

**CROMBIE LOCKWOOD GROUP OF COMPANIES**

**NZI**

**BUSINESS INTERRUPTION POLICY**

IN CONSIDERATION of the Insured named in the Schedule (hereinafter called the Insured) paying or agreeing to pay to the Insurer named in the Schedule (hereinafter called the Company) the premium as agreed

The Company hereby agrees that if any building or other property or any part thereof used or intended to be used by the Insured for the purpose of the business is lost or damaged by:

- (a) such risks as are covered under the Insured's Material Damage Policy on the property.
- (b) explosion of any Pressure Vessel.

and the business carried on by the Insured is in consequence thereof interrupted or interfered with then the Company will pay to the Insured the amount of loss resulting from such interruption or interference in accordance with the provisions contained herein.

**Material Damage Policy** means any policy of a kind commonly used for insurance against loss or damage to buildings plant stock and similar property.

**Pressure Vessel** means any boiler or economiser or pipe or other vessel which in normal use is subject to generated or applied fluid pressure.

Provided that:

- 1. Unless specifically noted and agreed in this Policy the Company will not be liable for any loss as insured hereunder consequent upon loss or damage to the Insured's property unless that property is insured against the loss or damage and the Insurers of the property have (or would have but for the application of a Policy deductible or excess) paid or agreed to pay in respect of that loss or damage. This proviso does not apply to loss or damage caused by the explosion or implosion of any boiler or economiser or pipe or other pressure vessel.
- 2. The liability of the Company shall in no case exceed the sum insured and if more than one item is included in the Schedule, will not exceed in respect of each item the Sum Insured applicable to that item.

SIGNED ..... DATED .....



As a duly authorised representative of the

**THE SCHEDULE**

**THE INSURED:**

(As detailed in the Crombie Lockwood Placing slips) as named Insured but also including all other entities in which the Named Insured has more than half of the equity or over which management control is exercised and all Principals, Directors, Employees and Employee Social Clubs and Family Trusts of the Entities Insured not otherwise insured.

**ADDRESS FOR NOTICES:** \* As attached in the Schedules/Placing Slips

**PERIOD OF INSURANCE:** (a) From \* ..... to \* ..... at 4pm and renew annually  
(b) Any subsequent period for which the Insured shall have paid or agreed to pay and the Company shall have accepted or agreed to accept a renewal premium.

**THE BUSINESS** Any activity now or hereinafter carried on by the Insured.

**INDEMNITY PERIOD** The period during which the results of the business are affected in consequence of the loss or damage and ending after the expiry of the indemnity period as defined in the Placing Slip.

**THE PREMIUM** As agreed.

**THE PREMISES** All premises owned or occupied by the Insured or from which income is derived at any time during the Period of Insurance and all other premises or places where the Insured has property used or to be used for the business anywhere in New Zealand.



**SUMS INSURED**

<u>ITEM</u>	<u>INTEREST</u>	<u>SUM INSURED</u>	
1.	GROSS PROFIT	\$	)
			)
			)
2(a).	ALL WAGES INCLUDED IN ITEM 1 GROSS PROFIT	\$	)
			)
			)
2(b).	WAGES	\$	)
			)
			)
2(c).	WAGES (DUAL)	\$	)
			)
2(d).	PAYROLL .....%	\$	)
			)
3.	ADDITIONAL INCREASE IN COSTS OR EXPENSES	\$	) As
			) Detailed
			) in the
			) CLG
			) Placing
4.	GROSS RENTALS	\$	) Slips
			)
			)
			)
5.	BOOK DEBTS	\$	)
			)
			)
			)
6.	GOODWILL	\$	)
			)
			)
			)
7.	PREPARATION OF CLAIMS	\$	)
	(All items above Insured as defined herein)		)



## THE INSURANCE

The insurance by this policy is subject to the following definition memoranda and extensions unless otherwise stated or deleted for the amounts stated in the Sums Insured Schedule or the Placing Slips.

### ITEM NO.1 - GROSS PROFIT Option (a)

The insurance under Item No.1 is limited to loss of Gross Profit due to:

- (a) reduction in turnover and:
- (b) increased costs of working:

and the amount payable as indemnity hereunder shall be

- (i) in respect of reduction in turnover the sum produced by applying the rate of Gross Profit to the amount by which the turnover during the Indemnity Period shall, in consequence of the damage, fall short of the standard turnover.
- (ii) in respect of Increase in Cost of Working to the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in turnover which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the sum produced by applying the rate of Gross Profit to the amount of the reduction thereby avoided.

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business payable out of Gross Profit as may cease or be reduced in consequence of the damage.

Memo 1. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on behalf of the Insured the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.

Memo 2. If any charges and expenses of the Business are not insured by this Policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and all such uninsured charges and expenses.

### ITEM 1 - GROSS REVENUE Option (b)

The insurance under Item 1 is limited to loss of Gross Revenue due to:

- (a) reduction in Gross Revenue and:
- (b) increased costs of working and:

the amount payable as indemnity hereunder shall be:

- (i) in respect of loss of Revenue to the amount by which the Gross Revenue during the Indemnity Period shall, in consequence of the damage, fall short of the standard Gross Revenue.



- (ii) in respect of increase in cost of working to the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which but for that expenditure would have taken place during the Indemnity Period in consequence of the damage but not exceeding the amount of the reduction in Gross Revenue thereby avoided.

less any sum saved during the Indemnity Period in respect of such of the charges and expenses of the business payable out of Gross Revenue as may cease or be reduced in consequence of the damage

Memo 1. If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the Premises for the benefit of the Business either by the Insured or by others on behalf of the Insured the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Gross Revenue during the Indemnity Period.

Memo 2. If any charges and expenses of the Business are not insured by this Policy (having been deducted in arriving at the Gross Revenue as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working that proportion only of the additional expenditure shall be brought into account which the Gross Revenue bears to the sum of the Gross Revenue and all such uninsured charges and expenses.

#### ITEM (2b) - WAGES

The Insurance under Item No.2(b) is limited to the loss incurred by the Insured by the payment of wages for a period beginning with the damage or the period beginning with the interruption or interference whichever is the earlier and ending not later than the period as stated in the placing slips.

The amount payable as indemnity under this Item shall be the actual amount which the Insured shall pay as wages for such period to employees whose services cannot, in consequence of the damage, be utilised by the Insured at all and an equitable part of the wages paid for such period to employees whose services cannot, in consequence of the damage, be utilised by the Insured to the full.

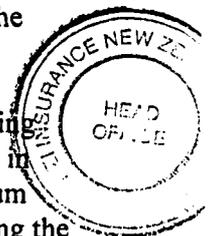
For the purposes of this item wages shall mean the wages of all employees other than those whose wages are insured by Item No.1..

#### ITEM 2(c) - WAGES (DUAL BASIS)

The Insurance under Item No.2(c) is limited to loss in respect of wages and the amount payable as indemnity hereunder shall be:

(a) **In respect of Reduction in Turnover**

- (i) during the portion of the indemnity period beginning with the occurrence of the damage and ending not later than the specified number of weeks stated in the Placing Slips the sum produced by applying the rate of wages to the shortage in turnover during such period less any saving during such period through reduction in consequence of the damage in the amount of wages paid.
- (ii) during the remaining portion of the indemnity period the sum produced by applying the Rate of Wages to the Shortage in Turnover less any saving through reduction in consequence of the damage in the amount of wages paid but not exceeding the sum produced by applying "X"% of the rate of wages to the shortage in turnover during the said remaining portion of the Indemnity Period increased by such amount as is deducted for savings under the terms of clause (i).



NOTE: At the option of the Insured the number of weeks referred to in Clause (i) above may be increased to the number of weeks specified separately in the placing slip provided that the amount arrived at under the provisions of Clause (ii) shall not exceed such amount as is deducted under Clause (i) for savings effected during the said increased number of weeks.

(b) **In respect of Increase in Cost of Working**

So much of the additional expenditure described in Clause (b) of Item No.1 as exceeds the amount payable thereunder but not more than the additional expenditure which would have been payable in respect of reduction in turnover under the provisions of Clauses (a)(i) and (ii) of this Item had such expenditure not been incurred.

“X”% - The percentage detailed in the schedules/placing slips.

ITEM 2(d) - PAYROLL

The insurance under this Item 2(d) is limited to loss in respect of Payroll and the amount payable as indemnity thereunder shall be:

(a) in respect of reduction in Turnover.

the sum produced by applying the Rate of Payroll to the Shortage in Turnover during the Indemnity Period.

(b) in respect of increase in cost of working

so much of the additional expenditure described in Clause (b) of the relative Gross Profit Item as exceeds the amount payable thereunder but not more than the additional amount which would have been payable in respect of reduction in Turnover under the provisions of (a) of this Item had such expenditure not been incurred, provided that if the sum insured be less than the sum produced by applying the Rate of Payroll to the Annual Turnover, the amount payable shall be proportionately reduced.

ITEM 3 - ADDITIONAL INCREASE IN COSTS AND EXPENSES

The Insurance under Item No.3 is limited to additional costs and expenses reasonably incurred by the Insured during the Indemnity Period and the amount payable as indemnity hereunder shall be:

The Additional expenditure, of whatsoever nature and description, beyond that recoverable under any other item of this Policy as the Insured may necessarily and reasonably incur in consequence of the damage for the purpose of avoiding or diminishing a reduction in Turnover or revenue and/or for resuming and/or for maintaining normal business operations and/or market penetration.

Such Additional expenditure includes but is not limited to the cost of moving to and from and the additional rent of temporary premises, and the compensation of premium necessary to obtain use of same, additional rates and taxes thereon and expenses incurred in installing and/or hiring such furniture, fixtures, fittings and equipment as may be required to render the said premises suitable for the Insured's occupation, additional cost in respect of lighting, heating and water, additional cost in respect of additional staff or transportation of staff, additional cost of obtaining, owing to the damage, the necessary information for the replacement of all deeds, documents, plans, drawings, specifications,

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valuations, card indexes and books of account, and computer system records and any and all documents of similar or whatsoever nature and description, reasonably incurred in order to minimise any interruption or interference with the activities of the Insured's Administrative, Clerical and Research Sections during the Indemnity Period.

However, the insurance under this item does not apply to:

- (i) any additional expenditure which would have been recoverable under any other item of this policy but for the inadequacy of the Sum Insured under that item or
- (ii) any costs of reinstating physical damage (other than costs incurred in reinstating records).

#### ITEM 4 - GROSS RENTALS

The Insurance under Item No.4 is limited to loss of Gross Rentals due to:

- (i) reduction in Gross Rentals and
- (ii) Increase in Costs of Working

and the amount payable as indemnity shall be:

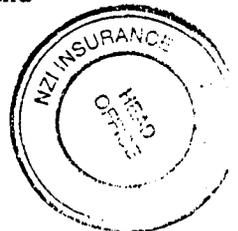
- (a) in respect of Gross Rentals the amount by which the Gross Rentals during the Indemnity Period shall in consequence of the damage fall short of the Standard Gross Rentals
- (b) in respect of Increased Cost of Working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Gross Rentals which but for that expenditure would have taken place during the Indemnity Period in consequence of the Insured damage but not exceeding the amount of the reduction in Gross Rentals thereby avoided,

less any sum saved during the Indemnity Period in respect of such expenses of the Business payable out of Gross Rentals as may cease or be reduced in consequence of the insured damage.

#### ITEM 5 - BOOK DEBTS CLAUSE

The insurance under this Item is limited to the loss sustained by the Insured in respect of Outstanding Debit Balances directly due to the insured damage and the amount payable as Indemnity under this Item in respect of any one occurrence of Insured Damage shall not exceed:

- (a) the difference between:
  - (i) the Outstanding Debit Balance, and
  - (ii) the total of the amounts received or traced in respect thereof:
- (b) the additional expenditure incurred with the prior consent of the Company in tracing and establishing customers' debit balances after the Insured Damage.



**ITEM 6 - GOODWILL**

The Insurance under item No.6 is limited to the loss of goodwill value determined by a formula relevant to the insured's occupation as stated in the Schedule/Placing Slips but not exceeding the amount stated in the schedule which results from the permanent closure of the Insured's business following loss or damage insured by this policy.

Provided that such closure results from:

- (a) The rebuilding or reinstatement of the premises at the existing site is prohibited by building or other regulations under or formed in pursuance of any Act of Parliament or the By-Laws of any Municipal or other Local Authority.

Or

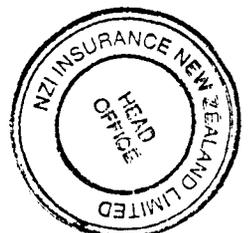
- (b) The owner of the premises not being the Insured, decides for any reason whatsoever, not to undertake the rebuilding or reinstatement of the premises at the existing site following loss or damage.

Any sum payable under this extension will be reduced by any compensation received by the insured from any other source as a result of the premises not being rebuilt.

**ITEM 7 - CLAIMS PREPARATION COSTS**

On all costs and expenses as may be reasonably incurred by the Insured for the preparation, presentation, negotiation, certification and/or justification of claims made under this policy and the Insured's Material Damage policy(ies) and Accounts Receivable (Book Debts) policy insofar as such costs are not more specifically insured or recoverable under any other policy of insurance.

Salaries, Wages and Overheads of the Insured's employees shall be deemed to be part of such costs and expenses.



## DEFINITIONS

### **GROSS PROFIT ( Additions Method )**

The sum produced by adding the amounts of the Net Profit and the Insured Standing Charges, or if there is no Net Profit the amount of the Insured Standing Charges less such a proportion of any net trading loss as the amount of the Insured Standing Charges bears to all the Standing Charges of the Business.

### **NET PROFIT**

The net Trading Profit (exclusive of all capital receipts and accretions and all outlay properly chargeable to capital) resulting from the business of the Insured at the premises after due provision has been made for all Standing Charges and Other Charges including depreciation, but before the deduction of any taxation chargeable on profits.

### **WAGES**

The remuneration of employees and any associated cost of superannuation, holiday and long service pay, accident compensation levies and any benefit associated with wages and treated as part of remuneration.

### **INSURED STANDING CHARGES**

- (a) Where a list of standing charges is supplied in the schedule/placing slip the standing charges listed.
- (b) Where a list of standing charges is not supplied the charges appearing in the Insured's books of account which will not vary in direct proportion to any variation in turnover.

### **GROSS PROFIT ( Difference Method )**

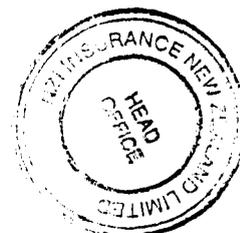
The amount by which:

- (a) the sum of the Turnover and the amount of the Closing Stock shall exceed
- (b) the sum of the amount of the Opening Stock and the amount of the Uninsured Working Expenses

Note: The amount of the Opening and Closing Stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

### **THE UNINSURED WORKING EXPENSES**

- 1. All purchases less discounts received
- 2. (a) Other expenses as declared or
  - (b) Where not specifically declared all expenses which vary in direct proportion to any variation in Turnover.



**PAYROLL**

The gross salaries and wages and charges pertaining to Payroll calculated on a "per capita" or percentage of Payroll basis for all employees.

**GROSS RENTALS**

The money paid or payable to the Insured for rent, including but not restricted to basic Rentals and/or percentage Rentals and/or, if applicable, contributions to any variable and/or promotional funds and/or operational expenses and/or any expenses of whatsoever nature and description in respect of or associated with the rental of the premises and for any services rendered by the Insured.

**TURNOVER**

The money paid or payable to the Insured for goods sold and/or delivered and for services rendered in the course of the Business.

**INDEMNITY PERIOD**

The indemnity period shall be the period beginning with the damage and ending not later than the period of months as separately stated in the Schedules/Placing Slips during which the results of the Business shall be affected in consequence of the damage.

**SHORTAGE OF TURNOVER**

The amount by which the Turnover during a period shall in consequence of the damage fall short of the part of Standard Turnover which relates to that period.

**REVENUE**

The Monies paid or payable to the Insured for goods sold and/or services rendered.



**RATE OF GROSS PROFIT**

The rate of Gross Profit earned on  
the turnover during the financial year  
immediately before the date of the Damage

)  
)  
)  
)  
)

**ANNUAL TURNOVER**

The Turnover during the twelve months  
immediately before the date of the  
Damage

)  
)

) to which such adjustments  
) shall be made as may be  
) necessary to provide for the

**ANNUAL GROSS RENTALS**

The Gross Rentals Receivable during the  
twelve months immediately before the date  
of the Damage

)

) trend of the Business and for  
) variations in or other circum-  
) stances affecting the Business  
) either before or after the

**STANDARD TURNOVER**

The Turnover during that period in the  
twelve months immediately before the date  
of the Damage which corresponds with the  
Indemnity Period

)

) Damage or which would have  
) affected the Business had the  
) Damage not occurred, so that  
) the figures thus adjusted shall  
) represent as nearly as may be  
) reasonably practicable the

**STANDARD GROSS RENTALS**

The Gross Rentals Receivable during that  
period in the twelve months immediately  
before the date of the Damage which  
corresponds with the Indemnity Period

)

) Damage would have been  
) obtained during the relative  
) period after the Damage

**RATES OF WAGES**

The rate of wages to Turnover during  
the financial year immediately before the  
date of the damage

)

)

)

)

**RATE OF PAYROLL**

The rate of Payroll to Turnover during the  
financial year immediately before the date  
of the Damage

)

)

)

**STANDARD REVENUE**

The Revenue earned during the twelve  
months immediately before the date of  
the Damage which corresponds with damage  
which the Indemnity Period

)

)

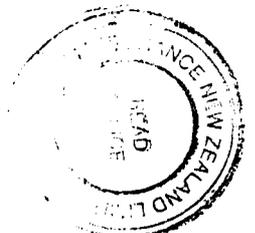
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**ANNUAL GROSS REVENUE**

The Gross Revenue during the twelve months  
months immediately before the date of the  
Damage.

)

)



**CROMBIE LOCKWOOD GROUP OF COMPANIES  
MASTER CONSEQUENTIAL LOSS MEMORANDA**

Standard Clauses - Applying to all Placings

**1.0 DEFINITION OF INSURED**

The Insured as defined in the Schedule of this Policy also means any person or organisation entitled to indemnity under this policy whether named or not.

**1.1 PLACING SLIP**

If the Insurance by this Policy was arranged with the Company through a Placing Slip document then the terms and conditions stated therein are deemed to be incorporated into this Policy.

**1.2 ACCUMULATED STOCKS**

In adjusting any claim account shall be taken and an equitable allowance made if during the Indemnity Period turnover is temporarily maintained from accumulated stocks of finished goods held by the Insured, thus causing a shortage of finished goods after the Indemnity Period has expired.

**1.3 SALVAGE SALE**

If following damage giving rise to a claim under this Policy the Insured shall hold a Salvage Sale during the Indemnity Period Clause (a) of Items 1 and 2 of this policy shall, for the purpose of such claims, read as follows:

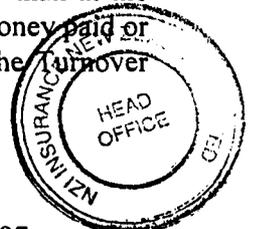
- (i) In respect of reduction in turnover  
The sum produced by applying the Rate of Gross Profit to the amount by which the Turnover during the Indemnity Period (less the turnover for the period of Salvage Sale) shall, in consequence of the damage, fall short of the standard Turnover from which sum shall be deducted the Gross Profit actually earned during the period of the salvage sale.
- (ii) In respect of reduction in wages  
The sum produced by applying the Rate of Wages to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the Salvage Sale) shall in consequence of the Damage, fall short of the Standard Turnover, from which sum shall be deducted the wages actually paid during the Period of the Salvage Sale.

**1.4 INHOUSE SUBROGATION**

It is agreed that in the event of any claim arising under this Policy Insurers agree to waive any rights and/or remedies and/or relief to which they may become entitled by way of subrogation against the Insured and/or subsidiary and/or any named associated or affiliated company as named in the Schedule of the Policy.

**1.5 TURNOVER ELSEWHERE AFTER DAMAGE**

If during the Indemnity Period goods shall be sold or services shall be rendered elsewhere than at the premises for the benefit of the Business either by the insured or by others on his behalf the money paid or payable in respect of such sales or services shall be brought into account in arriving at the Turnover during the Indemnity Period.



## **1.6 PROGRESS PAYMENTS**

Payment on account will be made to the Insured during the Indemnity Period if desired on production of a statement of claim certified by the duly appointed Adjuster or Accountant, and recommended by the Adjuster.

## **1.7 DEPARTMENTAL**

If the business be conducted in Departments and/or Subsidiaries and/or Departments of Subsidiaries the independent trading results of which are ascertainable, the provisions of clauses (a) and (b) of Item Nos 1, 2, and 4 shall apply separately to each Department affected by the Damage.

## **1.8 AUTOMATIC REINSTATEMENT**

In the event of loss as insured by this Policy and in the absence of written notice by the Company or the Insured to the contrary, the amount of insurance cancelled by loss is to be automatically reinstated a from the date of occurrence, the Insured undertaking to pay such reasonable premium as may be required for such reinstatement from that date.

## **1.9 TURNOVER OR OUTPUT**

In the event of a claim rising under this policy, adjustment shall at the option of the Insured be based on either TURNOVER or OUTPUT or whatever other index of business activity affords the most equitable result, wherever the word Turnover is used in the Policy it shall read "Turnover or Output" except in the Definition of "turnover".

Definition of OUTPUT:- The Sale Value and/or internal Transfer Value as between Departments insured hereby, of finalised goods and/or partially processed materials or goods of any and every description.

## **1.10 UPWARDS ADJUSTMENT**

In the event of the individual amounts insured for each item insured hereby as certified by the Insured's Auditors being greater than the individual sum insured thereon, the Insured will be held covered for an additional 25% of each individual sum insured, with a subsequent premium adjustment, provided the total of the amounts certified under the Adjustment of Premium Memorandum does not exceed in the aggregate the Total Sum Insured by the Policy.

## **1.11 DELETION OF AVERAGE**

Despite anything contained herein to the contrary it is hereby declared and agreed that average is deleted from all items of this policy.

## **1.12 WAIVER OF EXCESS CLAUSE**

It is agreed that it shall not be a condition precedent to liability in respect of interruption or interference in consequence of destruction or damage (as within defined) that payment shall have been made or liability admitted under the insurance covering the interest of the Insured in the property at the premises against such destruction or damage if no such payment shall have been made nor liability admitted solely owing to the operation of a proviso in such insurance excluding liability for losses below a specified amount.

## **1.13 ACTS OF CIVIL AUTHORITIES**

This insurance indemnifies the Insured for interruption or interference of the Business in consequence of acts of destruction of property undertaken at the order of any lawfully constituted civil authority for the prevention or restriction of loss or damage insured hereby.



#### 1.14 PROFESSIONAL ACCOUNTANTS OR AUDITORS AND THEIR AGENTS

Any particulars or details contained in the Insured's Books of Account or any other business books or documents which may be required by the Company under Clause 7 of this Policy for the purpose of investigating or verifying any claim hereunder may be produced and certified by the Auditors or their Agents, whose Certificate shall be prima facie evidence of the particulars and details to which such Certificate pertains.

#### 1.15 RELEASE

Where the Insured is required by legislation or by contractual agreement to release any of:

- (a) The Fire Service Commission
- (b) Any fire protection equipment suppliers approved by the Insurance Council of New Zealand Inc
- (c) Tranz Rail Limited
- (d) Any oil company; or
- (e) any other party to an agreement which has been declared to and accepted by the Company,

from liability arising from loss or damage insured by this Policy, the release is allowed without prejudice to this insurance.

Further, this insurance will not be prejudiced by any disclaimer clause in any contract entered into by the Insured for

- (a) The storage of goods or
- (b) The leasing of property

whether the storage and leasing contacts are declared to the Company or not.

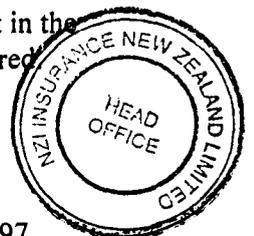
#### 1.16 FIXED CHARGES NOT INSURED

If any fixed or standing charges of the business are not insured by this Policy (having been deducted in arriving at the Gross Profit as defined herein) then in computing the amount recoverable hereunder as Increase in Cost of Working, in the terms of Clause (b) of Items No. 1 only, that proportion only of additional expenditure shall be brought into account which the Gross Profit bears to the sum of the Gross Profit and such uninsured fixed or standing charges.

#### 1.17 BREACH OF CONDITION OR WARRANTY

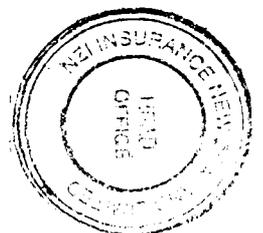
The insurance by this policy will not be prejudiced by:

1. Any innocent alteration or misdescription of occupancy or any other innocent inaccuracy not affecting the amount insured.
2. Any act of the occupier whereby the risk of destruction or damage to the property not in the occupation of the Insured is increased without the authority or knowledge of the Insured.



**1.18 ADJUSTMENT OF PREMIUM**

- (a) The Insured will pay to the Company a deposit premium assessed in respect of Items 1, 2, 4 at the commencement of each period of insurance.
- (b) Will six months after the expiry date of insurance, the full premium payable for such period in respect of Items 1, 2, 4 shall be recalculated on the basis of the Gross Profit earned and Wages paid in the Insured's financial year most nearly concurrent with such period of insurance (as certified by the Insured's Auditors).
- (c) Where the full premium payable for the relevant period of insurance in respect of each of Items 1, 2, 4 of the Policy as calculated in (b) above:
  - (i) Exceeds the Deposit Premium paid under (a) above, the Insured will pay the difference to the Insurers.
  - (ii) Is less than the Deposit Premium paid under (a) the Insurers will return the difference to the insured provided that such return of premium shall not exceed 50% of the Premium paid in respect of Items 1, 2, 4.
- (d) If any damage shall have occurred during any period of insurance within the currency of the Policy, the amount paid or payable for loss arising from such damage shall be regarded as actually earned in respect of each or any of the items insured by the Policy.



**2.0 OPTIONAL CLAUSES** (Applying to all placings where indicated in the relevant placing slip/schedule)

**2.1 NEW BUSINESS**

For the purpose of any claim arising from damage occurring before the completion of the first year's trading of the business at the premises the terms rate of gross profit, standard turnover and rate of wages and Standard Gross Rentals bear the following meanings and not as within stated.

**RATE OF GROSS PROFIT -**

The rate of gross profit earned  
on the turnover during the period  
between the date of the  
commencement of the business and  
the date of the damage

] to which adjustments shall be made as  
] may be necessary to provide for  
] the trend of the business and for  
] variation in or other circumstances  
] affecting the business either before or  
] after the damage or which would have  
] affected the business had the damage not  
] occurred, so that the figures thus adjusted  
] shall represent as nearly as may be  
] reasonably practicable the results which  
] but for the damage would have been  
] obtained during the relative period after  
] the damage.

**STANDARD TURNOVER -**

The proportional equivalent, for a  
period equal to the indemnity period,  
of the turnover realised during the  
period between the commencement  
of the business and date of the damage

**RATE OF WAGES -**

The rate of wages to turnover  
during the period between the  
date of the commencement of the  
business and the date of the  
damage

**STANDARD GROSS RENTALS -**

The proportional equivalent for  
a period equal to the Indemnity  
Period of the Gross Rentals,  
realised during the period  
between the commencement of  
the business and the date of the  
damage.

**2.2 PREVENTION OF ACCESS**

Any loss sustained by the Insured resulting from loss of or damage to:

- (a) Property situated anywhere in New Zealand
- (b) Property in transit by road, rail, air, inland waterway or sea from place to places within New Zealand and/or whilst temporarily stored in the course of such transit



- (c) Property owned or not owned by the insured within New Zealand in the vicinity of the premises which shall prevent or hinder the use thereof or access thereto or in any way affect trading results (turnover output or rents) thereof, whether the premises (or any property therein) is damaged or not
- (d) Transport routes, ports, airports or railways anywhere in New Zealand

shall be deemed to be loss resulting from damage to the premises and/or property used by the insured at the premises.

### 2.3 CUSTOMERS AND/OR SUPPLIERS PREMISES

Any loss sustained by the insured resulting from loss of or damage to:

- (a) Premises or property of any customer to whom the Insured directly or indirectly provides products, goods, services, or materials, or work or assistance of whatsoever nature and description within New Zealand
- (b) Premises or property of any supplier or organisation from whom the insured receives supplies, services, materials, goods or assistance of whatsoever nature and description within New Zealand

by a peril insured shall be deemed to be loss resulting from damage to premises and/or property used by the insured at the premises. It is agreed that the Company's liability for any loss payable under this extension shall not exceed 10% (or such other percentage as detailed in the placing slip/schedule) of the sums insured of items 1, 2, 3, 4, 5, 6 & 7.

### 2.4 FUMES, GASES & TOXIC CHEMICALS

The insurance under all items of this Policy is extended to include financial loss as insured resulting from interruption of or interference with the business in consequence of the following:-

- (a) Fumes and/or gases
- (b) Toxic chemicals

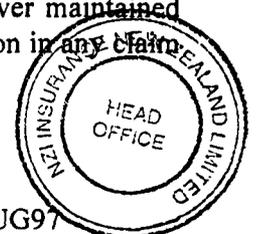
which provided caused by an unforeseen and sudden event shall be deemed to be loss resulting from damage to the premises and/or property used by the insured at the premises.

Furthermore in respect of this extension only the following words are deleted from the within policy:-

"PROVIDED THAT the Insurers will not be liable for any loss under this Policy unless the Insured's property lost, damaged or destroyed at the premises is insured against such damage, unless otherwise provided herein, (loss arising out of destruction or damage by boiler and/or economiser and/or pressure vessel explosion excepted) and the Insurers by which such property is insured shall have paid for or admitted liability in respect of such damage.

### 2.5 REDUCTION IN GROSS MARGIN

It is hereby declared and agreed that any reduction in the rate of Gross Profit on turnover maintained during the indemnity period in consequence of the damage shall be taken into consideration in any claim settlement and the additional amount payable as indemnity shall be:



In respect of reduction in the rate of Gross Profit on turnover maintained during the indemnity period:

The rate of Gross Profit on Standard Turnover less the rate of Gross Profit on turnover maintained during the indemnity period applied to the turnover maintained during the indemnity period.

## **2.6 EARTHQUAKE**

It is hereby agreed and declared that notwithstanding anything in the within policy to the contrary, the word "damage" is extended to include destruction or damage resulting from Earthquake , Hydrothermal Activity, Subterranean Fire, Volcanic Eruption, Tsunami.

## **2.7 PUBLIC UTILITIES**

It is agreed and declared that any loss as insured by this Policy sustained by the insured resulting from interruption of or interference with the Business in consequence of Damage (as Insured under the Insured's Material Damage Policy) to any or electricity station or sub station or power lines or cables, gas works or natural gas works or water works or treatment plants and any pipelines of any public supply authority from whom the insured obtains electric current gas, natural gas, water of any supplies to services of whatsoever nature within New Zealand shall be deemed to be loss resulting from damage to premises and/or property used by the insured at the premises.



## CONDITIONS

### 1. DILIGENCE

The Insured shall use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption of or interference with the Business and to avoid or diminish the loss whether by taking other premises or by any other means.

### 2. OTHER INSURANCE

If at the time of any claim arising under this Policy there be any other Insurance covering such loss or damage then this Policy shall apply only for the difference between the amount for which such other insurance would be liable if insurance provided by this policy did not exist and the total amount of the loss.

### 3. FRAUD

If the Insured shall make any claim knowing the same to be false or fraudulent as regards amount or otherwise, all benefits under this Policy shall be forfeited in respect of such claim.

### 4. CANCELLATION

This Policy may be cancelled by the Insured at any time by notice in writing delivered to the Insurers in which case the Insurers shall be entitled to a pro-rata premium for the time during which the Policy has been in force.

The Insurers may at any time by giving written notice to the Insured cancel this policy. Notice of cancellation may be delivered personally or posted by registered letter to the last known address of the Insured and the cancellation of the Policy or any section shall be effective as from 4 pm on the 30th day after posting or personal delivery by the Insurers.

After cancellation by the Insurers as aforesaid the Insurers will refund to the Insured a pro-rata proportion of the premium subject to any adjustment of premium as may be required by the terms or conditions of this Policy.

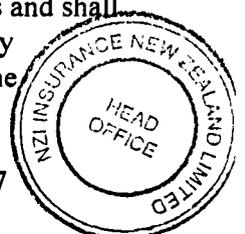
### 5. SUBROGATION

Any claimant under this Policy shall at the request and at the expense of the Insurers do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurers shall be or would become entitled or subrogated upon its paying for or making good any loss under this Policy, whether such acts and things shall be or become necessary or required before or after his indemnification by the Insurers.

### 6. CLAIMS

- (a) On the happening of any Damage in consequence of which a claim is or may be made under this Policy, the Insured shall forthwith give notice thereof to the Insurers and shall with due diligence do and permit to be done all things which may be reasonably practicable to minimise or check any interruption of or interference with the business or to avoid or diminish the loss.

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- (b) In the event of a claim being made under this Policy the Insured shall within a reasonable period of the expiry of the indemnity period deliver to the Insurers
  - (i) A statement setting out particulars of the claim
  - (ii) Details of all other insurances (if any) covering the Damage or any part of it or consequential loss of any kind resulting therefrom.
- (c) The Insured shall produce, and furnish to the Insurers
  - (i) Such books of account and other business books, vouchers, invoices, balance sheets, and other document proofs, information, explanation and other evidence as may be reasonably required by or on behalf of the Insurers for the purpose of investigating or verifying the claim.
  - (ii) If deemed in writing by Insurers a declaration on oath or in other legal form of the truth of the claim and of any matters connected therewith.

## 7. ALTERATION OF RISK

This policy shall be void, unless its continuance be admitted by memorandum signed by or on behalf of the Company, if:

- (a) The business be wound up or carried on by a liquidator or receiver or permanently discontinued,  
or
- (b) The Insured's interests cease otherwise than by death at any time after the commencement of this Insurance.

## 8. PROGRESS PAYMENTS

Payment on account will be made to the Insured during the Indemnity period if desired on production of a statement of claim certified by the duly appointed Adjuster or Accountant, and recommended by the Adjuster.

If the Company fails to make the progress payment to the Insured as approved within a period of 2 weeks from the date of approval then the Company will be liable to also pay the Insured a rate of interest on the amount of money owing at the then current 90 day bill rate for each day that the amount remains outstanding.

## 9. ADJUSTER

The adjustment of any claim shall be carried out by the Insured's accountant and/or by the Adjuster appointed by mutual agreement with the Insured.

## 10. GOODS & SERVICE TAX (GST)

Provided that Goods and Services Tax (GST) is recoverable by the Company, the sum or sums insured by this Policy are exclusive of GST with the intent that, in the event of a claim, the Company will pay a maximum of the sum insured plus additional GST to a maximum of the current rate of GST applied to the sum insured.

Where the Insured is liable for GST on any payment made the Company will include the amount of that GST in the payment as if it were part of the loss being paid.

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