

# Business Assets

The following forms part of **your** Businesspack policy and must be read in conjunction with the Business Insurance policy wording insert.

The **schedule** shows whether **you** have selected cover under the Business Assets Part.

## What you are covered for

### ▶ Damage to insured property

**You** are insured for any sudden and **accidental loss** to **insured property** at the **situation**.

## Automatic policy extensions

In addition to the cover under 'What You Are Covered For – Damage to Insured Property', **we** also provide the following Automatic Policy Extensions.

Unless expressly stated otherwise, any amounts payable under these Automatic Extensions are included within 'What We Will Pay – A. Maximum Amount Payable'. They are not additional.

### ▶ A. Burglary cover

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

1. at the **situation**, or
2. during the period the **insured property** is covered by:
  - (a) Automatic Policy Extension Q. Temporary Removal, or
  - (b) Automatic Policy Extension S. Transit Cover, or
  - (c) Automatic Policy Extension U. Unspecified Locations,

caused by theft or attempted theft:

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

If the **loss** occurs during the period the **insured property** is covered by one of the Automatic Policy Extensions referred to in 2 (a), (b) or (c) above, any sub-limit detailed in that extension also applies to the cover under this extension.

### ▶ B. Capital additions cover

**You** are insured for:

1. 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 responsible for that property, and

2. appreciation in value of a **building** or **contents** that results solely from a physical:

- (a) alteration, or
- (b) addition, or
- (c) 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**:

1. **we** may charge **you** additional premium, and
2. 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:

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

whichever is the lesser.

### ▶ C. Electric motors cover

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

1. electric motors and starters not exceeding 5kw (6.7 hp), and
2. distribution switchboards and permanently installed electric reticulation,

at the **situation** provided that the damage is **fusion immediately preceded by**:

- (a) the failure of electrical insulation, or
- (b) an identifiable abnormal electric current fluctuation from any power supply network, or
- (c) electrically induced self-heating.

The most **we** will pay under 1. of this extension is \$5,000 for any **event**.

### ▶ D. Electronic data and software

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

*Please also read (a) 'How We Will Pay: Basis of settlement: certain types of property- 'Electronic Data' and 'Software'.*

### ▶ E. 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:

1. the property is at the **situation**, or
2. 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:

1. is \$5,000 for any **event**, per person, and
2. in total during the **annual period** is the Sum Insured shown in the **schedule for contents**.

#### ▶ F. 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.

The most **we** will pay under this extension is \$5,000 for any **event**.

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

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

#### ▶ G. 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.

#### ▶ H. Hazardous substance emergency

**You** are insured for any charge the New Zealand Fire Service is authorised to impose on **you** 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 Service Act 1975.

The most **we** will pay under this extension is \$5,000 for any **event**.

#### ▶ I. Money cover

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

Money Section A

1. **money** in transit, or
2. **money** at the **situation** during **business hours**, or
3. **money** at the **situation** in a securely locked safe or strongroom outside **business hours**.

Money Section B

1. **money** at the **situation** outside **business hours** and not in a securely locked safe or strongroom, or
2. **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**:

1. caused by errors in receiving it or paying it out, or
2. 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
3. resulting from payment of **money** in exchange for any cheque that is subsequently dishonoured, or

4. occurring while the **money** is in an unlocked and unoccupied vehicle, or
5. 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
6. through electronic means.

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

1. \$2,500 or the 'Special Carry' sum insured (during the months specified) for any **event** under Money Section A, and
2. \$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 'What We Will Pay – A. Maximum Amount Payable'.

#### ▶ J. Property under construction

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

1. demolition, or
2. installation, construction or erection, or
3. testing and commissioning following 2. above,

provided that:

1. the property is owned, will be owned or will be occupied by **you**, and
2. 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) \$100,000whichever is the lesser.

#### ▶ K. 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:

- (a) 10% of the sum insured for **buildings, contents, customers' goods** and/or **stock** (whichever is/are relevant), or
  - (b) \$100,000,
- whichever is the lesser.

#### ▶ L. 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.

### ▶ M. Redundant plant and stock

You are insured for any of the following provided it is also **insured property**:

1. **stock** rendered redundant as a result of **loss** covered by this policy to other **insured property**.
2. (a) plant which is interdependent with **insured property**, and/or (b) spare parts held exclusively for **insured property**, rendered redundant as a result of **loss** covered by this policy to its respective **insured property** in (a) or (b) 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.

### ▶ N. 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:

1. the **loss** is covered under this policy, and
2. **you** have **our** prior approval to offer the reward.

### ▶ O. Social club cover

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

1. social club, and/or
2. sports club or similar body,

provided that the clubs' activities are principally for the benefit of **your** employees.

We will cover:

1. the property as if it were **contents**, and
2. **money** on the same basis as provided by Automatic Extension I: Money Cover.

### ▶ P. Stolen keys cover

You are insured for the reasonable costs to:

1. open a safe or strongroom, and
2. 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:

1. stolen, or
2. 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 \$2,500.

### ▶ Q. 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:

1. \$5,000 for any one item including its standard accessories, and
2. \$10,000 in total for any **event**.

### ▶ R. Tenanted premises

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

1. glass, and
2. doors and windows, and
3. light fittings and power points, and
4. floor coverings,

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

1. **you** are responsible to arrange and bear the cost to repair them under the terms of **your** lease agreement, and
2. the provisions of sections 268 to 272 of the Property Law Act 2007 (or any relevant amendments) do not release **you** from this responsibility.

The most **we** will pay under this extension during the **annual period** is \$10,000.

### ▶ S. Transit cover

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

We will include **your** liability for general average and salvage charges where the contract of carriage or governing law and practice make **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:

1. \$5,000 for any one item of **portable electronic equipment** including its standard accessories, or portable tools of trade, and
2. \$10,000 in total for any **event**,

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

### ▶ T. Unharmed property cover

You are insured for the reasonable cost to:

1. damage, demolish or remove, and
2. 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**.

### ▶ U. 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:

1. **contents** that is **temporarily removed**, and
2. any **portable electronic equipment**, and
3. any portable tools of trade.

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

1. \$15,000 for any **event**, or
2. the sum insured for **contents** and/or **stock**,

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

# Optional policy extensions

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

Unless stated otherwise, Optional Extensions are included within 'What We Will Pay – A. Maximum Amount Payable'. They are not additional.

## ▶ A. Theft cover

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

1. at the **situation**, or
2. during the period the **insured property** is covered by:
  - (a) Automatic Policy Extension Q. Temporary Removal Cover, or
  - (b) Automatic Policy Extension S. Transit Cover, or
  - (c) Automatic Policy Extension U. Unspecified Locations.

No cover is provided under this extension for theft from any motor vehicle, or part of any motor vehicle, that is not securely locked.

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 2(a) and 2(b) above, and
- (b) \$10,000 in total for any **event**,

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**.

## ▶ B. Natural disaster cover

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

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

1. all **natural disaster damage** claims under this policy, and
2. all **natural disaster damage** claims under the **business interruption policy** (if applicable),

arising from any one **event** at each **common site**.

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

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**.

In all cases, the minimum excess for each **common site** is \$2,500 or any higher excess for **natural disaster damage** shown in the **schedule**.

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

### 1. What we will pay if EQC Cover applies

If EQC Cover applies:

- (a) this policy only pays in excess of the maximum cover under the **EQC Act**, and
- (b) the most **we** will pay for **loss** to **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**.

### 2. Excess

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

## ▶ C. Refrigerated goods

You are insured for:

1. **accidental loss** to **refrigerated stock** at the **situation** provided that the **loss** results from:
  - (a) **machinery breakdown** of the refrigeration plant, or
  - (b) sudden failure of power supplied by a public utility to **your** premises, or
  - (c) the operation of an overload switch, and
2. reasonable costs **you** incur to avoid or minimise **accidental loss** to **refrigerated stock** that is covered by 1. 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**.

## ▶ D. Seasonal stock adjustments

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

## ▶ E. 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 by earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

# Exclusions

## ▶ A. Types of property not covered

This policy does not insure:

1. any **insured property** during:
  - (a) demolition, or
  - (b) installation, construction or erection, or
  - (c) testing and commissioning following 1.(b) above,  
other than cover provided by Automatic Policy Extension J: Property under Construction.
2. jewellery, precious stones, furs, precious metals or bullion, except if any of these items are:
  - (a) **stock of your** business, or
  - (b) a component of any plant or machinery that is insured under this policy as **contents**.
3. any of the following (including plant attaching to, or accessories in or on any of them):
  - (a) any vehicle or trailer that is required to be registered or licensed to travel on a public road,
  - (b) any mechanically or electrically propelled vehicles (including railway locomotives and rolling stock),
  - (c) watercraft of any kind,
  - (d) 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:
  - (i) stationary, or
  - (ii) not in operation, or
  - (iii) not being used.
4. any of the following property:
  - (a) standing timber or growing crops,
  - (b) live plants including any trees, shrubs, hedges or grass, other than those forming part of **landscaping**,
  - (c) livestock,
  - (d) any living creature,
  - (e) dams, canals, or reservoirs,
  - (f) road bridges or road tunnels,
  - (g) railways, railway bridges or railway tunnels,
  - (h) docks, piers, or wharves,
  - (i) mining property located below ground level,
  - (j) any land, earth or fill (including topsoil and backfill),
  - (k) driveways, patios, footpaths, paving or **landscaping**, constructed or consisting of gravel or shingle,
  - (l) transmission and distribution lines not located at the **situation**,
  - (m) well or bore hole including its pump, lining or casing,
  - (n) artificial turf, swimming pools or tennis courts,
  - (o) property located outside New Zealand,except, if the item of property is specifically listed in the **schedule** as being insured.
5. **money**, other than cover provided by Automatic Policy Extension I: Money Cover.

6. **insured property** that is in transit away from the **situation**, other than cover provided by:

- (a) Automatic Policy Extension I: Money Cover,
- (b) Automatic Policy Extension Q: Temporary Removal Cover,
- (c) Automatic Policy Extension S: Transit Cover.

## ▶ B. Losses not covered

This policy does not insure:

1. any of the following types of damage to **insured property**:
  - (a) slowly developing deformation or distortion,
  - (b) marring or scratching,
  - (c) gradual deterioration,
  - (d) rot or mildew,
  - (e) wear and tear, corrosion or rust.
2. **loss immediately preceded by** any of the following:
  - (a) interruption of the supply of water, gas, electricity, or any fuel to the **situation**, other than cover provided by Optional Policy Extension C: Refrigerated Goods,
  - (b) total or partial stoppage of work, or interruption or cessation of any process,
  - (c) a change in artificially controlled temperature or atmosphere, other than cover provided by Optional Policy Extension C: Refrigerated Goods.
3. **loss** caused by or arising from any of the following:
  - (a) action of micro-organisms, vermin or pests,
  - (b) action of light, or inherent nature of the property (including shrinkage, evaporation, loss of weight, change of flavour or colour or texture or finish),
  - (c) fumes, gas, dust, smoke or soot,
  - (d) maintenance of **insured property** including servicing, cleaning and subsequent testing,
  - (e) spontaneous combustion,
  - (f) 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).
4. **loss** that is:
  - (a) only evidenced by an unexplained disappearance,
  - (b) only revealed by the taking of an inventory,
  - (c) due to clerical or accounting errors.
5. **loss** caused by any of the following:
  - (a) theft or attempted theft, other than cover provided by:
    - (i) Automatic Policy Extension A: Burglary Cover,
    - (ii) Automatic Policy Extension I: Money Cover,
    - (iii) Automatic Policy Extension P: Stolen Keys Cover,
    - (iv) Optional Policy Extension A: Theft Cover,
  - (b) any fraudulent scheme or device, or false pretence practised on **you** or any other person,
  - (c) theft, attempted theft or fraud by **you** or an employee of **yours** other than cover provided by Automatic Policy Extension I: Money Cover.

6. **loss** following any of these **events**:
- (a) 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),
  - (b) landslip or subsidence, other than cover provided by Optional Policy Extension E: Landslip and Subsidence,
  - (c) erosion or expansion of the ground,
  - (d) normal settlement, normal shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements.
  - (e) settling, warping or cracking caused by earth or other movements, other than cover provided by Optional Policy Extension B: Natural Disaster Cover.

### ▶ C. Building defects

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

1. moisture or water build-up or the penetration of external moisture or water, or
2. the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms,

that is caused directly or indirectly by:

1. non-compliance with the New Zealand Building Code, or
2. faulty design or faulty specification, including but not limited to faulty sequence, procedure or programme, or
3. faulty materials, or
4. 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.

### ▶ D. The first 48 hours of your policy

When **you** first take out this policy, **you** are not covered for any loss caused by a storm, flood or landslip that happens during the first 48-hours. This restriction doesn't apply if the policy starts immediately after another policy that insured the same property against the risks of storm, flood and landslip, or if this policy was taken out at the time **you** bought the property.

*For example:*

*If you're changing your insurance company to State and your cover continues without interruption, you'll be covered for storm, flood and landslip. However, if your policy with the other company didn't cover storm, flood or landslip, you won't be covered in the first 48-hours of this policy.*

*If your property wasn't insured at all before you took out this policy, you won't be covered for storm, flood and landslip in the first 48-hours, unless you took the policy out when you bought the property.*

### ▶ E. 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 (but not limited to) the following:

1. delays,
2. loss of market,
3. penalties,
4. rates, taxes, duties, development charges,
5. other charges or assessment arising out of capital appreciation, that is payable to comply with any **regulations**,
6. loss of use of any property, other than cover provided by:
  - (a) Automatic Policy Extension F: Expediting Costs Cover,
  - (b) Automatic Policy Extension L: Redundant Foundations,
  - (c) Automatic Policy Extension M: Redundant Plant and Stock.

### ▶ F. Costs not insured

This policy does not insure the cost of:

1. repairing or replacing faulty materials, or
2. fixing faulty workmanship, or
3. fixing any work performed to a faulty:
  - (a) design plan, or
  - (b) design specification, or
4. 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.

### ▶ G. Damage to machinery

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

This 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** resulting in the **machinery breakdown** occurring. However, this proviso does not apply to **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, or
- (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 Automatic Policy Extension C: Electric Motors Cover, or
- (d) to the cover provided by Optional Policy Extension C: Refrigerated Goods.

### ▶ H. 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:

1. explosion, overheating, rupture, bursting or collapse (but not pressure caused by chemical explosion), or
2. 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.

## ▶ I. Natural disaster

This policy does not insure **natural disaster damage** other than cover provided by Optional Policy Extension B: Natural Disaster Cover.

## ▶ J. Production processes

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

# How we will pay

## ▶ A. Basis of settlement: reinstatement

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

1. where **insured property** is lost or **destroyed**: by paying **you** the cost to replace the **insured property** to a condition substantially the same as its condition when new, or
2. where **insured property** is physically damaged but not lost or **destroyed**: by paying **you** the cost 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

'How We Will Pay – B. Basis of Settlement: Indemnity' will apply in the following circumstances, regardless of any basis of settlement shown in the **schedule** to the contrary:

1. if **you** do not repair or replace the **loss** to the **insured property**, or
2. repair or replacement of the **loss** to the **insured property** is not started within a reasonable period of time, or
3. until the actual costs of repair or replacement of the **loss** to the **insured property** are incurred, or
4. if the **insured property** is awaiting demolition or disposal at the time of the **loss**, or
5. 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.

## ▶ B. Basis of settlement: indemnity

Where the **schedule** shows any item(s) of **insured property** are insured for indemnity, **we** will indemnify **you** using whichever of the following options **we** choose:

1. 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
2. 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
3. pay **you** an amount equal to the indemnity value of the damaged part of the **insured property**.

## ▶ C. Additional costs you are covered for

Where **insured property** has suffered a **loss** covered by this policy, then included in 'What We Will Pay – A. Maximum Amount Payable' for the **insured property** are:

### 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:

1. for work that **you** have already been ordered to carry out, or
2. 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.*
3. 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:

1. demolish or dismantle **insured property**, and/or
2. temporarily shore or prop **insured property**, and/or
3. remove debris from the **situation** (including any kind of solid, liquid or gas), and/or
4. clear, clean and repair gutters, drains and the like, and/or
5. recover, defend, safeguard, remove, temporarily store, and return **insured property**, whether damaged or **undamaged**, and/or
6. 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:

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

whichever is the lesser.

### Fees and Other Costs

Necessary and reasonable costs incurred for:

1. architect's, engineer's, surveyor's, building consultant's fees, and/or
  2. consents and associated legal fees, and/or
  3. 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 \$10,000.

## ▶ D. Location of replacement

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

1. the **situation**, or
2. 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.

### ▶ E. 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.

### ▶ F. 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.

#### Customers' goods

For **loss** to **customers' goods**, **we** will indemnify **you** by using one of the following methods:

1. for raw materials, supplies and other merchandise not manufactured by **you**:
  - (a) the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time, or
  - (b) if this property is not replaced, the market value of it at the time and place of the **loss**.
2. 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**.
3. for finished goods manufactured by **you**: 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.

#### Stock

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

1. for raw materials, supplies and other merchandise not manufactured by **you**:
  - (a) the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time, or
  - (b) if this property is not replaced, the market value of it at the time and place of the **loss**.
2. 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**.
3. 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:

1. the indemnity value of the **work of art**, or
2. the cost to repair the **work of art**, as near as reasonably possible, to the condition it was in immediately prior to the **loss**.

#### Electronic data

For **loss** to **electronic data** **we** will pay the cost of blank media plus the cost of copying the **electronic 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 **electronic 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 **electronic data** to **you**, even if the **electronic 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 2 years old **we** will at **our** option pay:

1. the indemnity value of the **portable electronic equipment**, or
2. 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:

1. cladding, roofing or skylights, where they are made of plastic, polycarbonate, acrylic or PVC materials, and/or
2. any textile awnings or shade sails,

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

- (a) the indemnity value of the materials, or
- (b) 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.

## What we will pay

### ▶ A. Maximum amount payable

1. The most **we** will pay in total during an **annual period** for a **building** (or group of **buildings**) at a specified location in the **schedule** is the corresponding sum insured in the **schedule** for that **building** (or group of **buildings**).
2. The most **we** will pay in total during an **annual period** 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 during an **annual period** for **contents** at that location is the corresponding sum insured for that location in the **schedule**.
3. The most **we** will pay in total during an **annual period** for **stock** is the corresponding sum insured in the **schedule**. If there is a separate sum insured for **stock** at a specified location, the most **we** will pay during an **annual period** for **stock** at that location is the corresponding sum insured for that location in the **schedule**.
4. The most **we** will pay in total during an **annual period** for **customers' goods** is \$20,000 unless a different amount for **customers' goods** is shown in the **schedule**.
5. The most **we** will pay in total during an **annual period** for any other item of **insured property** that is individually specified in the **schedule** with a corresponding sum insured is that sum insured.

However, the most **we** will pay for all **insured property** in total during an **annual period** is the Total Sum Insured shown in the **schedule**, subject always to clauses C and D below.

## ▶ B. Increased maximum amount payable

The amount referred to in 'What We Will Pay – A. Maximum Amount Payable' is increased as follows:

The most we will pay:

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

Provided that:

1. these increases for **contents** and **stock** do not apply to cover provided by Optional Policy Extension B: Natural Disaster Cover, and
2. the most we will pay in total during an **annual period** at all **situations** for all **contents** and all **stock** remains unchanged.

## ▶ C. Reinstatement of sum insured once repaired

The sum insured will only be reinstated as follows:

If the **insured property**:

1. 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.
2. 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.

The sum insured will not reinstate following any claim arising from **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.

## ▶ D. 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:

1. the Maximum Amount Payable for that item,  
less
2. the estimated cost of remedying the existing unrepaired or unreplaced **loss**.

The sum insured will only be reinstated to its pre-loss level as follows:

If the **insured property**:

1. 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.
2. 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.

The sum insured will not reinstate following any claim arising from **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.

## ▶ E. Sub limits

If any sub limit in this policy 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 maximum amount payable.

## ▶ F. Items of insured property with limited cover

The amount we will pay for some items of **insured property** is limited as follows:

### Site Improvements

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

1. 10% of the maximum amount payable for that **building(s)** at that **site**,  
or
2. \$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:

1. 5% of the maximum amount payable for **building(s)** at that **site**, or
2. \$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 one **event** is \$10,000 unless a different amount for that **work of art** is shown in the **schedule**.

## ▶ G. Excess

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

*Please also refer to the Excess clause in the Business Insurance Policy Wording Insert.*

## ▶ H. One excess

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

## How to claim

### ▶ A. Actions we may take

#### 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.

# 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**.

## annual period

The **period of insurance**. However, if:

- (a) **you** pay the premium monthly or quarterly, or
- (b) the **period of insurance** is for more than 12 months,

the annual period is the current 12 month period calculated consecutively from the date this policy first started.

## building

Any of the following:

- (a) any building,
- (b) underground and above ground services directly associated with the building,
- (c) permanent fixtures and fittings at the building(s), including but not limited to signs, sprinkler systems, wired alarm systems, and wired security cameras,
- (d) **site improvements**,
- (e) **landscaping**,

provided that the property is:

- (a) owned by **you** (including joint ownership with others), and
- (b) located at the **situation** at the start of the **period of insurance**.

## business days

The days **your** business usually operates.

## business hours

The hours that:

- (a) **you** or any director or manager of **yours**, or
- (b) any of **your** employees who are entrusted with the care, custody or control of **money**,

are on **your** business premises for the purpose of **your** business.

## business interruption policy

The insurance policy, that **we** call the Business Interruption Part, that **you** have with **us** that covers the financial interruption or interference with **your** business operations.

## common site

A common physical location where the **insured property** is linked to achieve a common business purpose at that location.

## contents

Any of the following used in connection with **your** business:

- (a) machinery, plant, tools and chattels,
- (b) business fixtures, fittings and furnishings,
- (c) if **you** are a tenant, tenant's improvements to the leased building of any type,
- (d) any other property (other than a building) of a similar nature,

provided that:

- ▶ they are owned by **you** (including joint ownership with others), or
- ▶ they are leased, hired or borrowed by **you**.

Contents does not include **customers' goods**, **stock** or employee's property.

## customers' goods

Property, other than a building, that:

- (a) is owned by **your** customers, and
- (b) is in **your** temporary possession or temporary legal control in the course of **your** business activities.

**Customers' goods** do not include **contents**.

## destroyed

So physically damaged by an insured **loss** that the property, by reason only of that **loss**, cannot be repaired or the cost of repair is uneconomic.

## electronic data

As defined in General Exclusion 3 – Electronic Data and Software in the Business Insurance Policy Wording Insert.

## EQC Act

Earthquake Commission Act 1993 and any Act in substitution of that Act.

## EQC entitlement

An amount payable to **you** or for **your** benefit by the Earthquake Commission as a result of **loss** to the **insured property**; and any amount that would have been payable but for:

1. the application of an excess under the **EQC Act**,
2. a failure by **you** to correctly notify a claim to the Earthquake Commission within the time required under the **EQC Act**,
3. a decision by the Earthquake Commission to decline a claim or limit its liability for that **loss** in whole or in part and for any reason whatsoever,
4. any act or omission on **your** part, the part of **your** agent, or the part of the Earthquake Commission.

## event

Any one event or series of events arising from one source or original cause.

## fusion

The process of fusing or melting together of windings or wiring following damage to the insulating material as a result of overheating.

## immediately preceded by

The **event** occurring in sequence immediately prior to the **loss**. *If there is a chain of events, this will be the last event occurring immediately prior to the loss.*

## insured property

Tangible property shown in the **schedule** within the following categories:

- (a) **buildings**, and
- (b) **contents**, and
- (c) **stock**, and
- (d) **customers' goods**, and
- (e) any other tangible property listed.

For the avoidance of doubt, **electronic data** and **software** is deemed to be tangible property.

## landscaping

Permanently sited live plants, trees, shrubs, hedges or grass including rock work, paving and ornamentation used to adorn or improve the grounds at the **situation**, except if any of these items are **stock** of **your** business.

## loss

Physical loss or physical damage occurring during the **period of insurance**.

## machine

Any device that:

- (a) converts and directs motion or energy, and/or
- (b) performs any electronic process,

including any protective component connected with that device.

### **machinery breakdown**

1. any mechanical, hydraulic, electrical or electronic:
  - (a) breakdown or failure, or
  - (b) cessation of function, or
  - (c) malfunction, or
  - (d) derangement, or
2. **fusion** of any nature.

### **money**

Any of the following, where they are associated solely with **your** business operations:

- (a) current coin, bank and currency notes,
- (b) cheques and travellers' cheques,
- (c) bank drafts and money orders,
- (d) phone cards,
- (e) unused postage and revenue stamps,
- (f) credit card vouchers, redeemable vouchers and tokens,
- (g) franking machine credits,
- (h) other tangible negotiable instruments. *For example promissory notes or bills of exchange.*

### **natural disaster damage**

Sudden and **accidental loss** that results directly or indirectly from earthquake, subterranean fire, volcanic activity, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

### **pre 1935 building risks**

Where:

- (a) the **building** is, or
- (b) the **contents** and/or **stock** are located in any building, or part of a building, originally constructed prior to 1935.

### **portable electronic equipment**

Cellphones, video data projectors, digital cameras, other audio visual equipment, portable computing devices and portable data storage devices.

### **pressure vessel**

The parts of any **insured property** or vessel that during ordinary use are subjected to either generated fluid pressure or vacuum, including:

- (a) all integral parts, and
- (b) controls, and
- (c) systems (other than systems forming part of a building or structure).

### **production process**

Any process of producing, making, treating or servicing goods.

### **refrigerated stock**

Perishable goods and/or their containers/packaging that are kept in a refrigerated storage chamber at the **situation**.

### **region**

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.

### **regulations**

Building regulations or other regulations that are:

- (a) made under, or
- (b) framed pursuant to, any Act of Parliament or any local authority regulation or by-law.

### **site**

Any parcel of land that **you** own or occupy.

### **site improvements**

Site improvements are:

- (a) Footpaths, driveways, car parks, **site** roads, and yards, of permanent construction,
- (b) permanently sited water storage tank, septic tank or heating oil tank,
- (c) retaining walls,
- (d) gates, fences.

### **site sum insured**

The total sum insured for all **insured property** located at each **common site** under this Part and any other material damage policy held with **us**.

### **situation**

The location or locations referred to in the **schedule**.

### **software**

As defined in General Exclusion 3 – Electronic Data and Software in the Business Insurance Policy Wording Insert.

### **stock**

Stock and materials in trade provided that they are:

- (a) owned by **you** (including joint ownership with others), or
- (b) in **your** temporary possession in the course of **your** business activities.

Stock does not include **contents** or **customers' goods**.

### **storage container**

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.

### **temporarily removed**

**Contents** that:

- (a) **you** have removed from their original location for a particular purpose, and
- (b) **you** intend to return it to their original location, once that purpose has been served.

### **undamaged**

Not directly or physically damaged by an **event** that would be covered by this policy.

### **work of art**

An object of artistic or cultural value including but not limited to pictures, paintings, prints, sculptures or ornaments, hand woven carpets, rugs or mats.

### **you**

The person(s) or entity named in the **schedule** as 'Insured'. **We** may also use the word 'insured' to describe you.

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