



Business Interruption Policy

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QBE Insurance/Steadfast Business Interruption Policy

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Introduction

Welcome

Welcome to QBE. Thank you for selecting **us** as **your insurer**.

About this policy

Your Business Interruption Policy consists of:

1. this policy document, and
2. the **schedule**, and
3. any endorsements or warranties that **we** apply, and
4. the information **you** have provided in the **application**.

About Steadfast

Steadfast NZ Ltd (Steadfast) is part of Steadfast Group Ltd, an Australian Stock Exchange listed company. It includes a network of insurance brokerages who operate in New Zealand as Steadfast Brokers. This policy is available exclusively to you through a Steadfast broker. Steadfast does not issue, guarantee or underwrite this policy.

Your duty of disclosure

When **you** apply for insurance, **you** have a legal duty of disclosure. This means **you or anyone** acting on **your** behalf must tell **us** everything **you** know (or could be reasonably expected to know) that a prudent insurer would want to take into account in deciding:

1. to accept or decline **your** insurance, and/or
2. the cost or terms of the insurance, including the excess.

You also have this duty every time **your** insurance renews and when **you** make any changes to it. If **you** or anyone acting on **your** behalf breaches this duty, **we** may treat this policy as being of no effect and to have never existed. Please ask **us** if **you** are not sure whether **you** need to tell **us** about something.

Examples

We have used examples and comments to make parts of this policy document easier to understand. These examples and comments are printed in *italics* and do not affect or limit the meaning of the section they refer to.

Headings

The headings in this policy document are for reference only and do not form part of it. They must not be used when interpreting the policy document.

Defined words

If a word is shown in **bold**, it has a specific meaning. There is a list of these words and what they mean at the back of this policy in the section 'DEFINITIONS'.

Insurance agreement

Our agreement

You agree to pay **us** the premium and comply with this policy. In exchange, **we** agree to insure **you** as set out in this policy.

What you are covered for

Interruption to your business

You are insured for **business interruption** resulting from **insured damage**.

*Please also see 'Contingent Business Interruption Extensions' and 'Optional Policy Extension' for other circumstances that **we** consider to be **insured damage**.*

Insured items

You only have cover for the following 'Insured Items' that are specified in the **schedule as 'Insured'**.

Loss of insured profit

1. **Reduction in turnover:**

You are insured for loss of **insured profit** produced by the following formula:
[the **rate of insured profit**] x [the **reduction in turnover**].

2. **Increase in cost of working:**

You are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the sum produced by the following formula:
[the **rate of insured profit**] x [the amount of the reduction in **turnover** avoided by the additional expenditure].

3. **Reduced Margin**

You are insured for the reduction in **insured profit** that equitably results from the increase in ratio of: [the cost of materials used and goods sold] to [turnover], if **turnover** is maintained during the **indemnity period**, but at a **rate of insured profit** that is less than would have been achieved but for the **insured damage**. However, **you** are not insured for the reduction in **insured profit** that results from any change to any of the other **uninsured working expenses** that affects this ratio. *This is because the increase may result from a fixed cost element in the expenses that has not been insured.*

4. **Savings in insured expenses:**

We will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **insured profit**) that cease or reduce because of the **insured damage**.

Loss of rent

1. **Reduction in rent:**
You are insured for **reduction in rent**.
2. **Increase in cost of working:**
You are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in rent**. Provided that this additional expenditure does not exceed the amount of the reduction in **rent** avoided by the additional expenditure.
3. **Savings in insured expenses:**
We will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **rent**) that cease or reduce because of the **insured damage**.

Loss of revenue

1. **Reduction in revenue:**
You are insured for **reduction in revenue**.
2. **Increase in cost of working:**
You are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in revenue**. Provided that this additional expenditure does not exceed the amount of the **reduction in revenue** avoided by the additional expenditure.
3. **Savings in insured expenses:**
We will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business** operations (that would be paid out of **revenue**) that cease or reduce because of the **insured damage**.

Payroll

1. **Loss in respect of payroll:**
You are insured for the sum produced by the following formula:
 [the **rate of payroll**] x [the **reduction in turnover**].
2. **Increase in cost of working:**
You are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the **reduction in turnover**. Provided that this additional expenditure does not exceed the sum produced by the following formula:
 [the **rate of payroll**] x [the amount of the reduction in **turnover** avoided by the additional expenditure].
3. **Savings in payroll:**
We will deduct from **your** claim any sum saved during the **indemnity period** for **payroll** that ceases or reduces because of the **insured damage**.

Payroll - dual basis

1. **Reduction in turnover:**
 - 1.1 **Initial period**
You are insured for the sum produced by the following formula for the **initial period** shown in the **schedule**:
 [the **rate of payroll**] x [the **reduction in turnover**] - [any savings in **payroll**].
 - 1.2 **Remaining Period**
You are insured for the sum produced by the following formula for the remaining portion of the **indemnity period**:
 [the **rate of payroll**] x [the **reduction in turnover**] - [any savings in **payroll**],

but not exceeding the sum produced by the following formula:

[the remainder percentage shown in the **schedule**] x [the **rate of payroll**] x [the **reduction in turnover**] + [any savings in **payroll** deducted under 1.1 of this 'Insured Item'].

Please note: If **you** choose, the **alternative period** shown in the **schedule** may be substituted for the **initial period** provided that the claim under 1.2 of this 'Insured Item' does not exceed savings in **payroll** deducted under 1.1 of this 'Insured Item'.

2. **Increase in cost of working:**

In addition to 'Loss of Insured Profit – 2. Increase in cost of working', **you** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the reduction in **turnover**. Provided that this additional expenditure does not exceed the amount that would have been payable under 'Payroll – Dual Basis, Parts 1.1 and 1.2' above had such expenditure not been incurred.

Wages – dual basis

1. **Reduction in turnover:**

1.1 **Initial period**

You are insured for the sum produced by the following formula for the **initial period** shown in the **schedule**:

[the **rate of wages**] x [the **reduction in turnover**] - [any savings in **wages**].

1.2 **Remaining Period**

You are insured for the sum produced by the following formula for the remaining portion of the **indemnity period**:

[the **rate of wages**] x [the **reduction in turnover**] - [any savings in **wages**], but not exceeding the sum produced by the following formula:

[the remainder percentage shown in the **schedule**] x [the **rate of wages**] x [the **reduction in turnover**] + [any savings in **wages** deducted under 1.1 of this 'Insured Item'].

Please note: If **you** choose, the **alternative period** shown in the **schedule** may be substituted for the **initial period** provided that the claim under 1.2 of this 'Insured Item' does not exceed savings in **wages** deducted under 1.1 of this 'Insured Item'.

2. **Increase in cost of working:**

In addition to 'Loss of Insured Profit – 2. Increase in cost of working', **you** are insured for necessary and reasonable additional expenditure **you** incur solely to avoid or diminish the reduction in **turnover**. Provided that this additional expenditure does not exceed the amount that would have been payable under 'Wages – Dual Basis, Parts 1.1 and 1.2' above had such expenditure not been incurred.

Wages in lieu of notice

You are insured for:

1. **wages** that **you** have to pay to employees whose services cannot be used at all during the notice period shown in the **schedule**, because of the **insured damage**, and
2. a fair percentage (based on **reduction in turnover** or other agreed index) of **wages** that **you** have to pay to employees whose services cannot be used in full during this period, because of the **insured damage**.

The most **we** will pay for any week's **wages** is the sum produced by the following formula:

[the Wages in Lieu of Notice sum insured shown in the **schedule**] ÷ [the number of weeks in the notice period shown in the **schedule**].

Redundancy pay

You are insured for the amount of redundancy pay **you** are required to pay to employees, in accordance with their employment contract, who become redundant as a result of the **insured damage**.

Claims preparation costs

You are insured for:

1. fees reasonably incurred to pay **your** accountant, auditor, or another professional financial consultant (but not an insurance broker), and
2. reasonable costs incurred for **your** own staff, for quantification (but not negotiation) of claims under this policy and (where applicable) **your material damage policy** that covered the **loss**.

Book debts

You are insured for the amount that **you** are unable to collect from customers due to **your** accounting or other **business** records suffering **insured damage**.

We will pay the difference between:

1. the total amount of debit balances in customers' accounts due to **you** and outstanding as at the start of the **indemnity period**, and
2. the total amount that can be established as owing by identifiable customers, during the 12 months after the start of the **indemnity period**.

Rewriting of records

You are insured for costs reasonably incurred to replace or restore:

1. entries, or
2. information, or
3. documents, or
4. data, including **electronic data** (but not **software**),

contained within any of **your business** records, provided that the need to replace or restore is as a result of the **insured damage**.

Additional increased costs of working

You are insured for necessary and reasonable additional expenses, provided they are incurred during the **indemnity period** solely:

1. to avoid or diminish the **reduction in turnover**, or
2. to resume or maintain normal **business** operations.

No cover is provided for expenditure which is:

- (a) covered under an Insured Item's 'Increase in cost of working', until the amount of cover under that Insured Item for those expenses is exhausted, or
- (b) incurred for reinstating **your property damage**.

Penalty Payments

You are insured for any penalties, damages or other amounts which **you** are legally liable to pay, in accordance with the terms and conditions of any contract, for any unavoidable breach of contract by **you** during the **indemnity period** resulting from any interruption to or interference with **your business** solely as a result of **insured damage**.

Contractual commitment

You are insured for the amount **you** are legally liable to pay under contracts for purchases unavoidably not used during the **indemnity period** resulting from any interruption to or interference with **your business** solely as a result of **insured damage**, less any sums received or receivable by **you** in respect of such purchases through any salvage handling operations or resale.

Key money

You are insured for any **key money you** have to pay:

1. at the **situation**, or
 2. to obtain alternative premises,
- consequent upon cancellation of **your** lease of the premises stated in the **schedule** during the **indemnity period** as a result of **insured damage**. The amount payable as indemnity shall be limited to the lesser of the **key money** payable and the sum insured for this item in the **schedule**.

Redeployment expenses

You are insured for expenditure reasonably incurred by **you** during the **indemnity period** for the necessary relocation of employees where as a result of the **insured damage**, **you** elect to permanently redeploy employees at any alternative sites. This will include all such expenses as **you** would normally incur or reimburse to employees when transferring employees and their families and pets to a different place as their permanent residence for the purpose of the **business**.

Automatic policy extension

The following Automatic Policy Extension applies.

Option to defer commencement of the indemnity period

You may elect to defer the start of the **indemnity period** after **insured damage** occurs on the following basis:

1. **you** must notify **us** (in writing or by electronic means) of **your** intention to defer the commencement of the **indemnity period**, and
2. the deferred **indemnity period** must start:
 - (a) no later than the number of months specified in the **schedule** as the 'Indemnity Period', or
 - (b) within 12 months of the date the **insured damage** occurred,
 whichever is the earlier, otherwise this option to defer expires, and
3. the **indemnity period** cannot be deferred if **we** have already paid a claim under any 'Insured Item' of this Business Interruption policy (other than for Rewriting of Records, or Claims Preparation Costs in respect of **your material damage policy**) resulting from that **insured damage**.

When **you** do elect to defer commencement of the **indemnity period** as described above, then:

- A. **you** must notify **us** (in writing or by electronic means) of the actual date on which **you** elect the **indemnity period** to start as soon as possible, but no later than 30 days after that actual date, and
- B. the definition of **standard turnover** is deleted and replaced with:

'The **turnover** during the period in the previous 12 months immediately before the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'. If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard turnover', and
- C. the definition of **standard revenue** is deleted and replaced with:

'The **revenue** during the period in the previous 12 months immediately before the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'. If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard revenue'.

Contingent business interruption extensions

We provide the following Contingent Business Interruption cover. You only have this cover for the 'Insured Items' shown in the **schedule**.

We will consider each of the business interruptions in the following extensions to have resulted from **insured damage** and we will calculate **your** claim as set out in the relevant 'Insured Item' specified in the schedule.

How much we will pay

The most **we** will pay under all 'Contingent Business Interruption Extensions' in total for any **event**, unless a difference amount for Contingent Business Interruption is shown in the schedule is:

1. 10% of the sum insured shown in the **schedule** for each applicable 'Insured Item', or
 2. \$1,000,000 in total,
- whichever is the lesser.

Prevention of access – property damage

You are insured for **business interruption** resulting directly from **property damage** in the **vicinity** that prevents or hinders access to the **situation**.

The **deferment period** is the first 24 hours.

Prevention of access – injury, murder or suicide

You are insured for **business interruption** resulting directly from:

1. immediate and imminent danger to human life, or
2. injury of any person, or
3. murder or suicide of any person,

occurring at the **situation** or in the **vicinity** that prevents or hinders access to the **situation**.

The **deferment period** is the first 24 hours.

Prevention of access – closure by any authority

You are insured for **business interruption** resulting directly from closure of the **situation** by any lawful authority due to:

1. defects in drains or other sanitary arrangements, or
2. the **accidental** escape of fumes or any hazardous material.

The **deferment period** is the first 24 hours.

Dependent business that attracts customers

You are insured for **business interruption** resulting directly from **property damage** to an anchor tenant situated in the same retail shopping complex as **your business**.

Notwithstanding the 'Indemnity Period' stated in the **schedule**, the **indemnity period** under this extension is 30 days.

The **deferment period** is the first 72 hours.

Failure of Utilities

You are insured for **business interruption** resulting directly from **property damage** to the buildings, plant, equipment, or supply lines, located in New Zealand, of any Public Utility that supplies:

1. power or gas, or
2. water or sewage disposal or
3. telecommunications,

to **your business**.

This extension does not insure **you** for **business interruption** in connection with **property damage** to:

1. any off-shore oil or gas installation including undersea pipelines, or
2. any undersea cables.

The **deferment period** is the first 24 hours.

Customers' or Suppliers' premises

You are insured for **business interruption** resulting directly from **property damage** occurring at a location within New Zealand:

1. where **you** have property stored, deposited, processed, repaired, altered or renovated, or
2. where any of **your** direct customers are located, or
3. where any of **your** direct suppliers of goods are located.

This extension does not apply:

- (a) where the **property damage** is to the property of any customers or supplier of power, gas, sewage, water or telecommunications or
- (b) if **you** also claimed under Insured Item - Book Debts or under this **business interruption** policy.

The **deferment period** is the first 24 hours.

Closure of Transport Routes, Ports or Airports

You are insured for **business interruption** resulting directly from:

1. **property damage**, or
2. an order by a lawful authority,

that results in closure of any transport route, port or airport anywhere in New Zealand.

The **deferment period** is the first 7 days.

Optional policy extension

This Optional Policy Extension only applies where shown in the **schedule as 'Insured'** and applies to the 'Insured Items' shown in the **schedule**.

Natural disaster cover

You are insured for **business interruption** in connection with **natural disaster damage**. The excess for **natural disaster damage** as shown in **your material damage policy schedule** will apply.

For contingent business interruption extensions the **deferment period** is the first 14 days. This replaces any other **deferment period** that applied.

Exclusions

Confiscation

This policy does not insure **business interruption** in connection with confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority.

Electronic data and software

Notwithstanding any provision to the contrary within the policy or any endorsement thereto, it is understood and agreed that this policy does not insure:

1. 1.2 total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **electronic data**,
- 1.3 error in creating, amending, entering, deleting, or using **electronic data**, or
- 1.4 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. However, in the event that a peril listed below (being a peril insured by this policy but for this exclusion) is caused by any of the matters described in (1.) above, this policy, subject to all its provisions, will insure:

2. 2.1 physical loss of or damage or destruction to insured property directly caused by such listed peril, and/or
- 2.2 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 (a) above:

fire, explosion, lightning, windstorm, hail, tornado, cyclone, hurricane, earthquake, volcano, tsunami, flood, freezing, weight of snow, impact by aircraft or other aerial objects dropped therefrom, 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**.

For the purposes of the basis of settlement provision in this policy, a computer system's records includes **electronic data** as defined in this policy.

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

Communicable disease

1. Notwithstanding any other provision of this policy to the contrary, this policy does not insure any **loss**, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, in any way connected with, or occurring concurrently or in any sequence with a **Communicable Disease** or the fear or threat (whether actual or perceived) of a Communicable Disease.
2. For the purposes of this endorsement, **loss**, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:
 - 2.1 for a **Communicable disease**, or
 - 2.2 any insured property hereunder that is affected by such **Communicable Disease**.
3. As used herein, a **Communicable Disease** means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:
 - 3.1 The substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

3.2 The method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

3.3 The disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of insured property hereunder.

4. This endorsement applies to all coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the policy remain the same.

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Natural disaster

This policy does not insure **business interruption** in connection with **natural disaster damage** other than cover provided by Optional Policy Extension A: Natural Disaster Cover.

Nuclear

Notwithstanding any provision to the contrary within the policy or any endorsement thereto, it is understood and agreed that this policy does not insure **business interruption** directly or indirectly caused by or contributed to by or arising from:

1. nuclear weapons material;
2. ionising radiation from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel;
3. the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof;
4. any weapon or device employing atomic or nuclear fission and/or fusion or other like reaction or radioactive force or matter;
5. the radioactive, toxic, explosive, or other hazardous or contaminating properties of any radioactive matter.

Infectious Disease and Pest Management

This policy does not insure **business interruption** in connection with any:

1. notifiable disease under the Health act 1956;
2. pest management plan under the Biosecurity Act 1993.

Property cyber and data

1. Notwithstanding any provision to the contrary within this policy or any endorsement thereto this policy excludes any:
 - 1.1 cyber loss, unless subject to the provisions of paragraph 2;
 - 1.2 **loss**, damage, liability, claim, cost, expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **data**, including any amount pertaining to the value of such **data**, unless subject to the provisions of paragraph 3; regardless of any other cause or event contributing concurrently or in any other sequence thereto.
2. Subject to all the terms, conditions, limitations and exclusions of this policy or any endorsement thereto, this policy covers physical loss or physical damage to property insured under this policy caused by any ensuing fire or explosion which directly results from a **cyber incident**, unless that **cyber incident** is caused by, contributed to by, resulting from, arising out of or in connection with a **cyber act** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **cyber act**.

3. Subject to all the terms, conditions, limitations and exclusions of this policy or any endorsement thereto, should **data processing media** owned or operated by the **insured** suffer physical loss or physical damage insured by this policy, then this policy will cover the cost to repair or replace the **data processing media** itself plus the costs of copying the **data** from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling the **data**. If such media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank **data processing media**. However, this policy excludes any amount pertaining to the value of such **data**, to the **insured** or any other party, even if such **data** cannot be recreated, gathered or assembled.
4. In the event any portion of this exclusion is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
5. This exclusion supersedes and, if in conflict with any other wording in the policy or any endorsement thereto having a bearing on **cyber loss, data** or **data processing media**, replaces that wording.

Definitions

1. **Cyber loss** means any **loss**, damage, liability, claim, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any **cyber act** or **cyber incident** including, but not limited to, any action taken in controlling, preventing, suppressing or remediating any **cyber act** or **cyber incident**.
2. **Cyber act** means an unauthorised, malicious or criminal act or series of related unauthorised, malicious or criminal acts, regardless of time and place, or the threat or hoax thereof involving access to, processing of, use of or operation of any **computer system**.
3. **Cyber Incident** means:
 - 3.1 any error or omission or series of related errors or omissions involving access to, processing of, use of or operation of any **computer system**; or
 - 3.2 any partial or total unavailability or failure or series of related partial or total unavailability or failures to access, process, use or operate any **computer system**.
4. **Computer System** means:
 - 4.1 any computer, hardware, software, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), server, cloud or microcontroller including any similar system or any configuration of the aforementioned and including any associated input, output, data storage device, networking equipment or back up facility, owned or operated by the insured or any other party.
5. **data** means information, facts, concepts, code or any other information of any kind that is recorded or transmitted in a form to be used, accessed, processed, transmitted or stored by a **computer system**.
6. **data processing media** means any property insured by this policy on which **data** can be stored but not the **data** itself.

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Sanctions

This policy does not insure any **business interruption** or provide any benefit under this policy where a claim payment would breach any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulation of any country.

Seepage, pollution and contamination

This policy does not insure **business interruption** in connection with seepage, pollution or contamination other than seepage, pollution and contamination resulting from **insured damage**.

Terrorism

Notwithstanding any provision to the contrary within this policy or any endorsement thereto it is agreed that this policy excludes **loss**, damage, death, injury, illness, 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.

This exclusion also excludes **loss**, damage, death, injury, illness, 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**.

Seismic Strengthening

Notwithstanding any provision in this policy to the contrary, the amount payable under this 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 **property damage**.

For the avoidance of doubt, the **insured** shall bear any costs of compliance with any seismic strengthening codes or **regulations**, 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 **property damage**.

The fact 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 or adjusting the loss.

Transmission and distribution lines

Notwithstanding any provision to the contrary within the policy or any endorsement thereto, it is agreed that this policy does not insure losses in respect of **transmission and distribution lines**.

However, this exclusion shall not apply in respect of **transmission and distribution lines** that extend from the public highway to the insured premises and are the responsibility of the insured and which are on or within 300 metres of any insured structure.

War

Notwithstanding any provision to the contrary within this policy or any endorsement thereto, it is agreed and understood that this policy does not insure any **loss** or damage occasioned by or through or in consequence directly or indirectly of any of the following occurrences, namely:

1. war, invasion, acts of foreign enemies, hostilities or war-like operations (whether war be declared or not), civil war;
2. mutiny, civil commotion assuming the proportions of or amounting to a popular rising, military rising, insurrection, rebellion, revolution, military or usurped power.

What we will pay

Maximum amount payable for insured items

The most **we** will pay during an **indemnity period** for any one 'Insured Item' is the specific sum insured

shown in the **schedule** for that 'Insured Item'.

Accumulated stock

If there is a shortage of stock after the **indemnity period** ends because the **turnover** was temporarily maintained from accumulated stock held by **you** during the **indemnity period**, **we** will make a fair allowance for this in settling the claim.

Departments

If **your business** operations are conducted in departments that have separately identifiable trading results, this policy shall apply separately to each department. However, 'What We Will Pay – Maximum Amount Payable for Insured Items' remains unchanged and any claim settlement shall be calculated by reference to the trading results of all departments affected (whether positively or negatively) by the **business interruption**.

Standard adjustments

When calculating **your** claim under all 'Insured Items', **we** will make allowance for adjustments that are necessary to provide for:

1. the trend of **your business** operations, and
2. variations in **your business** operations, and
3. other circumstances affecting **your business** operations,

that:

- (a) occur before or after the start of the **indemnity period**, or
 - (b) would have affected **your business** operations had the **insured damage** not occurred,
- so that the final adjusted figures should represent, as close as is reasonably practicable, the results that would have been achieved during the **indemnity period** but for the **insured damage**.

We will take into account both positive and negative adjustments to your business operations.

Gst

Where GST is recoverable by us under the Goods and Services Tax Act 1985:

1. all sums insured exclude GST, and
2. all sub limits exclude GST, and
3. all excesses include GST, and
4. GST will be added, where applicable, to claim payments.

New business

If any claim arises from **insured damage** that occurs before the completion of the first year's trading of **your business** at the **situation**, the following definitions will apply:

rate of insured profit - The rate of **insured profit** earned on the **turnover** during the period between the date of the commencement of the **business** and the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

rate of payroll - The rate of **payroll** to **turnover** during the period between the date of the commencement of the **business** and the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

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 **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

reduction in rent - The proportional equivalent, for a period equal to the **indemnity period**, of the gross **rents** realised during the period between the date of the commencement of the **business** and the date of the **insured damage**.

reduction in revenue - The proportional equivalent, for a period equal to the **indemnity period**, of the **revenue** realised during the period between the date of the commencement of the **business** and the date of the **insured damage**.

reduction in turnover - The proportional equivalent, for a period equal to the **indemnity period**, of the **turnover** realised during the period between the date of the commencement of the **business** and the date of the **insured damage**.

Joint insured

Where, for the purpose of avoiding or diminishing a reduction in **turnover**, goods or services are purchased from another Insured, the reasonable full price of the goods or services (less any discount normally allowed) will be taken into account for the purpose of adjusting a claim as though the goods or services were purchased during the course of normal **business** operations.

Property not in use

The policy is extended to cover **business interruption** arising out of sudden and **accidental loss** to any tangible property which at the time of the **loss** was not being used by **you** for the **business**, but for which there was already a signed, written agreement in place to use the property for the **business** during the **indemnity period**.

However, this does not extend to any property that is in the course of installation, construction or erection.

How to claim

What you must do

If anything happens that may lead to a claim under this policy, **you** must:

1. do what **you** can to minimise the **business interruption** and to prevent any further **loss**, expense or liability, and
2. tell **us** as soon as possible, and
3. notify the police as soon as possible if **you** think any **loss** was caused by an illegal act, and
4. not destroy or dispose of anything that is or could be part of a claim, and
5. send to **us** as soon as possible anything **you** receive from anyone about a claim or possible claim against **you**, and
6. give **us** any information or help that **we** ask for, and
7. consent to **your** personal information, in connection with the claim, being disclosed to **us**.

What you must obtain our agreement to do

You must obtain **our** agreement before **you**:

1. incur any expenses in connection with any claim under this policy, or
2. negotiate, pay, settle, admit or deny any claim against **you**, or
3. do anything that may prejudice **our** rights of recovery.

Dishonesty

If **your** claim is dishonest or fraudulent in any way, **we** may:

1. decline **your** claim either in whole or in part, and/or
2. declare either this policy or all insurance **you** have with **us** to be of no effect and to no longer exist from the date of the dishonest or fraudulent act.

This is at **our** sole discretion.

Actions we may take

1. **Subrogation**

Once we have accepted any part of **your** claim under this policy, we may assume **your** legal right of recovery.

If **we** initiate a recovery **we** will include **your** excess, and any other uninsured losses suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your** excess first.

You must fully co-operate with any recovery process. If **you** do not, we may recover from **you** the amount paid in relation to the claim.

2. **Reparation**

If any person is ordered to make reparation to **you** for **business interruption** that **we** have paid a claim for under this policy, then **you** must tell **us**. Any payments received must first reimburse **our** claims payment up to the amount of any reparation received.

Mutually acceptable assessors

Where **we** appoint any loss adjuster, assessor, surveyor, valuer or investigator to any claim under this policy, the appointee must be mutually acceptable to both **ourselves** and **you**.

General conditions

How we administer this policy

1. **Cancellation**

BY YOU

You may cancel this policy at any time by notifying **us**. If **you** do, **we** will refund any premium that is due to **you** based on the unused portion of the **period of insurance**. **You** must pay any outstanding premium due for the used portion of the **period of insurance**.

BY US

We may cancel this policy by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. **Your** policy will be cancelled from 4pm on the 30th day after the date of the notice. **We** will refund **you** any premium that is due to **you** based on the unused portion of the **period of insurance**.

2. **Change of Terms**

We may change the terms of this policy (including the excess) by giving **you** or **your** broker notice in writing or by electronic means at **your** or **your** broker's last known address. Unless otherwise specified in this policy the change in terms will take effect from 4pm on the 30th day after the date of the notice.

3. Other Insurance

You must notify **us** as soon as **you** know of any other insurance policy that covers **you** for any of the risks covered under this policy.

This policy does not cover **your loss** at all if it is insured to any extent under any other insurance policy. **We** will not contribute towards any claim under any other insurance policy.

4. Separate Insurance

If more than one person or entity is named as 'Insured' in the **schedule**, then all the parties are insured separately (as though a separate policy had been issued to each person/entity).

However, the most **we** will pay to all parties in total is the amount stated 'What We Will Pay – Maximum Amount Payable For Insured Items'.

5. Premium Adjustments

If the premium for this policy has been calculated based on estimated figures, then the premium is only a provisional premium for the **annual period**.

Within 3 months of the expiry of the **annual period**, **you** must tell **us** what the actual figures are. **We** will re-calculate **your** actual premium based on the actual figures.

The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending on the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

Laws & acts that govern this policy

1. Governing Law and Jurisdiction

The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.

2. Legislation Changes

Any reference to any Act of Parliament or subordinate rules referred to in this policy includes any amendments made or substitutions to that law.

3. Insurance Law Reform Acts

The exclusions and conditions in this policy are subject to **your** rights under the Insurance Law Reform Acts 1977 and 1985.

4. Currency

Any amounts shown in this policy and in the **schedule** are in New Zealand dollars.

Your obligations

1. Breach of Any Condition

If:

1. **you**, or
2. any other person or entity **we** cover under this policy, or
3. anyone acting on **your** behalf,

breaches any of the terms and/or conditions of this policy, **we** may:

- (a) decline **your** claim either in whole or in part, and/or
- (b) declare either this policy or all insurance **you** have with us to be of no effect and to no longer exist.

The insurance provided by this policy will not be invalidated or prejudiced by reason of any breach of Warranty or Condition of this policy where the breach occurs without **your** knowledge and consent.

Provided that notice is given to **us** as soon as practicable once **you** become aware of any such breach and **you** agree to pay an appropriate additional premium if required.

2. True Statements and Answers

True statements and answers must be given, whether by **you** or any other person, when **you**:

1. apply for this insurance, and or
2. notify **us** regarding any change in circumstances, and/or
3. make any claim under this policy, and provide any further communication regarding the claim.

3. Reasonable Care

You must take reasonable care at all times to avoid circumstances that could result in a claim. **Your** claim will not be covered if **you** are reckless or grossly irresponsible.

4. Change in Circumstances

You must notify **us** immediately if, after **we** have accepted **your application** for this policy, there is a material:

1. increase in the risk covered, or
2. alteration of the risk covered.

We may change the terms of this policy in response to any material change in circumstances **you** or anyone else advises **us** of. The change in terms will be effective from the date of the change in circumstances.

*Information is 'material' where **we** would have made different decisions about either:*

- (a) accepting your insurance, or*
 - (b) setting the terms of **your insurance**,*
- if **we** had known that information.*

*If in any doubt, notify **us** anyway.*

The 'risk covered' refers to both:

- (a) the actual property or liabilities insured, and*
- (b) **you** or other persons covered by this policy.*

Renewal terms

If **we** intend to refuse renewal of this policy, or to offer renewal on any terms less favourable to **you** than those applying during the current **period of insurance**, **we** must give **you** notice of that intention. The notice must be received by **you** not less than 30 days before the expiry of the current **period of insurance**. If the notice is not received by that time **we** will, if so required by **you**, extend the current **period of insurance** so that it will expire not less than 30 days after the notice is received by **you**. **You** undertake to pay a pro-rata proportion of the annual premium for the period of any extension.

Waiver of recovery

This policy will not be invalidated or prejudiced by reason of **you**:

1. having waived any right of recovery or indemnity **you** may have against any:
 - (a) party to a contract or agreement with **you** in the ordinary course of business, provided the contract or agreement is not for the supply of goods or services by **you** and the waiver was made in writing before the **loss** occurred, or
 - (b) related company forming part of a group of related companies which **you** are a member. For the purpose of this General Condition 'related company' has the same meaning as the definition of those words in the Companies Act 1993, or
 - (c) any other party provided that the waiver is made and has been declared to and accepted by **us**, or
2. having to release from liability any party in accordance with any legislative or regulatory requirement.

Definitions

The definitions apply to the plural and any derivatives of the bolded words. For example, the definition of 'accidental' also applies to the words 'accidentally', 'accident' and 'accidents'.

Accidental

Unexpected and unintended by **you**.

Act of terrorism

An act, including but not limited to the use of force or violence and/or threat thereof, by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s) which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons, including the intention to influence any government and/or to put the public, or any section of the public, in fear.

Alternative period

The portion of the **indemnity period**, that:

- (a) starts with the commencement of the **indemnity period**, and
- (b) ends no later than the number of weeks specified in the **schedule** as the 'Alternative Period'.

Annual period

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

- (a) you pay the premium monthly, or
 - (b) the period of insurance is for more than 12 months,
- the annual period is the current 12 month period calculated consecutively from the date this policy first started.

Application

The information provided by **you** to **us** when **you** purchased this insurance or requested a quotation for this insurance from **us**. It also includes any subsequent information **you** provide **us** with.

Business

All activities which **you** have declared to **us** at the start of the policy and all other activities of a similar or less hazardous nature **you** later enter into.

Business interruption

Interruption to or interference with **your business** operations.

Deferment period

The period by which the start of the **indemnity period** is deferred.

Destroyed

So damaged by an insured **event** that the property, by reason only of that **property damage**, cannot be repaired.

Electronic data

Facts, concepts and information converted to a form usable 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.

Event

An accident, including continuous or repeated exposure to substantially the same conditions, or series of accidents resulting from, or attributable to one source or original cause. A series of accidents arising from any one cause during any period of seventy two (72) consecutive hours will be treated as one event.

Indemnity period

The period during which **your business** suffers a **business interruption** that starts when the **insured damage** occurs and ends no later than the number of months specified in the **schedule** as the 'Indemnity Period'.

However:

- for a claim under any Contingent Business Interruption Extension, 'indemnity period' means the period during which **your business** suffers a **business interruption** that starts when the **business interruption** occurs, and ends no later than the number of months specified in the **schedule** as the 'Indemnity Period', and
- for a claim under Automatic Policy Extension – 'Option to Defer Commencement of the Indemnity Period', the indemnity period starts on the date **you** elect it to start, in accordance with the provisions under that Automatic Policy Extension.

Initial period

The part of the **indemnity period** that:

- (a) starts with the commencement of the **indemnity period**, and
- (b) ends no later than the number of weeks specified in the **schedule** as the 'Initial Period'.

Insured damage

1. Sudden and **accidental loss** occurring at the **situation** to any property (or part) owned or used by **you** for the **business**, provided that the **loss** is:
 - (a) covered as a claim under **your material damage policy**, or would have been but for the excess, or
 - (b) caused by the explosion of a **pressure vessel**.
2. **property damage**.

Insured profit

The amount by which the sum of the **turnover** plus the amount of the closing stock exceeds the sum of the

amount of the opening stock plus the amount of the **uninsured working expenses**.

With regard to this calculation:

- (a) the amount of the opening and closing stocks must be in accordance with **your** normal accounting methods, allowing for depreciation, and
- (b) the words and expressions used have the usual meaning attached to them as used in **your** books and accounts, including the **uninsured working expenses**.

Key money

Any sum of money demanded by the lessor by way of a premium, reimbursement of expenses, administration charges or otherwise as consideration for the grant, continuance, extension, variation or renewal of a lease, but does not include any sum payable by way of rent or bond.

Loss

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

Material damage policy

The insurance policy that **we** call a Material Damage Policy, that **you** have with **us** that insures **loss** to tangible property.

The Material Damage Policy may have another name such as Business Assets, Industrial All Risks, and Commercial Special Risks or similar.

Natural disaster damage

Insured damage that results directly or indirectly from earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, hydrothermal activity, or fire caused by any of these.

Payroll

Gross salaries and **wages** (including bonuses, holiday pay, ACC levies and any other costs relating to the ongoing payment of salaries and **wages**) for all employees of the **business**.

Period of insurance

The period shown in the **schedule**, that specifies the start and end dates of this insurance contract.

Pressure vessel

Any boiler or economiser that, during ordinary use are subjected to either generated fluid pressure or vacuum, including:

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

Property damage

Sudden and **accidental loss** to property that would have been covered (but for the excess) as a claim under **your material damage policy**, if **you** owned the property.

Rate of insured profit

The rate of **insured profit** earned on the **turnover**, during the financial year immediately before the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

Rate of payroll

The rate of **payroll** to **turnover**, during the financial year immediately before the date of **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

Rate of wages

The rate of **wages** to **turnover**, during the financial year immediately before the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'.

Reduction in rent

The amount that the **rent**, during any part of the **indemnity period**, shall fall short of the **standard rent** that relates to the same period, as a result of **insured damage**.

Reduction in revenue

The amount that the **revenue**, during any part of the **indemnity period**, shall fall short of the **standard revenue** that relates to the same period, as a result of **insured damage**.

Reduction in turnover

The amount that the **turnover** during any part of the **indemnity period**, shall fall short of the **standard turnover** that relates to the same period, as a result of **insured damage**.

Rent

The actual amount of any:

- (a) rent **you** receive, and
- (b) payments to **you** for services provided, for letting out the premises at the **situation**.

Revenue

The monies paid to **you**, or monies billed by **you** for work done or services provided as part of **your business** operation.

Schedule

The latest version of the Schedule **we** issued to **you** for this policy.

Situation

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

Software

Programs, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

Standard rent

The rent **you** received during the period in the previous 12 months immediately before the date of the **insured damage**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'. If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard rent.

Standard revenue

The **revenue** during the period in the previous 12 months immediately before the date of the **insured damage** that corresponds with the **indemnity period**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'. If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard revenue.

Standard turnover

The **turnover** during the period in the previous 12 months immediately before the date of the **insured damage** that corresponds with the **indemnity period**, subject to any adjustments as per 'What We Will Pay – Standard Adjustments'. If **insured damage** occurs before the end of the first year in business, the results to date will be the basis for establishing standard turnover.

Turnover

Whichever of the following options provides the most equitable measurement of **your** claim:

- (a) all money, or other reimbursements **you** receive for goods or services in connection with **your business** operations, or
- (b) such other index of **your business** operations that gives the most equitable result.

Transmission and distribution lines

Overhead transmission and distribution lines and their supporting structures or any equipment which includes but is not limited to; wire, cables, poles, pylons, standards, towers, other supporting structures and any equipment of any type which may be attendant to such installations of any description for the purpose of transmission or distribution of electrical power, telephone or telegraphic signals, and all communication signals whether audio or visual.

Uninsured working expenses

Those expenses listed in the **schedule** as 'Uninsured Working Expenses'. If no expenses are listed in the **schedule** then uninsured working expenses are deemed to be expenses that vary in direct proportion to the **turnover** and/or production.

Vicinity

The area within a 5 kilometre radius of the **situation**.

Wages

The total value of all remuneration (including a pro-rata proportion of bonuses, holiday pay, ACC levies and any other costs relating to the ongoing payment of wages), of all employees, except employees whose remuneration is treated as salaries in **your** accounts.

We

QBE Insurance (Australia) Ltd. We may also use the words 'us', 'our' or 'company' to describe QBE.

You, your, yours

The person(s) or entity named in the **schedule** as 'Insured' and any subsidiary company, more than half the nominal value of whose equity share capital is owned by the named Insured either directly or through other subsidiaries; and any entity over which an Insured exercises management control. **We** may also use the word 'Insured' to describe you.

Underwritten by
QBE Insurance (Australia) Ltd
ABN 78 003 1912 035, Incorporated in Australia