

WHEREAS the Insured named in Schedule hereto attached (which forms part of this Contract and is hereinafter referred to as the "Schedule") has made to State, a business division of IAG New Zealand Limited (State) a proposal and declaration which shall be the basis of this Contract together with any other statements made in writing by the Insured for the purposes of this Policy shall be the basis of and deemed to be incorporated in this contract.

NOW IT IS AGREED that in consideration of the payment of the premium and subject to the terms, exclusions and conditions contained herein, endorsed hereon or attached hereto, if at any time during the Period of Insurance or during any further period in respect of which State shall have agreed to renew this insurance there shall occur loss or damage at the Situation stated in the Schedule, State will indemnify the Insured against such loss or damage as hereinafter described.

SECTION A – REFRIGERATION MACHINERY

State will indemnify the Insured in respect of any unforeseen and sudden physical loss or damage which shall occur to any item described in Section A of the Schedule from any cause not hereinafter excluded and which necessitates repair or replacement to allow continuation of use provided always that at the time of such loss or damage the item was working or at rest or being dismantled, moved, reassembled or reinstalled for the purpose of cleaning, inspection, adjustment, repair, overhaul or relocation but only after completion of successful initial commissioning at the Situation.

State will also indemnify the Insured in respect of any refrigerant lost from an insured item as a result of loss or damage to such item for which there is indemnity under this Section of the Policy provided that in respect of items other than sealed or semi-sealed units:

- (a) such loss of refrigerant is not caused by leakage from glands, seals, gaskets or joints;
- (b) the liability of State shall not exceed five percent (5%) of the Sum Insured specified in Section A of the Schedule for the item affected.

Section A Provisions

1. Sum Insured

The Sum Insured for each item must not be less than the New Replacement Cost which shall mean the cost of replacement of the insured item by a new item of the same kind and capacity including packing, freight, customs duties and dues, if any, and installation charges.

The maximum amount payable by State in respect of any one item shall be the Sum Insured specified in Section A of the Schedule.

2. Bases of Indemnity

- (1) Where damage to an insured item can be repaired State will pay all expenses necessarily incurred to restore the damaged item to its former state of serviceability plus the cost of dismantling and re-erection incurred for the purposes of effecting the repairs as well as ordinary freight to and from a repair shop, customs duties and dues if any. If the repairs are executed at a workshop owned by the Insured State will pay the cost of materials and wages incurred for the purpose of the repairs plus a reasonable percentage to cover overhead charges.

No deduction shall be made for depreciation in respect of parts replaced but the value of any salvage will be taken into account.

If the cost of repairs as detailed in (1) equals or exceeds the actual value of the insured item immediately before the occurrence of the damage the settlement shall be made on the basis provided for in (2) below.

- (2) Where an insured item is totally lost or destroyed State will at State's option either:
 - (a) pay the actual value of the item immediately before the occurrence of the loss including costs for ordinary freight, erection and customs duties, if any; such actual value to be calculated by deducting proper depreciation from the New Replacement Cost of the item or;
 - (b) supply an equivalent replacement item similar in type, capacity and condition to the insured item immediately before the occurrence of the loss and pay any costs for ordinary freight and erection.

In calculating the actual value of any sealed or semi-sealed refrigeration unit under 2(a) above, depreciation shall be deducted at the rate of five percent (5%) per annum provided always that

 - (i) the annual depreciation shall be deemed to apply at the end of the year following successful initial commissioning and shall remain constant during the year, and
 - (ii) the total depreciation deducted in respect of any one unit shall not exceed sixty-six and two-thirds percent ($66\frac{2}{3}\%$)

State will also pay any normal charges for the removal of the item destroyed but less the value of any salvage.

3. Repairs

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

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

Section A Exclusions

State shall not be liable for:

1. alterations, additions, improvements or overhauls;
2. provisional repairs unless such repairs constitute part of the final repairs and do not increase the total repair cost;
3. extra charges incurred for overtime, nightwork, work on public holidays, express freight or air freight unless specially agreed upon by endorsement;
4. the Excess stated in Section A of the Schedule to be borne by the Insured in respect of each and every occurrence of loss or damage to each and every item. If more than one item is lost or damaged in one occurrence the Insured shall not however be called upon to bear more than the highest single Excess which is applicable to such items.

SECTION B – CONTENTS OF REFRIGERATION UNITS

State will indemnify the Insured against loss or damage to the contents of Refrigeration Units specified in Section B of the Schedule, caused by:

- (i) a rise or fall in the temperature of the refrigerated compartment as a direct result of damage to the refrigeration machinery which is or would be indemnifiable under Section A of this Policy if such machinery had been so included or;
- (ii) the accidental escape of refrigerant into the refrigerated compartment.

Section B Provisions

1. Sum Insured and Claims

The Sum Insured shall not be less than the replacement cost of the goods stored in the Refrigeration Units.

Any claim which is admitted under this Policy shall be settled on the basis of the cost to the Insured of replacement of the goods immediately prior to loss or damage and the maximum amount payable in respect of any one item specified in Section B of the Schedule shall be the Sum Insured set out opposite thereto. The proceeds from any sale of damaged goods shall be deducted from the claim.

2. Loss Minimisation

Any reasonable expenses incurred by the Insured in preventing or minimising loss or damage caused by the deterioration, putrefaction or contamination of any goods specified in Section B of the Schedule shall be payable by State:

- (1) insofar as they will reduce the extent of State's liability or;
- (2) insofar as the Insured could reasonably consider it expedient to incur such expenses but was unable to obtain State's prior approval. State shall however be notified of the measures taken as soon as possible. The maximum amount payable by State in respect of any one item shall be the Sum Insured set out opposite thereto in Section B of the Schedule.

Section B Exclusions

State shall not be liable for:

1. any loss arising as a result of shrinkage, inherent defects or diseases;
2. any loss arising from improper storage or stowage, collapse of packing material;
3. penalties for delay or detention or consequential loss or damage or liability of any nature whatsoever;
4. loss or damage due to the failure or interruption of the public electricity supply;
5. the Excess stated in Section B of the Schedule to be borne by the Insured in respect of each and every occurrence of loss or damage to each item subject always to a minimum amount of ten dollars (\$10).

GENERAL EXCLUSIONS

State shall not be liable for:

1. loss or damage caused by or arising from fire, extinguishing of a fire or subsequent demolition, smoke, soot, direct lightning, chemical explosion (other than explosion of flue gas in boilers), impact of landborne vehicles or waterborne craft, earthquake, subterranean fire, volcanic eruption, landslip, subsidence, riot, strike, lockout, civil commotion, malicious persons acting on behalf of or in connection with any political organisation, aircraft or other aerial devices or articles dropped therefrom, storm, tempest, windstorm, hurricane, cyclone, flood, inundation, water discharged or leakage from any pipe or water system, theft or attempt thereat;
2. loss of or damage to belts and objects made of glass or porcelain;
3. wasting or wearing away or wearing out of any part of the Refrigeration Machinery caused by or naturally resulting from ordinary use or working, gradual deterioration including erosion, rust, corrosion, or oxidation (due to normal atmospheric conditions or otherwise), damage due to cavitation, scratching of painted or polished surfaces;
4. consequential loss of any kind or description whatsoever;
5. loss or damage due to faults or defects known to the Insured or any of the Insured's responsible employees at the time of arrangement of this Insurance and not disclosed to State;
6. any consequence or war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection or military or usurped power, confiscation, nationalisation, requisition or destruction by or under the order of any Government or Public Authority.
7. (a) loss or destruction of or damage to any property whatsoever or any loss or expenses whatsoever resulting or arising therefrom or any consequential loss;
(b) any legal liability of whatsoever nature; directly or indirectly caused by or contributed to by or arising from nuclear or arising from ionising radiations or contamination by radio-activity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this Exclusion only, combustion shall include any self-sustaining process of nuclear fission.
8. loss, destruction, damage or legal liability directly or indirectly caused by or contributed to by or arising from nuclear weapons material.
9. any loss, damage, expense or liability of whatever nature which might otherwise be recoverable under this insurance arising out of or in any way connected with, whether directly or indirectly, the use or operation of any computer, computer system, computer software, programme or process or any electronic system where any such loss, damage, expense or liability arises, whether directly or indirectly, as a consequence of
 - (i) the date change to the year 2000 or any other date change, or
 - (ii) any change or modification of or to any such computer, computer system, computer software, programme or process or any electronic system in relation to such date change.
10. any act of terrorism. Notwithstanding any provision to the contrary, this insurance excludes loss, damage, death, injury, illness, liability, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with
 - (a) an act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss, damage, death, injury, illness, liability, cost or expense.
 - (b) any action taken in controlling, preventing, suppressing or in any way relating to an act of terrorism.An act of terrorism means an act, including but not limited to the use of force or violence and/or threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

CONDITIONS

1. **Observance of Terms and Conditions**

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

2. **Notice and Claims**

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

- (a) notify State as soon as possible in writing giving an indication of the nature and extent of loss or damage;
- (b) take all reasonable steps to minimise the extent of loss or damage;
- (c) preserve any damaged or defective parts and make them available for inspection by a representative of State;
- (d) supply at the request of and free of expense to State all such proof, information and other evidence with respect to the claim as State may reasonably require.

State shall not in any case be liable for loss or damage of which no notice has been received within 14 days after its occurrence.

3. **Fraudulent Claims**

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

4. **Alteration of Risk**

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

5. **Precautions**

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

6. **Inspection**

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

7. **Assignment**

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

8. **Cancellation**

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

9. **Subrogation**

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

10. **Arbitration**

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

11. **Contribution**

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

12. **Alteration of Terms**

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