

MATERIAL DAMAGE POLICY

PLACING SCHEDULE

Attaching to and forming part of Policy wording JLT MD April 2018

THE INSURED: Auckland Anglican Insurance Fund

THE COMPANY: Chubb Insurance NZ Limited

PERIOD OF INSURANCE:

From: 4.00 pm New Zealand Local Time on **1 April 2018**

To: 4.00 pm New Zealand Local Time on **1 April 2019**

and any other period for which the Company accepts or agrees to accept a premium.

POLICY NUMBER: NZFIRA 02596

THE PROPERTY INSURED:

Buildings, structures, Contents, Stock and specified Excluded Property (where noted in the Statement of Property Insured) as defined in the Policy, the Insured's own or held by it jointly or in trust or on commission for which the Insured is necessarily responsible or has assumed responsibility prior to the happening of any loss.

LOCATION:

The Property Insured under this Policy is insured whilst at any situation listed in the Statement of Property Insured or whilst in transit anywhere in New Zealand and whilst in transit between New Zealand ports.

TOTAL SUM INSURED: **\$810,887,019**

FIRE LOSS LIMIT: **\$100,000,000 any one event
and in the annual aggregate**

DEDUCTIBLE AMOUNT:

IT IS AGREED that in respect of any loss damage or destruction in the terms of this Policy the Insured shall accept to its own account the undernoted amounts as uninsured.

Any cause of loss, damage or destruction not more specifically detailed hereunder:	\$10,000
Residential Property:	\$1,000
Residential Property Gradual Damage:	\$1,000
Headstones and or Gravestones:	\$1,000
Landslip:	\$25,000
Subsidence:	\$25,000
Natural Disaster:	

The Natural Disaster Deductible will be calculated as shown below and applies to each and every claim up to a maximum of \$10,000,000 in the annual aggregate;

Northland and Auckland Regions:
- 2.5% of the site sum insured

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Rest of New Zealand:

- 5% of the site sum insured

applies to the combined Material Damage and Business Interruption loss.

In respect of this Deductible the following definitions apply;

- 'site' means a parcel of land owned or occupied by the Insured, and

- 'site sum insured' means the total Material Damage sum insured for all property located at each site.

The Natural Disaster Deductible will be capped at \$10,000,000 in the annual aggregate.

SPECIAL SUB-LIMITS:

In respect of the following limits, unless otherwise stated such limits are within the Total Sum Insured.

Margin Clause	Excluding Earthquake and/or Natural Disaster	105%
Computer Breakdown	This policy extends to cover any breakdown of the Insured's computer or electronic systems.	\$100,000
Exclusion 1 (a)	Property in the course of installation, construction etc Expected contract value/contract price not exceeding (Additional to the Total Sum Insured stated above)	\$1,000,000
Exclusion 3 (e)	Explosion, rupture, bursting, cracking, bulging, or leaking of steam boilers (other than boilers used for domestic purposes only), steam turbines or steam engines, due to the force of internal steam or fluid pressure other than the pressure of ignited flue gases or unconsumed fuel	\$100,000
Exclusion 3 (f)	Mechanical derangement of machinery (which shall include breakdown of machinery), due solely to internal stress or fault not being caused by an event external to the affected machinery	\$100,000
Memorandum 2	Automatic Increase	5%
Memorandum 7	Capital Additions, limit at any one time (Additional to the Total Sum Insured stated above)	\$1,000,000
Memorandum 10	Demolition and Removal of Debris, additional limit any one loss if not included in the Total Sum Insured	Included
	Unspecified Locations Demolition Costs, any one loss	\$1,000,000
Memorandum 14	Employee and/or Elected Members' Personal Effects	\$20,000
Memorandum 17	Hazardous Substances, limit any one loss	\$50,000
Memorandum 18	Headstones and/or Gravestones	
	Any one loss	\$5,000
	Any one policy period	\$25,000

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Memorandum 19	Landslip, limit any one loss	\$2,000,000
Memorandum 21	Money	
	Section (a), limit any one loss	\$100,000
	Section (b), limit any one loss	\$25,000
Memorandum 23	'P' Laboratories	\$50,000
Memorandum 27	Protection Costs, limit any one loss	\$250,000
Memorandum 30	Refrigerated Goods, limit any one loss	\$10,000
Memorandum 34	Residential Property Gradual Damage	\$20,000
Memorandum 37	Stolen Keys, limit any one loss	\$100,000
Memorandum 38	Subsidence, limit any one loss	\$2,000,000
Memorandum 41	Transit, limit any one loss	\$100,000

ACCEPTED BY THE COMPANY:

It is agreed that the Company in respect of this Policy is the understated Insurer or Insurers who accept(s) to its/their account the percentage stated against its/their name.

The Insurer or Insurers further agree to accept the terms and conditions of this policy individually for their stated subscription.

The subscribing Insurers obligations under this contract of Insurance to which they subscribe are several and not joint, and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations.

Where Co-insurers are shown, the Co-insurers agree to follow the Lead Insurer in respect of all matters related to this policy, and will accept an increase of up to 5% of the Total Sum Insured specified in the Placing Schedule from the date it is accepted by the Lead Insurer. Co-Insurers agree to accept any decisions of the Lead Insurer and to follow that decision in all matters relating to this Policy, other than in respect of any ex-gratia settlement proposed by the Lead Insurer or where there is a material change to the risk/s insured under this Policy

Signed for and on behalf of the Company;

Chubb Insurance NZ Limited - 100%

Signed:



Date:

MATERIAL DAMAGE POLICY

Auckland Anglican Insurance Fund

1 April 2018 to 1 April 2019

WORDING VERSION: JLT MD April 2016



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PREAMBLE

In consideration of the Insured named in the Placing Schedule having paid or promised to pay the required Premium, the Company named in the Placing Schedule agrees to indemnify the Insured as set out in the Policy.

If, during the Period of Insurance specified in the Placing Schedule, unintended and unforeseen by the Insured;

- a) physical loss or damage happens to any Property Insured (as herein defined) from any cause not excluded;
- b) costs or losses arise for which this Insurance is expressly extended;

the Company will indemnify the Insured for any loss, damage or costs subject to the terms, conditions and exclusions expressed in this Policy.

NATURAL DISASTER LIMITATION

The aggregate limit of liability of the Company for Natural Disaster will not in any one period of insurance exceed for either any insured item or any limit of loss the sum insured applicable at the time of the first occurrence of loss or damage.

Nothing in this Natural Disaster Limitation shall be taken to increase the scope or limit of cover under this Policy.

MARGIN CLAUSE

The Company's liability for loss or damage to any individual items of property noted on the Statement of Property Insured will not exceed 105% of the sum insured declared for that item up to a maximum of the Total Sum Insured for the Statement of Property Insured.

This Clause does not apply to Natural Disaster.



DEFINITIONS

These Definitions apply wherever these words may appear in the Placing Schedule, this Policy Wording and the Statement of Property Insured.

Breakdown

Means the actual breaking, seizing, deformation, or burning out of any part of the Machine while in use; the cause being a defect in the Machine; the result being a stoppage in the function of the Machine; and repair or replacement being necessary before the Machine can resume working; this definition is understood to include computer breakdown.

Buildings

Buildings as included in the definition of Property Insured shall mean;

- a) Buildings, other structures, and their appurtenances including but not restricted to plant, fixtures, fittings, pipes and cables pertaining to them and located in or about the premises as listed in the Statement of Property Insured and/or the following property attached to and/or adjoining thereto;

landlords fixtures and fittings, plant, fixtures, fittings, pipes, cables, fixed signs, lettering, tanks, poles, power poles, power lines and their supports, fences, walls, gates, landscaping, gardens, ornamental trees and shrubs, roads, paths and yards.

Contents

Contents as included in the definition of Property Insured shall mean;

- a) contents of buildings, plant or machinery, tools of trade, equipment, glass, tenants improvements; and
- b) all other tangible property not more specifically described for buildings, stock and specified items which are separately described and listed in the Statement of Property Insured.

Documents and Manuscripts

Documents and Manuscripts as included in the definition of Property Insured shall mean documents, manuscripts, magnetic or electronic media, business books, microfilm, technical drawings and other records. Property of any of these descriptions is insured by this Policy but only for their value as materials plus the cost of collecting and reproducing the information on them. The value of the information is not insured.

Machine and/or Machinery

The term "Machine and/or Machinery" in this Policy means any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

Money

The term "Money" as included in the definition of Property Insured means:

Current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, unrealised credit vouchers and other negotiable instruments.

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The liability of the Company for loss of or damage to "Money" is limited to the sub-limits specified in the Placing Schedule.

Natural Disaster

Wherever the words 'Natural Disaster' and/or 'Earthquake' appear in the Placing Schedule, Policy Wording and/or Endorsements they mean physical loss or physical damage directly or indirectly caused by;

- (a) Earthquake, tsunami, volcanic activity, hydrothermal activity, geothermal activity, or subterranean fire;
- (b) Fire occasioned by, through or in consequence of any perils shown in (a).

Pension Fund, Social Club and Sports Club

The property of any Pension Fund, Social Club, Sports Club, or similar entity, whose activities are principally for the benefit of the Insured's employees, is deemed to be property for which the Insured has assumed responsibility for the purpose of this Insurance as included in the definition of Property Insured.

Premises

The term "Premises" in this Policy means sites or locations where the Insured conducts its business and listed in the Statement of Property Insured.

Property Insured

Property Insured shall mean Buildings, Contents, Stock, Money and Documents and Manuscripts as more specifically defined herein and property for which the Insured has assumed responsibility for the purpose of this Insurance.

Site

The term "Site" means any parcel of land owned or occupied by the Insured.

Statement of Property Insured

The Statement of Property Insured or Schedule of Assets provided by the Insured itemises the Property Insured under this Policy in accordance with Condition 11 of this Policy.

Stock

Stock means stock and materials in trade.

The Insured

The term 'the Insured' wherever it appears in this Policy shall include the following parties:

- a) all legal entities named in the Placing Schedule including any named Subsidiary and/or any named Associated or Affiliated Company; and
- b) any pension fund, social club or sports club or similar entity formed and undertaken with the consent of any named Insured.



EXCLUSIONS

1. Property not insured

Unless stated elsewhere in this Policy to the contrary, this Policy does not insure;

- a) property in the course of installation, construction, demolition, erection or testing following any of the foregoing, unless the property is owned or to be owned or occupied by the Insured and for which the expected completed value or contract price, inclusive of all contractors or sub-contractors works, does not exceed the amount stated in the Placing Schedule.

This Exclusion shall be limited to that part of any property the subject of such installation, construction, demolition, erection or testing and shall not apply to any other part or to surrounding property or to any property the subject of a contract for service, maintenance or pre-delivery work;

- b) money, jewellery, precious stones, furs, precious metals or bullion, other than as stock of the business or as part of any plant, the ceremonial chains and/or regalia of office, exhibits or personal effects of an elected representative or employee.
- c) motor vehicles and other mechanically or electrically propelled vehicles, watercraft, aircraft and accessories attached thereto other than when such items are:
- i) not registered for road use and used in and/or around the premises;
 - ii) held as stock;
 - iii) used by the Insured as part of the business as process or production related plant and equipment;
- d) livestock and growing crops;
- e) standing timber;
- f) mining property located beneath the surface of the ground, docks, piers, wharves, dams, canals, reservoir (but not any tank or silo), roads, road or railway bridges, road or railway tunnels, pasture and land, unless specified in the Statement of Property Insured.

However this Exclusion shall not apply to any:

- road or railway bridges or road or railway tunnels; or
 - docks, piers or wharves forming part of any building;
- whilst located at any site address noted in the Statement of Property Insured;

- g) water;
- h) any consequential losses whatsoever including penalties, loss of use of any property, delays or loss of market.
- i) any above ground transmission and distribution lines, including wire, cables, poles, pylons, standards, towers or other supporting structures which may be attendant to the transmission or distribution of electrical power, telecommunications, or any other communications signals.

This exclusion applies to the aforementioned equipment which is located beyond a radius of 300 meters of an insured location, other than that which is on or within 300 metres of an insured structure and which is the responsibility of the Insured.



It is understood and agreed that utility service interruption and/or suppliers extension and/or contingent business interruption coverage's are not subject to this exclusion, provided that these are not part of a transmitters or distributors Policy.

2. Perils not insured

This Policy does not indemnify the Insured against loss, damage or destruction, unless stated elsewhere in the Policy to the contrary, directly or indirectly caused by:

- a) war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil war, civil commotion assuming the proportions of or amounting to a popular rising, military rising, rebellion, revolution, mutiny, insurrection, military or usurped power;
- b) confiscation, requisition or destruction of or damage to property by lawful order of government or local authority unless the order is given for the purpose of controlling fire or other peril for which insurance is provided by this Policy;
- c) nuclear weapons material or ionising radiations 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 combustion shall include any self-sustaining process of nuclear fission;
- d) landslip, subsidence or erosion of land;
- e) normal settling, erosion, cracking, shrinkage or expansion of structures or foundations;
- f) ground heave unless caused by earthquake, volcanic eruption, hydrothermal activity or other convulsion of nature for which the Insured is indemnified by this Policy;
- g) infectious animal or human disease.

3. Direct causes not insured

This Policy does not indemnify the Insured against loss, damage or destruction, unless stated elsewhere in the Policy to the contrary, directly caused by:

- a) the burning out of the wiring of electric motors and/or electric starters which individually have ratings greater than 5kw as a direct consequence of the formation of artificially generated electric current within such electric motors and/or electric starters.

This Exclusion (3(a)) shall only apply to such electric motors and/or electric starters that exceed 5kw and not to any other property damaged as a direct result of such burning out;
- b) unexplained disappearance, shortages revealed only by the taking of an inventory, or shortages due to clerical or accounting errors;
- c) theft by the Insured or by any of their employees or elected members unless the loss is discovered within 72 hours (excluding Saturdays, Sundays and public holidays) of its occurrence;
- d) collapse or overheating of steam boilers (other than boilers used for domestic purposes only);
- e) explosion, rupture, bursting, cracking, bulging, or leaking of steam boilers (other than boilers used for domestic purposes only), steam turbines or steam engines, due to the force of internal steam or fluid pressure other than the pressure of ignited flue gases or unconsumed fuel; which is in excess of the amount stated in the Placing Schedule;



- f) mechanical derangement of machinery (which shall include breakdown of machinery), due solely to internal stress or fault not being caused by an event external to the affected machinery; which is in excess of the amount stated in the Placing Schedule;
- g) normal maintenance, wear and tear, inherent vice, slowly developing deformation or distortion, pollution, contamination, normal shrinkage, evaporation, loss of weight, gradual change in flavour colour texture or finish, rust or corrosion, dampness, insects, vermin;
- h) exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions;
- i) smoke, smut, fumes, dust or gas unless caused by a sudden happening not otherwise excluded.

but these Exclusions shall apply only to the property or part thereof immediately subject to such loss damage or destruction.

4. Faulty materials, workmanship & design

In respect of the property or part immediately affected, this Policy does not insure the cost of:

- a) repairing or replacing faulty materials; or
- b) putting right faulty workmanship; or
- c) putting right work performed to a faulty or defective design, plan or design specification; or
- d) putting right faulty or defective work where the fault or defect results from error or omission in design, plan or design specification;

but this Exclusion will not apply to any consequential loss or damage occurring as a result of the faulty or defective materials, workmanship, design plan, design specification or work not otherwise excluded by Exclusion 5 Building defects.

5. Building defects

The Company will not indemnify any Insured or fulfil any obligation otherwise owed to any Insured in respect of any building or structure where that indemnity or obligation arises from, is consequent upon or is in connection with the failure of that building or structure to contain:

- a) materials; or
- b) a design; or
- c) a system; or
- d) a standard of workmanship;

which effectively prevents or manages the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.

6. Mould, mildew and gradual deterioration

This policy does not insure loss or damage directly or indirectly caused by:

- a) the action of micro-organisms, mould, mildew, rot or fungi; or
- b) gradual deterioration;



provided however that where fire is the result of (a) or (b) above then the policy will insure the loss or damage directly caused by fire subject to any other provisions of this policy.

7. Electronic Data Exclusion

Notwithstanding any provision to the contrary in this Policy or any endorsement thereto, it is understood and agreed as follows:

- a) This Policy does not insure:
- i) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of Electronic Data,
 - ii) error in creating, amending, entering, deleting or using Electronic Data, or
 - iii) total or partial inability or failure to receive, send, access or use Electronic Data for any time or at all

from any cause whatsoever, regardless of any other contributing cause or event whenever it may occur.

Electronic Data means facts, concepts and information converted to a form useable for communications, display, distribution, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for such equipment is caused by any of the matters described in paragraph (a) above, subject to all its provisions, will insure:

- i) physical loss of or damage or destruction to insured property directly caused by such listed peril, and/or
- ii) consequential loss insured by this Policy.

Further, this exclusion does not apply in the event that a peril listed below (being a peril insured by this Policy but for this exclusion) causes any of the matters described in paragraph (a) above

Fire, Explosion, Lightning, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcanic Activity, Tsunami, Flood, Freezing, Weight of Snow, Impact by Aircraft or other aerial objects dropped there from, Impact by any Road Vehicle or Animal, Bursting Overflowing Discharging or Leaking of Water Tanks Apparatus or Pipes, or Theft of Electronic Data solely where such Theft is accompanied by Theft of the computer hardware, firmware, medium, microchip, integrated circuit or similar device containing such Electronic Data.

- b) For the purpose of the Basis of Settlement pr in this Policy, computer systems records includes Electronic Data as defined in paragraph (a) above

Any terrorism exclusion in this Policy or any endorsement thereto prevails over this endorsement.

Electronic Equipment and/or Device Endorsement

This policy does not insure against any loss, damage, cost, claim or expense, directly or indirectly, proximately or remotely, whether in whole or part caused by, resulting from, contributed to, aggravated by or consisting of any malfunction, derangement or inability of

- a) The failure of any Electronic Equipment and/or Device to recognise, interpret, calculate, compare, differentiate, sequence or process data consisting of, dependent on or deduced from one or more dates or time or,
- b) Any change, repair, alteration, correction or modification of any part or parts of any Electronic Equipment and/or device to correct or prevent any anticipated or actual condition or circumstances stated in (a) above.



d.) **Electronic Data Processing Media Valuation**

Notwithstanding any provision to the contrary within the Policy or any endorsement thereto, it is understood and agreed as follows:

Should Electronic Data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus costs 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 such Electronic Data. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such Electronic Data to the Insured or any other party, even if such Electronic Data cannot be recreated, gathered or assembled.

Electronic Equipment and/or device includes but is not limited to computers, computer equipment, coding, programs, instructions or any software stored on electronic, electromechanical, electromagnetic data processing or electronically controlled equipment and media:

- (1) Computer hardware, including microprocessors
- (2) Computer application software
- (3) Computer operating systems and related software
- (4) Computer networks
- (5) Microprocessors (computer chips) not part of any computer system
- (6) Any other computerized or electronic equipment or components

Whether the property of the Insured or not.

3. Electronic Date Recognition Exclusion

It is noted and agreed this Policy is hereby amended as follows:

- a.) The Company will not pay for Damage or Consequential Loss directly or indirectly caused by, consisting of, or arising from, the failure of any computer, data processing equipment, media microchip, operating systems, microprocessors (computer chip), integrated circuit or similar device, or any computer software, whether the property of the Insured or not, and whether occurring before, during or after the year 2000 that results from the inability to:
 1. correctly recognise any date as its true calendar date;
 2. capture, save, retain, and/or correctly manipulate, interpret or process any data or information or command or instruction as a result of treating any date other than its true calendar date; and/or
 3. capture, save, retain or correctly process any data as a result of the operation of any command which has been programmed into any computer software, being a command which causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.
- b.) It is further understood that the Company will not pay for the repair or modification of any part of an electronic data processing system or its related equipment, to correct deficiencies or features of logic or operation.
- c.) It is further understood that the Company will not pay for Damage or Consequential Loss arising from the failure, inadequacy, or malfunction of any advice, consultation, design evaluation, inspection, installation, maintenance, repair or supervision done by the Insured or for the Insured or by or for the



others to determine, rectify or test, any potential or actual failure, malfunction or inadequacy described in a.) above.

Such Damage or Consequential Loss described in a.), b.) or c.) above, is excluded regardless of any other cause that contributed concurrently or in any other sequence.

This endorsement shall not exclude subsequent Damage or Consequential Loss, not otherwise excluded, which itself results from a Defined Peril. Defined Peril shall mean fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm, hail, tornado, hurricane, cyclone, riot, strike, civil commotion, vandalism, malicious mischief, earthquake, volcano, tsunami, freeze or weight of snow.

4. Terrorism Exclusion Endorsement - Property

Notwithstanding any provision to the contrary within this Policy or any endorsement thereto it is agreed that this Policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the 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 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.

This endorsement also excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

5. Biological or Chemical Materials Endorsement

It is agreed that this policy excludes loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with the actual or threatened malicious use of pathogenic or poisonous biological or chemical materials regardless of any other cause or event contributing concurrently or in any other sequence thereto.



MEMORANDA

The terms of each of the following Memoranda are deemed to be included as part of this Policy and the terms, conditions and insurance cover shall automatically apply. In the event of any conflict or inconsistency between the Policy and the Memoranda, the terms of the Memoranda shall prevail. In the event of any conflict or inconsistency between Memoranda, the Memorandum most favourable to the Insured shall prevail.

1) ALTERNATIVE ACCOMMODATION

In relation to domestic residential properties only, this Policy indemnifies the Insured for reasonable expenses in respect of accommodation necessarily incurred by the Insured or the Insured's employee(s) and/or elected member in consequence of the residence being rendered uninhabitable by any loss, damage or destruction insured hereby but only for the period necessary for reinstatement provided that:

- a) the expenses are not otherwise insured;
- b) in arriving at the amount payable a deduction shall be made for normal household expenditure which would have been incurred but for the event.

2) AUTOMATIC INCREASE IN AMOUNT INSURED ON BUILDINGS AND CONTENTS

It is noted and agreed that at each renewal date, the Total Sum Insured shall be increased by the percentage specified in the Placing Schedule.

In consideration of the above the Insured agrees to pay such additional premium as may be required in respect of such increase.

In the event that approved insurance valuations are received by the Company within thirty days of the immediate past renewal date, the Company agrees to adjust the amount of cover in accordance with such valuations effective from the immediate past renewal date without imposing any penalty premium charge.

This Memorandum does not apply to Natural Disaster.

3) BASIS OF SETTLEMENT – INDEMNITY

Unless otherwise specified, all Property Insured described in the Statement of Property Insured shall be insured on the basis of Indemnity and the Company agrees that in the event of loss damage or destruction, to indemnify the Insured for the value of such property or part thereof at the time of the happening of its loss or destruction or the amount of such damage and also to indemnify the Insured by payment for any insured costs or expenses.

PROVIDED THAT;

- a) the Company may at its option elect to indemnify the Insured for the property lost, damaged or destroyed by payment reinstatement or repair;
- b) except where increased by specified notation the Company shall not be liable for more than the total Sum Insured stated in the Placing Schedule, and if more than one item is included in the Statement of Property Insured, will not exceed in respect of each item the sum insured applicable to that item.

Stock shall be insured on the basis of indemnity by one of the following methods:

- a) for raw materials, supplies and other merchandise not manufactured by the Insured:

(i) the replacement cost at the time of replacement, provided that the replacement is carried out within a reasonable period of time, or



- (ii) if this property is not replaced, the market value of it at the time and place of the loss.
- d) 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.
- c) 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.

4) BASIS OF SETTLEMENT – REINSTATEMENT

In respect of all property stated and defined in the Statement of Property Insured as being insured on a reinstatement basis the Company shall indemnify the Insured for the cost of reinstatement of the property lost damaged or Destroyed, subject to the following Special Provisions and subject also to the terms and conditions of the Policy except insofar as the same may be varied hereby.

For the purposes of the insurance under this Clause, the undernoted terms shall, unless the context otherwise requires, have the following meanings:

- a) "Reinstatement" shall mean:
 - i) where property is lost or destroyed, its replacement by equivalent property;
 - ii) where property is damaged, the repair of the damage and the restoration of the damaged portion of the property to a condition substantially the same as but not better or more extensive than its condition when new;
- b) "Equivalent Property" (if the property is neither plant nor stock in trade) means:
 - i) property which is as nearly as is practicable the same as the property lost or destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with building or other regulations or directives made under or framed in pursuance of any Act or Regulations, or By-Laws of any Local Authority or Ad Hoc Body;
 - ii) where as a result of any special circumstances no property which falls within the scope of paragraph (b) (i) is able to be constructed; a property which is designed to perform a purpose or function which is the same as or equivalent to, but not more extensive than, that performed by the property lost or destroyed;
 - iii) where as a result of any special circumstances no property which falls within the scope of paragraph (b) (i) above is suitable to the requirement of the Insured; a property which is designed to perform a purpose or function suitable to the requirement of the Insured, but not more extensive than that performed by the property lost or destroyed;
- c) "Equivalent Property" (if the property is plant) means any plant which is as nearly as practicable the same as or equivalent to the plant lost or destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or destroyed plant, but not a greater capacity, unless plant with an equivalent capacity is not available and the replacement plant is the nearest to an equivalent capacity;
- d) "Destroyed" means so damaged by an insured contingency that the property cannot, by reason only of the extent of that damage, be repaired;

SPECIAL PROVISIONS



1. The amount payable under this Clause shall include the cost incurred in reinstatement which is necessary to comply with any Act of Parliament or any Regulations made under or in pursuance of any such Act or with any By-Laws or Directives of any Local Authority or of any Ad Hoc Body, provided that the amount payable shall not include the cost incurred in work necessary to comply with any Act, Regulations, By-Laws or Directives:
 - a) to the extent to which such work had already been required of the Insured by notice served prior to the happening of the loss, damage or destruction;
or
 - b) in respect of undamaged property or undamaged portions of property; and for this purpose "undamaged" shall mean not damaged physically and directly by a peril insured under this Policy. This Special Provision 1(b) shall apply whether or not the undamaged property or portion comprises a separate building or item of plant.
2. Where property is lost or destroyed the work of reinstatement shall be carried out upon the same site, provided that such work may be carried out upon another site where reinstatement on the original site is not permissible by reason of any Act, Regulations By-Laws or Directives or where reinstatement on the same site is not suitable to the Insured's reasonable requirements or with the consent of the Company (such consent shall not be unreasonably withheld).
3. Where the work of reinstatement is carried out on another location on the same site or at another site, the liability of the Company in respect of the cost of reinstatement shall not exceed the cost which would have been incurred had reinstatement been carried out on the original location at the original site.
4. When any property insured under this Clause is damaged the liability of the Company shall not exceed the amount the Company could have been called upon to pay for reinstatement if such property had been destroyed.
5. No payment beyond the amount which would have been payable under this Policy if this Memorandum had not been incorporated therein shall be made:
 - a) if the Insured elects not to reinstate the property;
 - b) if the work of reinstatement is not commenced and carried out with reasonable despatch;
 - c) until the cost of reinstatement, including partial reinstatement, has been actually incurred or agreed between the Insured and the Company.
6. Where property is damaged but not destroyed and the repair of the damage is not permissible by reason of any Act of Parliament or any Regulations made under or in pursuance of any such Act or any By-Laws or Directives of any Local Authority and Ad Hoc Body or by reason of the condition of the undamaged portion of the property, then the liability of the Company shall not exceed the amount the Company could have been called upon to pay for the repair of such damage if such damage had been repaired.
7. In respect of any Period of Insurance the Insured may provide the Company with a certificate by an approved valuer:
 - a) In such certificate the valuer may also specify the estimated cost of reinstatement of any item or items insured under this Clause at the commencement of the Period of Insurance.
 - b) The certificate may also contain such other estimates or information as the form used by the Company may from time to time specify.
 - c) If the estimated cost of reinstatement is specified under paragraph (b) hereof the sum to be insured under this Clause in respect of that item or items shall not be less than the amount of such estimates.



8. The amount recoverable under this Clause shall not include the amount of any rate, tax, duty, development or other charge or assessment arising out of capital appreciation which may be payable in respect of the property or by the owner thereof by reason of compliance with any Act, Regulations, Directives or By-Laws referred to in this Clause.
9. The amount payable under this reinstatement memorandum or otherwise under the Policy in respect of property that is damaged but not Destroyed shall not include any cost incurred in connection with;

a) the seismic strengthening of any damaged property to a level greater than it was immediately prior to the occurrence of the damage. The Insured shall bear any costs incurred or necessary to comply with any seismic strengthening requirements of the Building Code or similar regulation, which result in an increase in the seismic strength or resistance of the property to a level greater than it was immediately prior to the occurrence of the damage.

For the purpose of this clause Destroyed means so damaged that the property by reason only of that damage cannot be repaired.

The fact that the Insured must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the reinstatement of any damaged property shall be disregarded when assessing whether that property shall be deemed a total loss. Any provision in the Policy for Constructive Total Loss shall not apply.

5) **BASIS OF SETTLEMENT – FUNCTIONAL REINSTATEMENT**

Whereas the Insured has declared Functional Value in respect of various items in the schedule of Insured Property, and subject to the Special Provisions set out below, in the event of any Property Insured to which this Memorandum applies being damaged to the extent that the estimated costs of Reinstatement exceeds 65% of the site Functional Value so declared, the amount payable under this Policy is to be the actual costs of Functional Reinstatement arising from any Insured Peril.

Definition:

In this Memorandum, and unless the context requires otherwise:

“Functional Replacement” means the replacement of the Property Insured at the Site by:

1. Property having similar purpose or function as that of the Insured Property being replaced; or
2. Property having any other purpose of function suitable to the requirements of the Insured's present business at the site, but not more extensive than that of the Property Insured being replaced.

All without limitation as regards material or techniques and all in compliance with current Regulations.

“Functional Value” means the estimated cost of Functional Reinstatement.

“Site” means any parcel of land owned or occupied by the Insured.

“Regulations” means building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority.

“Undamaged” means not damaged physically and directly by an insured event.

SPECIAL PROVISIONS

1. Site of Functional Replacement



The work of Functional Replacement must be carried out on the same Site; provided that the work may be carried out upon any other Site:

- a.) Where Functional Replacement on the same Site is not permissible by reason of any Regulations, or
- b.) Where Functional Replacement on the same Site is not suitable to the Insured's reasonable requirement in which case, and with the consent of the Company (which will not be unreasonably withheld), Functional Replacement may be carried out on any alternative Site.

2. Limitations on Amount Payable

Where the work on Functional Replacement is carried out at any Site other than the original Site, the Company's liability in respect of the cost of Functional Replacement been carried out at the original Site.

3. Valuation of the Property

At the commencement of each Period of Insurance, and in respect of that period, the Insured must provide the Company with a certificate by a valuer acceptable to the Company specifying the following:

- a.) The estimated reinstatement cost of the present building;
- b.) The indemnity value of the present building expressed as the estimated reinstatement cost, less allowance for normal physical depreciation;
- c.) The functional replacement costs calculated on the basis of a modern building which provides comparable facilities to the insured building;
- d.) Inflationary provisions, in respect of (a) and (c) and Demolition costs, in respect of (a), as are normally provided in Valuers certificates.

4. Circumstances where this Memorandum Does Not Apply:

This Memorandum will have no application to this insurance if:

- a.) No functional replacement is actually carried out;
- b.) The work of functional replacement is not commenced and carried out with reasonable despatch;
- c.) No valuation is provided in accordance with Special Provision 3 above.

If any of these circumstances, the rights and liabilities of the Insured and the Company in respect of the loss or damage will be the same as if this Memorandum has not been incorporated in the Policy.

6) BRANDED STOCK

In the event of a claim for loss, destruction, or damage to the property and expenses insured hereby, any salvage of branded or guaranteed goods and/or merchandise, the Insured's own or held by the Insured in trust or on commission, and/or goods sold but not delivered shall not be disposed of by sale or otherwise without the consent of the Insured. In the event of the Insured, or the owner thereof, not consenting to disposal sale the salvage value as agreed shall be taken into account in the settlement of loss.

7) CAPITAL ADDITIONS

This Policy extends to cover:

- a) any newly acquired property but not stock in trade;
- b) alterations, additions or improvements to property but not stock in trade.

Provided that:



- i) at any one time cover under this Memorandum shall not exceed the amount stated in the Placing Schedule;
- ii) at the end of the Period of Insurance or at earlier intervals if the Insured prefers, particulars of each property acquired during the Period of Insurance must be given to the Company. On receipt of those particulars:
 - (a) the Company will be entitled to charge an additional premium calculated pro rata from the date on which cover commenced, and
 - (b) if the Period of Insurance has not yet expired, the terms of this extension will be fully reinstated;
- iii) cover under this Memorandum shall be deemed to have become operative upon the date on which the risk in the property passes to the Insured;
- iv) this Memorandum shall not apply to any appreciation in value of the property insured which is not consequent upon any acquisition, alteration, addition or improvement.

8) CHARGE HOLDER

It is agreed that this Policy indemnifies the interest of any Charger Holder or party that has a right in law due to the terms of any Act, By-Law, Legal Document or Instrument whereby that party has a financial or other interest in any Property Insured hereby such right being that of Owner, Debenture Holder, Mortgagee, Lessor, Hirer, Government Agencies or Quasi-Government Authorities, or similar organisations provided that:

- a) the interest of such other party is not more specifically insured;
- b) such party will only be indemnified hereby due to the specific Act, By-Law, Legal Document or Instrument that confers such right and capacity to be an interested insured party in the terms of this Policy;
- c) all claims will be settled with the Insured unless the Charge Holder instructs the Company to the contrary.

9) CLAIMS PREPARATION COSTS

The Total Sum Insured by this Policy indemnifies the Insured in respect of costs and expenses reasonably incurred by the Insured for the preparation, certification and/or justification of claims made under this Policy.

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

10) DEMOLITION AND REMOVAL OF DEBRIS

This Policy extends to insure costs incurred in the necessary demolition, shoring up or propping of the Property Insured hereby and the removal and disposal of debris, water, gas, vapour, liquid and/or molten material and the removal storage and return where necessary of all property (damaged or undamaged) from insured locations and areas beyond such insured locations following loss, damage or destruction by any of the perils hereby insured against.

This Memorandum does not cover any sums that the Insured becomes legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris.

In respect of any one event, the Company's liability for these costs will not exceed the limit shown in the Statement of Property Insured. If no such limit is shown, the Company's liability under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one loss.



Furthermore this policy extends to include demolition and removal of debris for unspecified locations subject to the limit specified in the Placing Schedule.

11) DESTRUCTION OF UNDAMAGED PROPERTY

If in the event of loss, damage or destruction to the Property Insured hereby, it is necessary to destroy and remove Undamaged Property for replacement and/or reinstatement and/or restoration then the cost of such destruction or demolition and replacement of such Undamaged Property shall be paid by the Company.

When Undamaged Property is intentionally damaged or destroyed to prevent or minimise bodily injury such damage or destruction shall be deemed accidental for the purpose of this insurance.

This Memorandum does not cover any sums that the Insured becomes legally liable to pay by way of compensation or other damages consequent upon pollution or contamination of property by any of the debris.

12) DETERIORATION OF UNDAMAGED PROPERTY

Subject to the Exclusions in this Policy it is extended to include:

- a) deterioration, loss of value or the effects of change in temperature of or on any property consequent upon loss, damage or destruction not excluded hereunder to any other property;
- b) deterioration or loss of value due to the Insured's inability to process or use any raw material, processed or partially processed product or commodity in the normal way; and
- c) reasonable costs incurred by the Insured in the removal to and/or storage of any property insured hereby to another building and/or premises.

13) DISASTER DAMAGE – RESIDENTIAL PROPERTY

Whereas

- a) the Insured has compulsory natural disaster cover under the Earthquake Commission Act 1993 (hereinafter referred to as "EQC Cover"); and
- b) the EQC Cover applies to Residential Property;

then, in the event of any Residential Property insured by this Policy suffering Natural Disaster Damage during the period of insurance and covered by EQC Cover, the Company's liability under this Policy will be limited to the amount of loss in excess of the EQC Cover, subject otherwise to the terms of this Policy. For the purpose of this Memorandum, the EQC Cover is deemed to include the amount of 'excess' imposed by the terms of that cover.

For the purposes of Section 20 of the Earthquake Commission Act 1993, it is declared and agreed that each situation and/or residence is deemed to have a separate fire insurance contract.

Any amount payable under the Earthquake Commission Act for the same event and the same insured property will be deducted from the sum insured for the damaged property. The Insurers liability will be limited to the amount of loss in excess of the Natural Disaster Damage cover.

The Insured's Natural Disaster excess payable for any claim will be reduced by any amount payable under the Earthquake Commission Act for the same event and the same insured property.

Definitions

CHUBB

Chubb Insurance
New Zealand Limited

Company No. 104656
FSP No. 35924

"Residential Property" for the purpose of this Memorandum means that property which is covered by Sections 18 to 20 of the Earthquake Commission Act 1993.

"Natural Disaster Damage" has the meaning given to it in the Earthquake Commission Act 1993.

14) EMPLOYEES PERSONAL EFFECTS

This Policy extends to include Employees and/or Elected Members' Personal Effects (including money and tools) which are deemed to be property for which the Insured has assumed responsibility for the purpose of this insurance, but only whilst the effects are in or about premises owned or occupied by the Insured, or elsewhere whilst being worn, kept, carried or used by employees and/or elected members acting in the course of their employment; but subject to the limit stated in the Placing Schedule any one loss.

15) EXPEDITING COSTS

Where a claim is payable under this Policy for the cost of restoring or replacing any of the Property Insured, the Policy will also pay such additional costs of express freight, air freight and overtime labour as are reasonably incurred for the purpose of expediting that restoration or replacement.

16) GENERAL AVERAGE/SUE AND LABOUR

When this Policy extends to indemnify the Insured in respect of loss, damage or destruction to the Property Insured hereby whilst in transit anywhere in New Zealand it is agreed that:

a) General Average

The Insured shall be indemnified for any costs, charges or expenses relating to:

- i) General Average and salvage charges, payable in accordance with the contract of affreightment and/or any governing law or practice, incurred to avoid or in connection with avoidance of, loss, damage or destruction from any cause;
- ii) any proportion of liability incurred by the Insured under the contract of affreightment "Both to Blame" Collision Clause.

Such payments shall be made in addition to the Total Sum Insured stated in the Placing Schedule.

b) Sue and Labour

In case of loss or damage it shall be lawful for the Insured their factors, servants and assigns to sue labour or travel for the defence safeguard or recovery of the Property Insured hereunder or any part thereof and the Company shall meet the cost of such acts in addition to the Sum Insured stated in the Schedule attaching hereto.

17) HAZARDOUS SUBSTANCES

The Company will indemnify the Insured for any charge that the New Zealand Fire Service is authorised to make against the Insured in respect of any Hazardous Substance Emergency arising out of or in connection with any Property Insured during the Period of Insurance. The indemnity will be payable regardless of whether the Property Insured has been damaged. "Hazardous Substance Emergency" has the same meaning as defined in the Fire Service Act 1975 or any statutory amendment to or replacement of that Act.



The Company's liability in respect of any one occurrence under this Memorandum shall not exceed the amount stated in the Placing Schedule.

18) HEADSTONES AND OR GRAVESTONES

This Policy extends to cover any sudden and unforeseen loss or damage to any headstone or gravestone. The cover is in respect of any loss causing damage to such property.

Any claim paid under this Memorandum will be at the discretion of the Insured and in no case will this exceed to amount stated in Placing Schedule for any one occurrence and in any one policy period.

19) LANDSLIP

This Policy extends to cover sudden and unforeseen loss or damage to any Property Insured directly or indirectly consequent upon:

- (a) landslip that is neither gradual nor progressive; and/or
- (b) the movement (whether by way of falling, sliding or flowing) of ground;

but excluding:

- subsidence; and/or
- the expansion, shrinkage, compaction or erosion of soil.

The Company's liability under this Memorandum in respect of any one occurrence shall not exceed the amount stated in the Placing Schedule.

20) LEASED PROPERTY

The indemnity provided by this Policy covers loss, damage or destruction to the account of the Insured in respect of fixed glass, toilet pans or hand basins forming part of any premises occupied but not owned by the Insured and loss, damage or destruction to such premises resulting from burglary or attempt thereat.

21) MONEY

This Policy extends to cover Money:

- a) whilst in transit, at any of the Insured's sites of contract during Business Hours, at the Insured's premises during business hours, or whilst in a locked safe or strong room outside business hours, subject to a limit any one loss of the amount stated in the Placing Schedule;
- b) while in residences of the Insured's duly authorised elected members or employees, or whilst in the Insured's premises or sites of contract outside business hours when the money is not in a locked safe or strong room, subject to a limit any one loss of the amount stated in the Placing Schedule.

However this Policy does not insure Money for:

- i) loss due to errors in receiving or paying out;
- ii) loss or damage occurring while the Money is entrusted to any person other than the Insured, or any Principal, or any employee or agent of the Insured, or any professional Money carrier, or any courier;
- iii) loss covered under any Fidelity Guarantee insurance;
- iv) loss resulting from payment of Money for any cheque that is subsequently dishonoured.



'Business Hours' means any hours during which the Insured or any Principal or any employee entrusted with the care custody or control of Money is on the premises for the purpose of the Insured's business.

The Policy is further extended, if necessary, to cover loss of or damage to Money directly caused by or resulting from Natural Disaster.

22) OTHER INTERESTS

Where the Insured is under an obligation to protect the interest of any person or corporate body having an insurable interest in any of the Property Insured, the Company will indemnify the Insured and that person or corporate body as if a separate policy had been issued to each.

However:

- a) the Company will not be liable to indemnify any person or corporate body whose interest has not been declared to the Company by the time indemnity becomes payable; and
- b) the Company's liability will not be increased beyond the amount that would be payable if this Memorandum had not been incorporated in this Policy.

23) 'P' LABORATORIES

Notwithstanding Exclusions 3 (g) and/or 3 (i) and/or 6 (b), it is declared and agreed that this Policy is extended to cover any residential property insured hereunder for loss, damage, destruction and 'clean-up costs' resulting from or caused by any;

- laboratory activities or operations in the manufacture or distribution of Methamphetamine; and/or
- use of Methamphetamine.

Provided that the liability of the Company under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one event.

24) PERMISSIONS

Permission is hereby granted:

- a) to do such work and to make such changes in the use or occupancy of the property as is usual and/or incidental to the business of the Insured;
- b) to shut down or cease operations and for individual buildings to remain vacant or unoccupied provided notice is given to the Company within a reasonable period of the Insured's officer responsible for insurance becoming aware of such changes and any adjustment of premium made if required. Provided that notification shall not be required where such unoccupancy does not exceed 60 days;
- c) to carry out any structural additions and/or structural alterations and/or structural repairs to any property insured hereby.

25) PROFESSIONAL FEES

This Policy is extended to include professional and clerk of works fees, salaries and costs necessarily incurred in reinstating damage to Property Insured under this Policy, but not such fees for preparing any claim hereunder. The insured fees, salaries and costs are deemed to be included in the sum insured stated in the Placing Schedule.

26) PROGRESS PAYMENTS



In the event of loss, damage or destruction of any property for which liability is admitted by the Company, the Insured shall be entitled to Progress Payments provided that an interim statement of loss is supplied by the Insured and approved by the assessor.

Where the Property Insured is subject to Reinstatement as defined herein then the Insured shall be entitled to receive the Indemnity Value as soon as such value has been established and in the event of expenditure or reinstatement exceeding such value the Insured shall be entitled to reimbursement of the excess in accordance with the Reinstatement Conditions.

27) PROTECTION COSTS

The Company will indemnify the Insured for any costs reasonably incurred by the Insured for the purpose of, and for damage directly resulting from, fighting or controlling any insured peril that involves or threatens to involve the Property Insured.

However:

- a) this indemnity does not apply to costs or damage for which indemnity would be payable under the Policy in the absence of this Memorandum;
- b) the Company liability under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one event.

28) RAINWATER FOLLOWING EARTHQUAKE

This Policy is extended to indemnify the Insured in respect of loss, damage or destruction in consequence of rainwater following Earthquake.

29) RECOVERY APPORTIONMENT

- a) The Insured shall be fully reimbursed for the uninsured portion of the loss, excluding that portion of the loss which is uninsured by reason of a Deductible; and
- b) any remaining balance shall be apportioned between the Insured and the Company in the ratio of their respective losses; the loss to the Insured being that portion of the loss which is uninsured by reason of any Deductible, and the loss to the Company being the amount of its actual payment under the Policy.

The expenses of all recovery proceedings shall be apportioned in the ratio of respective recoveries. If no recovery is made, proceedings conducted solely by the Company shall be at its own expense.

Notwithstanding anything to the contrary in the Deductible clause of this Policy, no account shall be taken of subrogated recoveries in determining the amount of adjusted loss to which the Deductible applies.

30) REFRIGERATED GOODS

This Policy is extended to cover:

- a) damage to goods stored in refrigerated cabinets, chambers, coolstores or refrigerated open display units arising from accidental stoppage or malfunction of refrigerating plant from any cause whatsoever except as provided below;
- b) expenses reasonably incurred to avoid or minimise the damage by transferring the threatened goods to alternative storage or by other means;
- c) expenses reasonably incurred for removal of damaged and undamaged property following loss or damage to the said goods.

Provided that:



- i) the words "goods stored" are deemed to include goods which at the time of the event giving rise to damage are elsewhere on the Insured's premises, and which would but for the event, have been placed in the said cabinets, chambers, coolstores or refrigerated open display units;
- ii) this Memorandum does not cover loss due to the disconnection of the public electricity supply by the supply authority where 24 hours' prior notice of the disconnection has been given at the time of loss;
- iii) the liability of the Company under this Memorandum is limited, in respect of any one loss, to the amount specified in the Schedule.

In addition to any sum otherwise payable under this Memorandum the Company agrees to indemnify the Insured for loss of or damage to any refrigerated cabinet, chamber, coolstore or refrigerated open display unit consequent upon an event for which indemnity is provided in terms of this Memorandum, if such property cannot be used for the storage of refrigerated goods.

Provided that the liability of the Company under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one loss.

31) REINSTATEMENT OF AMOUNT OF INSURANCE

In the event of loss, damage or destruction 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 such loss, damage or destruction shall be automatically reinstated as from the date of the loss, the Insured undertaking to pay any reasonable premium required for such reinstatement.

This Memorandum does not apply to Natural Disaster.

32) RELEASE

Wherever the Insured is required by contractual agreement to release or relieve the undernoted parties from any liability or obligation the Company agrees to indemnify such party as if it were the Insured:

- a) the Crown;
- b) any government corporation;
- c) any quasi government organisation;
- d) any local authority;
- e) any oil company;
- f) any lift maintenance or air conditioning engineers;
- g) any railway company;
- h) any Insurance Council approved fire protection company, or security installation and service company;
- i) any other party where such agreement is declared to and agreed by the Company from time to time.

Notwithstanding any provisions contained herein this insurance will not be prejudiced by any disclaimer clause in any contract entered into by the Insured for:

- i) the storage of goods; or
- ii) the leasing of property;

whether the storage or leasing contracts are declared to the Company or not.

33) REMOVAL OF WATER

JLT MD April 2018



Although physical loss of or damage to property may not have resulted, this Policy indemnifies the Insured for:

- a) expenses incurred for shutting off the supply following accidental discharge from the fire protection system and the cost of removal of water and cleaning operations incidental thereto.
- b) costs incurred in cleaning and clearing the premises following flood which would otherwise be insured under this Policy had loss or damage occurred.

34) RESIDENTIAL PROPERTY GRADUAL DAMAGE

This Policy extends to cover loss or damage to residential property resulting from the action of micro-organisms, mould, mildew, rot, fungi or gradual deterioration, caused by water leaking or overflowing from any internal water system, if the loss or damage first occurs when the Insured owns the property. The cover includes the cost of searching for the source of the problem if those costs are reasonably incurred and the Company has accepted a claim for the loss or damage. An internal water system is any water pipe, waste disposal pipe, water cylinder or water storage tank which is permanently connected and contained within the walls, floors or roof and any pipe which is hidden from view that is connected to an appliance, such as a washing machine or dishwasher. The liability of the Company under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one loss and must be applied towards searching for and/or repair of the damage.

35) REWARDS

This Policy indemnifies the Insured in respect of any sum or sums paid by the Insured by way of a reward provided the terms of such reward are agreed to by the Company before the Insured offers the reward.

36) SPONTANEOUS COMBUSTION

This Policy extends to cover loss, damage or destruction of Property Insured caused by its own spontaneous combustion or fermentation or natural heating subject to the Exclusions in this Policy.

37) STOLEN KEYS

Where any key, electronic access key or card giving access to Property Insured is lost, stolen or believed on reasonable grounds to have been duplicated without proper authority, this insurance extends to include the costs reasonably and necessarily incurred in altering or replacing locks and/or access controls and replacing their keys, combinations and/or access codes. The liability of the Company under this Memorandum shall not exceed the amount stated in the Placing Schedule for any one loss.

38) SUBSIDENCE

This Policy extends to cover sudden and unforeseen loss or damage to any Property Insured directly or indirectly consequent upon:

- (a) subsidence, that is neither gradual nor progressive, of land beneath or adjacent to the affected property; and/or
- (b) the movement (whether by way of sinking, collapsing, sliding or flowing) of ground; but excluding:
 - landslip;



- compaction or erosion of soil;
- the normal settling, expansion or shrinkage of any building or its foundations; and/or
- movement as a result of the water-table drying out from atmospheric or climatic conditions.

The Company's liability under this Memorandum in respect of any one occurrence shall not exceed the amount stated in the Placing Schedule.

39) SUM INSURED ADJUSTMENT FOR EXISTING DAMAGE

Where there has been physical loss or damage to Property Insured prior to the current Period of Insurance the Company's liability under the Policy will not exceed the Total Sum Insured for that item of Property Insured less the value of any physical loss or damage to that Property Insured which occurred prior to the current Period of Insurance and is not yet repaired, replaced or reinstated.

The value of the existing damage so deducted will be added back to the sum insured for that item as the repair, replacement or reinstatement occurs. However, if the repair, replacement or reinstatement work is insured under a separate Contract Works Policy, the value of the existing damage will be added to the sum insured for that item on the date the Contract Works Policy expires.

40) TEMPORARY REMOVAL

Subject otherwise to all terms of this insurance in so far as they can apply, this Policy extends to cover the Property Insured, other than stock, while temporarily removed elsewhere on the same Premises or to other Premises anywhere in New Zealand and in transit to and from those Premises, but only where the removal is for a particular purpose, with the intention that the property be returned to the place from which it has been removed once the purpose has been served.

The amount recoverable under this Memorandum will not exceed the amount that would have been recoverable had the loss or damage occurred in that part of the Premises from which the property is temporarily removed.

41) TRANSIT

This Policy insures the Property Insured for all physical loss or damage covered by this Policy whilst the Property Insured is in Transit anywhere in New Zealand and whilst in Transit between New Zealand ports and/or destinations.

The Company's liability under this Memorandum in respect of any one occurrence shall not exceed the amount stated in the Placing Schedule.

42) UNDAMAGED FOUNDATIONS/REDUNDANT PLANT

a) Undamaged Foundations

Where building or plant foundations are rendered redundant for any reason whatsoever in consequence of destruction or damage to the superstructures or plant resting on them, the affected foundations shall be deemed a constructive total loss for the purpose of claims under this Policy.

It is further agreed that the Insured will be indemnified for the costs of any necessary removal of such foundations.



If it is not necessary to demolish the foundations in order to effect reinstatement of damaged property, and if the presence of the abandoned foundations increases the market value of the property to which they are fixed, the amount of increase shall be treated as salvage and shall be deducted from the amount of claim payable by the Company.

b) **Redundant Plant**

It is agreed that if any undamaged plant or machinery should be rendered redundant or of no further use in consequence of loss or damage to or destruction of any other plant or machinery for which this Policy shall provide an indemnity, such undamaged plant or machinery shall be deemed lost by the same event provided always that such undamaged plant or machinery:

- i) forms part of the same interdependent system or line; or
- ii) consists of spare parts held exclusively for the plant or machinery which has been lost, damaged or destroyed or for other plant or machinery in the same interdependent system or line.
- iii) Claims payable under this Memorandum shall be payable net of any realisable salvage value for such Redundant Plant or machinery.



CONDITIONS

1) BREACH OF CONDITION OR WARRANTY OR MISDESCRIPTION

If there is any Breach of Conditions or warranty under this policy, benefits may be forfeited; if there is any misdescription or misrepresentation the Policy will be voidable, however;

The Insured shall not be prejudiced by:

- a) any innocent alteration or misdescription of occupancy or any other inaccuracy not affecting the amount insured;
- b) any act of the occupier whereby the risk of loss, damage or destruction of or to the property not in the occupation of the Insured is increased without the authority or knowledge of the Insured;
- c) any innocent misrepresentation or non-disclosure of any material particular;
- d) the breach of any Condition or warranty without the knowledge and consent of the Insured unless it can be shown that the loss was caused or contributed to by such breach.

Provided that notice be given to the Company immediately the Insured's officer responsible for insurance becomes aware of any such breach and any additional premium paid if required.

2) CANCELLATION

a) By the Insured

This Policy may be cancelled by the Insured at any time, and with immediate effect by written notice delivered to the Company. In the event of such cancellation, the Company will be entitled to a pro rata proportion of the premium (subject to any adjustment required by the terms of this Policy) for the time during which the Policy has been in force.

a) By the Company

This Policy may be cancelled by the Company at any time by giving written notice to the Insured. The notice may be delivered personally or posted by registered mail to the Insured's last known postal address. The cancellation will take effect at 4pm on the 30th day after the notice has been delivered or posted. In the event of such cancellation, the Company will refund to the Insured a pro rata proportion of the premium, subject to any adjustment required by the terms of this Policy.

3) CLAIMS

Upon the occurrence of any loss, destruction or damage to the Property Insured or any event likely to give rise to a claim under this Policy, the Insured shall:

- a) take prompt steps to minimise the loss, damage or destruction to the property and also reasonable steps to protect it from further loss;
- b) notify the Company and if the property is lost and if theft or malicious damage is suspected, inform the Police;
- c) submit in writing, full particulars of any claim, as soon as practicable;
- d) give the Company all such proof and information with respect to the claim as may be reasonably required.



4) DEDUCTIBLE

Each loss or series of losses arising out of one occurrence will be adjusted separately net of salvage subrogation recoveries or other recoveries, and from the amount of each adjusted loss the Deductible(s) shown in the Placing Schedule will be subtracted.

Any loss damage or destruction arising during any one period of seventy-two hours as the result of any one cause shall be deemed to be a single occurrence and to constitute one loss under this Policy.

5) EARTHQUAKE STRENGTHENING ENDORSEMENT

Applicable to the Reinstatement Memorandum – Special Provisions

Notwithstanding anything in the Policy to the contrary, the amount payable under this reinstatement memorandum or otherwise under the policy in respect of property that is damaged but not Destroyed shall not include any cost incurred in connection with the seismic strengthening of the property to a level greater than it was immediately prior to the occurrence of the damage.

For the avoidance of doubt, the Insured shall bear any costs incurred or necessary to comply with any seismic strengthening requirements of the Building Code or similar regulation, which result in an increase in the seismic strength or resistance of the property to a level greater than it was immediately prior to the occurrence of the damage.

For the purpose of this clause Destroyed means so damaged that the property by reason only of that damage cannot be repaired.

The fact that the Insured must incur seismic strengthening costs in order to obtain a building consent or otherwise in connection with the reinstatement of any damaged property shall be disregarded when assessing whether that property shall be deemed a total loss. Any provision in the Policy for Constructive Total Loss shall not apply.

All other provisions in the Policy concerning reinstatement and the basis of settlement continue to apply.

6) FRAUDULENT CLAIMS

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

7) GOODS AND SERVICES TAX

It is understood and agreed that the Statement of Property Insured and any Sub-Limits or Sums Insured included by Memorandum or Endorsement to this Policy are compiled exclusive of any New Zealand GST levy or amount.

However, any Deductibles or Excesses applying to this Policy shall be inclusive of New Zealand GST.

Further it is agreed that where the Insured is liable to pay any New Zealand Goods and Services Tax as a result of any amounts payable under this Policy, the Company shall reimburse the Insured for any New Zealand GST obligations. Such reimbursement shall be in excess of any payment made for claims payable under this Policy.

8) MATERIAL DAMAGE – EXISTING DAMAGE

A.) Damage caused by prior Occurrence

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For the avoidance of doubt, this Policy does not cover loss, damage, cost or expense of whatever nature arising directly or indirectly from an occurrence predating the inception of this policy ('Prior Damage'). The burden of proving that any loss, damage, cost or expense arose directly or indirectly from any Occurrence during the Period of Insurance shall be on the Insured.

In the event that Prior Damage to Insured Property has not been repaired or reinstated at the date of an Occurrence during the Period of Insurance:

- a.) Where Insured Property was an actual or constructive total loss prior to the Occurrence during the Period of Insurance, this Policy does not cover loss, damage, cost or expense of whatever nature relating to that Insured Property.
- b.) In any other case, the amount that would have been required to repair any unrepaired Prior Damage, assessed at the date of settlement of the Claim, will be deducted when calculating the loss, damage, cost or expense arising directly or indirectly from the Occurrence.

B.) Damage caused by successive Occurrences

Where there is Damage to Insured Property arising directly or indirectly from successive Occurrences during the Period of Insurance, and the damage arising directly or indirectly from an earlier Occurrence has not been repaired or reinstated at the date of a subsequent Occurrence, the amount payable under this Policy in respect of each Occurrence shall be calculated as follows:

- a.) Where Insured Property was an actual or constructive total loss prior to the subsequent Occurrence, this Policy does not cover loss, damage, cost or expense of whatever nature relating to that Insured Property arising directly or indirectly from the subsequent Occurrence.
- b.) In any other case, the amount that would have been required to repair any unrepaired damage arising directly or indirectly from an earlier Occurrence, assessed at the date of settlement of the Claim in respect of the subsequent Occurrence, will be deducted when calculating the loss, damage, cost or expense arising directly or indirectly from the subsequent Occurrence.

9) MUTUALLY ACCEPTABLE ASSESSORS

Where the Company wishes to appoint any loss adjuster or assessor in respect of any claim under this Policy, the appointee shall be acceptable to both the Insured and the Company.

10) OBSERVANCE OF TERMS AND CONDITIONS

The due observance and fulfilment of the terms and Conditions of this Policy by the Insured in so far as they relate to anything to be done or complied with by the Insured, and the truth of statements made in writing, shall be conditions precedent to any liability of the Company to provide any indemnity under this Policy.

11) OTHER INSURANCE

If, at the time of any claim arising under this Policy, there is any other insurance covering such Loss, then this Policy shall apply only to the amount of any loss in excess of that recoverable under such other insurance.

12) SALVAGE

Where property insured by this Policy is lost, damaged or destroyed the Company may:

- a) enter any building where such loss, damage or destruction has occurred and take and keep possession of the damaged property; and



b) deal with the salvage in any reasonable manner.

PROVIDED that the Insured shall not be entitled to abandon any property to the Company.

13) SANCTIONS

Notwithstanding anything contained herein to the contrary, the Company shall not be deemed to provide cover and the Company shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose the Company to any sanction, prohibition or restriction under United Nations resolutions or the trade and economic sanctions, laws or regulations of the European Union, United Kingdom, New Zealand, Australia or United States of America.

14) SEVERAL LIABILITY

It is agreed that The Company in respect of this Policy is the understated Insurer or Insurers who accept(s) to its/their account the percentage stated against its/their name.

The subscribing Insurers obligation under the contract of Insurance to which they subscribe are several and not joint, and are limited solely to the extent of their individual subscriptions. The subscribing Insurers are not responsible for the subscription of any co-subscribing Insurer who for any reason does not satisfy all or part of its obligations

15) STATEMENT OF PROPERTY INSURED

The Insured shall file with the Company a Statement of Property Insured together with values at the inception of each Period of Insurance.

It being understood and agreed that such Statement forms part of the Policy and will be compiled in a manner so that the indemnity value is clearly defined for calculation of the relevant levy in the terms of the Earthquake Commission and Fire Services legislation applicable from time to time.

16) SUBROGATION

In the event of any payment under this Policy the Company shall be subrogated to the extent of such payment to all the Insured's rights of recovery thereof and the Insured shall execute all papers required and shall do everything that may be necessary to secure such right.

The Company will act in concert with all other interests concerned including the Insured in the exercise of such rights of recovery.

17) SUBROGATION AGAINST THE INSURED AND/OR SUBSIDIARY AND/OR ANY NAMED ASSOCIATED OR AFFILIATED COMPANY

The Company agrees to waive any rights and/or remedies and/or relief to which it may become entitled by way of subrogation against the Insured and/or any Subsidiary and/or any named Associated or Affiliated Company insured in terms of this Policy.



