,
 - (c) high-wearing items, including, but not limited to: belts, chains, ropes, elevating and conveying bands, leathers, packing gaskets or other jointing or sealing materials, filters, clutch and brake linings and facings,
 - (d) electrical circuit devices, including but not limited to: protective fuses, incandescent bulbs, heating elements, batteries and electrical contacts at which sparking or arcing normally occurs,
 - (e) components that are naturally subject to a high rate of wear and tear,
 - (f) crushing or grinding surfaces, dies, cylinder engravings, embossings, coatings or coverings,
 - (g) parts made of glass, porcelain or ceramics,
 - (h) foundations, masonry, furnace and ladle linings or refractories,
 - (i) wheels, tyres, tracks, blades, buckets or similar attachments to mobile **insured machinery**.
- This exclusion only applies to the part of the **insured machinery** first affected. It does not apply to any resultant **accidental loss** to other parts of the **insured machine**.
- We** will make an allowance in **our** payment to **you** for the working life expended (of the other parts affected) at the time of **loss**.
- 5.10 Riots and strikes**
- This policy does not insure **loss** in connection with any of the following:
- (a) riot, civil commotion, malicious damage, vandalism,
 - (b) strike, lockout, persons taking part in labour disturbances or malicious persons acting on behalf of, or in connection with, any political organisation.
- 5.11 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.
- 5.12 Seepage, pollution and contamination**
- This policy does not insure **loss** in connection with seepage, pollution or contamination.
- 5.13 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**.
- 5.14 Testing / maintenance / modification**
- This policy does not insure **loss** to any part of an **insured machine** caused by any of the following:
- (a) the use of any tool or process in the course of maintenance, inspection, repair, alteration, modification or overhaul,
 - (b) hydraulic tests, experiments, overloads, or similar tests requiring the imposition of abnormal conditions.
- This exclusion only applies to the part of the **insured machinery** first affected. It does not apply to any resultant **accidental loss** to other parts of the **insured machine**.
- 5.15 Types of machinery not covered**
- This policy does not insure **loss** to any of the following:
- (a) accounting or office machinery,
 - (b) electronic apparatus of any kind, other than electronic or computer controlled equipment forming part of the **insured machinery**,
 - (c) hired machinery,
 - (d) **mobile mechanical plant**,
 - (e) boilers and **pressure vessels**,
 - (f) **submersible pumps**.

5.16 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, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

6. Basis of settlement

6.1 Method of indemnity

We will indemnify **you** by whichever of the following options **we** choose:

- (a) pay the reasonable cost of repairs, or
- (b) pay an amount equal to the reasonable cost of repair, or
- (c) replace the **insured machine** with one in the **same condition**, or
- (d) pay an amount equal to the **market value** of the **insured machine**, or
- (e) where replacement parts for the **insured machine** are unobtainable, pay up to the last known selling or list price of the parts, plus what would have been the reasonable cost of fitting them.

6.2 Machinery that is repaired

If the **insured machine** is repairable, **we** will pay the cost of restoring it to its state of serviceability before the **loss** occurred.

We will also pay the following costs, provided they are properly and reasonably incurred:

- (a) dismantling and re-assembly costs associated with repairing the machine,
- (b) ordinary freight to and from the place of repair.

In all cases **we** will make the following allowances:

- (i) **we** will not make any deduction for depreciation of any part replaced,
- (ii) **we** will make a deduction for the value of any salvage,
- (iii) if **you** repair the machine **yourself**, **we** will pay **you** the cost of materials, wages and overheads incurred to make the repairs.

If, however, after considering all of the above, the total cost of the repairs equals or exceeds:

- (a) the **market value** of the item immediately before the **loss**, or
- (b) the sum insured for the item of **insured machinery**,

then **we** will consider the machine irreparable, and **our** settlement to **you** will be on the same basis as shown in 6.3 'Machinery that is a total loss'.

6.3 Machinery that is a total loss

If the **insured machine** is a **total loss**, **we** will indemnify **you** by whichever of the following options **we** choose:

- (a) **we** will pay:
 - (i) the **market value** of the item of **insured machinery** immediately prior to the **loss** (including the cost of dismantling and re-assembly and ordinary air freight), or
 - (ii) the sum insured for the item of **insured machinery**,whichever is the lesser, or
- (b) **we** will replace the **insured machine** with one of a similar type, performance and condition. If **we** do this, **we** will also pay **you** any costs of ordinary freight and installation of the replacement item.

In all cases **we** will make the following allowances:

- (i) **we** will pay the costs of removing the **insured machine**, and
- (ii) **we** will deduct the value of any salvage.

6.4 Excess

The excess shown in the **schedule** for the appropriate machine will be deducted from the amount of the **loss** unless a different excess or nil excess is shown in this policy wording.

If more than one item of **insured machinery** suffers **loss** from an **event**, only one excess will apply, that being the highest excess.

6.5 Maximum amount payable

The most **we** will pay for an item of **insured machinery** is the sum insured for that item shown in the **schedule**, plus any amounts payable under an extension of this policy.

6.6 Specific items of machinery

If the **insured machine** is any of the following:

- (a) tubes and headers,
- (b) extruder screws and barrels,
- (c) refrigeration units,

then **we** will settle the **loss** as follows.

A. Tubes and headers

If the **loss** is to:

- (a) tubes or headers, and/or
- (b) any part of a steam coil generator subjected to pressure of internal steam or fluid,

we will pay **you** the cost of replacing the item, less depreciation.

Depreciation (on a straight-line basis) will be calculated at 7.5% for each year since the part was installed, up to a maximum of 60%.

B. Extruder screws and barrels

If the **loss** is to:

- (a) extruder screws, and/or
- (b) barrels,

that are part of any **insured machine**, and these items need to be replaced, then **we** will pay **you** the cost of replacing the items, less depreciation.

The rate of depreciation (on a straight-line basis) will be determined at the time of the **loss**, but will not be less than 10% for each year since the part was installed, up to a maximum of 60%.

C. Refrigeration units

If the **loss** is to:

- (a) a sealed refrigeration unit, and/or
- (b) a semi-sealed refrigeration unit,

and the item needs replacing, then **we** will pay **you** the cost of replacing the unit, less depreciation.

Depreciation (on a straight-line basis) will be calculated at 7.5% for each year since the unit was installed, up to a maximum of 60%.

6.7 Reinstatement of the sum insured/suspension of cover

Following a **loss** to an item of **insured machinery** for which a claim is payable under this policy **we** will:

- (a) suspend cover until repairs have been completed, and
- (b) reduce the sum insured by the amount of the **loss**.

Upon completion of the repairs, the amount reduced will be added back to the sum insured.

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

6.8 Total loss

If **we** pay a claim for an **insured machine** that **we** determine is a **total loss**:

- (a) that **insured machine** will become **our** property, and
- (b) that machine is no longer an **insured machine** under this policy, and
- (c) **we** will not give any refund of premium, and
- (d) in the event premium for the **period of insurance** is to be paid in instalments, any unpaid premium for the **period of insurance** is due immediately and may be deducted from any payment made by **us**.

7. Managing your claim

7.1 Your obligations

A. 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.

B. Minimise the loss

You must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.

C. 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 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.

D. Be honest

If **your** claim is dishonest or fraudulent in any way, **we** may:

- (a) decline **your** claim either in whole or in part, and/or
- (b) declare this policy or all policies **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.

E. Do not dispose of property

You must not dispose of any property involved in **your** claim until **we** have given **you** written permission to do this.

F. Authorising repairs

You are authorised to start any repairs without **our** permission provided that all other conditions under Section 7 'Managing your claim' are met.

Whenever **you** undertake repairs without **our** permission, **you** must ensure that all costs are properly and reasonably incurred. All costs and labour incurred must be documented and recorded for **our** records.

You should also refer to 7.1 E. 'Do not dispose of property'.

G. What you must obtain our agreement to do

You must obtain **our** agreement before **you**:

- (a) incur any expenses in connection with any claim under this policy,
- (b) negotiate, pay, settle, admit or deny any claim against **you**,
- (c) do anything that may prejudice **our** rights of recovery.

7.2. Managing your claim

A. 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.

B. Reparation

If any person is ordered to make reparation to **you** for **loss** to any property that **we** have paid a claim under this policy for, then **you** must tell **us**. Any payments received must first reimburse **our** claims payment up to the amount of any reparation received.

8. General conditions

8.1 How we administer this policy

A. Assignment

You may not assign this policy or any interest under this policy without **our** prior written consent.

B. Cancellation

By you

You may cancel this policy at any time by notifying **us**. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the expired portion of the **period of insurance**.

By us

We may cancel this policy by giving **you** notice in writing or by electronic means at **your** last known address. **Your** policy will be cancelled from 4pm on the 30th day after the date of the notice. **We** will refund you any premium that is due to **you** based on the unused portion of the **period of insurance**.

C. 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.

D. Currency

Any amounts shown in this policy or in the **schedule** are in New Zealand dollars, unless otherwise specified in the **schedule**.

E. 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.

F. Interests of other parties

If **we** are advised of any party having a financial interest over **your insured machinery**, **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.

G. 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.

H. 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 paid.

I. 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**.

J. 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.

8.2 Laws and Acts that govern this policy

A. Disputes about this policy

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

B. 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.

C. 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.

8.3 Your obligations

A. 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.

B. 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.

C. 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.

D. 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 terms of this policy.

If **you** fail to notify **us** about a change in the risk insured, **we** may:

- (i) declare this policy unenforceable, 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.

E. Inspection of machinery

You must allow **us** to inspect the **insured machinery** at any time. **We** will be reasonable in **our** requests to do this.

If the inspection identifies information about the **insured machinery** that:

- (a) was previously unknown to **us**, and
- (b) increases the risk as **we** knew it,

then **we** can immediately suspend cover for the item(s) of **insured machinery**. If **we** do this, it will be in writing. The suspension of cover will continue until the issues raised have been fixed and approved by **us**.

F. Refrigerant gas

All refrigeration machinery must be operated using the manufacturer's original refrigerant.

If:

- (a) the refrigerant, or
- (b) any other part of the machine,

is found to have been modified or altered to use a different refrigerant because of ozone depletion, then **we** may decline **your** claim.

We will confirm in writing any agreed variations to the condition.

9. Definitions

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

accidental	Unexpected and unintended by you .
act of terrorism	<p>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:</p> <ul style="list-style-type: none">(a) involves violence against one or more persons, or(b) involves damage to property, or(c) endangers life other than that of the person committing the action, or(d) creates a risk to health or safety of the public or a section of the public, or(e) is designed to interfere with or disrupt an electronic system.
annual period	<p>The period of insurance. However, if:</p> <ul style="list-style-type: none">(a) you pay the premium monthly, or(b) the period of insurance is for more than 12 months, <p>the annual period is the current 12 month period calculated consecutively from the date this policy first started.</p>
application	The information provided by you to us when you purchased this insurance or requested a quotation for this insurance from us . It also includes any subsequent information you provide us with.
computer virus	A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, which propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'Worms' and 'Time or Logic Bombs'.
electronic data	Facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic or electromechanical data processing or electronically controlled equipment. It includes programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
event	Any one event or series of events arising from one source or original cause.
explosion	<p>The sudden and violent breaking apart of the plant by forces of internal gas or fluid pressure or centrifugal force, resulting in:</p> <ul style="list-style-type: none">(a) physical displacement of any part of the plant, or(b) forcible ejection of the plant's contents.
insured machinery	The electrical and mechanical plant shown in the schedule as insured items.
loss	Physical loss or physical damage occurring during the period of insurance .
market value	The reasonable sale price of the same or a comparable machine, of similar pre-loss age, capacity, usage and condition at the time of a loss .
mobile mechanical plant	A vehicle that has either plant or machinery attached to it, or is primarily designed as mobile plant or machinery.

new replacement cost	<p>The cost of buying and installing a new item of the same:</p> <ul style="list-style-type: none"> (a) size, (b) speed, (c) capacity, (d) purpose, (e) quality of manufacture. <p>This includes all costs necessary to:</p> <ul style="list-style-type: none"> (a) make the item operational at the situation, and (b) connect the item to any services and utilities.
period of insurance	The period shown in the schedule , that specifies the start and end dates of this insurance contract.
pressure vessel	<p>The parts of any insured machinery or vessel that during ordinary use are subjected to either generated fluid or gas pressure or vacuum, including:</p> <ul style="list-style-type: none"> (a) all integral parts, and (b) controls, and (c) associated systems (other than systems forming part of a building or structure).
same condition	Substantially the same fitness for use, but not a better or more extensive condition.
schedule	The latest version of the schedule we issued to you for this policy.
situation	The physical location or locations referred to in the schedule .
software	Programs, procedures and routines associated with the operation of electronic or electromagnetic data processing or electronically controlled equipment including any operating system.
submersible pump	<p>A pump that is designed to and operates:</p> <ul style="list-style-type: none"> (a) wholly or partly under liquid, and/or (b) down a bore hole.
total loss	<p>Where the cost of repairs, as determined by us, equals or exceeds:</p> <ul style="list-style-type: none"> (a) the market value of the insured machine immediately prior to the loss, or (b) the sum insured for the item of insured machinery.
we	<p>State, a business division of IAG New Zealand Limited.</p> <p>We may also use the words 'us', 'our' or 'company' to describe State.</p>
you	The person(s) or entity named in the schedule as 'Insured'. We may also use the word 'Insured' to describe you.

Machinery Breakdown Insurance

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