

STOCK DETERIORATION

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 Stock Deterioration 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**.

Introduction	1
1. Insurance agreement	1
2. What you are insured for	1
3. Exclusions	2
4. Basis of settlement	3
5. Managing your claim	3
6. General conditions	4
7. Definitions	6

Introduction

Welcome	Welcome to State. Thank you for selecting us as your insurer.
About this policy	Your Stock Deterioration 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 7 – ‘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 you are insured for

2.1 Loss of stock	You are insured for deterioration of stock caused by: <ul style="list-style-type: none">(a) accidental breakdown of refrigeration machinery covered under your machinery breakdown policy, or that would be covered but for the application of an excess, or(b) accidental mechanical breakdown of plant, equipment or supply lines belonging to any New Zealand based utility that supplies power to your business. Provided: <ul style="list-style-type: none">(i) the deterioration occurs during the period of insurance, and(ii) the accidental breakdown:<ul style="list-style-type: none">(a) increases or decreases the temperature at the refrigerated storage chamber where the stock is kept, or(b) causes refrigerant to escape into the refrigerated storage chamber where the stock is kept.
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2.2 Reduction and prevention of loss

You are insured for reasonable costs **you** incur to successfully:

- (a) reduce the potential overall cost of any **deterioration** that occurs, and
- (b) prevent further **deterioration** from occurring,

provided the costs are incurred following **deterioration** under 2.1 'Loss of stock'.

You must tell **us** as soon as possible about the actions **you** take.

3. Exclusions

3.1 Confiscation

This policy does not insure **deterioration** 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 **deterioration** that is covered by this policy).

3.2 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 stock*), including the following:

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

3.3 Electronic data and software

This policy does not insure **deterioration** in connection with **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**.

3.4 Deterioration not covered

This policy does not insure **deterioration** caused by any of the following:

- (a) shrinkage, inherent defect, diseases, normal deterioration or natural putrefaction or fermentation,
- (b) improper storage, stowage or collapse of packing materials.

3.5 Natural disaster

This policy does not insure **deterioration** 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.

3.6 Nuclear

This policy does not insure **deterioration** 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.

3.7 Riots and strikes

This policy does not insure **deterioration** 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.

3.8 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.

3.9 Seepage, pollution and contamination

This policy does not insure **deterioration** in connection with seepage, pollution or contamination.

3.10 Utility company supply

This policy does not insure **deterioration** which arises from a failure of any New Zealand based utility to supply power to **your business** due to the deliberate act of any utility.

3.11 Terrorism

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

3.12 War

This policy does not insure **deterioration** 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.

4. Basis of settlement

4.1 Maximum amount payable

The most **we** will pay during an **annual period** for:

- (a) each **situation** is the sum insured specified in the **schedule**, and
- (b) for all **situations** is the total sum insured specified in the **schedule**.

4.2 Value of stock

We will pay **you** the **current value** of the **stock** immediately prior to the **deterioration**, up to the sum insured.

4.3 Excess

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

4.4 Reinstatement of the sum insured

After **we** have paid a claim under this policy **we** will reinstate **your** sum insured. **We** may ask **you** to pay an additional premium for this. If **we** do, **you** must pay the additional premium.

5. Managing your claim

5.1 Your obligations

A. Advise us

If **you** become aware of any situation that is likely to give rise to a claim, **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 **you** make 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. Disposal of property

You may dispose of putrid or rotten **stock**. **You** do not require **our** permission to do this provided **you** keep sufficient records of the **stock you** dispose of.

Sufficient records are a written schedule of the items of stock disposed of, and/or photographs or other visual evidence of loss.

F. Incurring costs

All costs claimed for under this policy must be necessarily and reasonably incurred.

G. Reasonable access

You must allow **us** reasonable access for inspection of the property.

H. 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.

5.2 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.

C. Branded stock

If any salvage 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.

6. General conditions

6.1 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 **stock**, **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 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**.

I. 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.

6.2 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.

6.3 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.

7. 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	Any act, or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organisation(s) or government(s) de jure or de facto, and that: <ul style="list-style-type: none">(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	The period of insurance . However, if: <ul style="list-style-type: none">(a) you pay the premium monthly, 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.
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.
business	The business described in the schedule .
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'.
current value	The amount you would reasonably expect to receive for an item if it was sold, taking into account: <ul style="list-style-type: none">(a) market conditions, and(b) the item's normal age and condition.
deterioration	The adverse change in physical condition or characteristics of the stock , so that it is no longer able to be used for its original intended purpose.

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 from one source or original cause.
machinery breakdown policy	The machinery breakdown policy that you have with us , covering accidental loss to machinery owned or used by you at the situation , during the period of insurance . <i>The machinery breakdown policy is a prerequisite to this policy if you own the machinery. If you do not own the machinery, we will apply the principles of the State Machinery Breakdown Policy as if it were in force at the time of the event.</i>
modified gas atmosphere	The altered composition of gases within the atmosphere of a storage chamber for purposes of preservation or delaying the ripening process.
period of insurance	The period shown in the schedule , that specifies the start and end dates of this insurance contract.
refrigeration machinery	Any part of plant or equipment system (including compressors, fans, pumps, pipes and tanks) that refrigerates a storage chamber that is insured under the machinery breakdown policy .
schedule	The latest version of the schedule we issued to you for this policy.
situation	The 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.
stock	Perishable goods (including their containers/packaging) that are: (a) specified in the schedule , and (b) kept in a refrigerated storage chamber (but not a modified gas atmosphere), and (c) at the situation .
we	State, a business division of IAG New Zealand Limited. We may also use the words 'us', 'our' or 'company' to describe State.
you	The person(s) or entity named in the schedule as 'Insured'. We may also use the word 'insured' to describe you.

Stock Deterioration Insurance

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