



# **BUSINESS INTERRUPTION POLICY WORDING**

**vero**

**Steadfast**   
THE STRENGTH YOU NEED

# Business Interruption Policy Wording

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# Introduction

## Welcome

Welcome to Vero. 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

**We** will indemnify **you** for the resultant amount of **loss** if **your business** is interrupted or interfered with in consequence of damage at the **situation**, owned or used by **you**, during the **period of insurance**.

**Our** liability in any one period of insurance will not exceed the total of the sums insured under this section, or any sum insured or limit applicable to any insured item and/ or **situation**.

**We** will not be liable for any **loss** under this Business Interruption section unless **your** property at the **situation** is insured against such damage by the Material Damage section of this policy (loss arising out of damage by boiler or economizer explosion excepted) and liability has been accepted for such damage, or would have been but for the amount of any excess.

**Your** claim will be calculated as set out in 'Insured Items' (below). Cover under each 'Insured Item' applies only when **you** have taken that item and a sum insured for this item is specified in the **schedule**.

Please also see 'Automatic Policy Extensions' and 'Optional Policy Extensions' 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 have 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 'Insured Item A2', **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 'Insured Item E, 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 'Insured Item A2', **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 'Insured Item F, 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. documentation, or

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 defer the date on which the **indemnity period** begins provided that:

1. (a) **you** must notify **us** (in writing or by electronic means) within 3 months of the date of the **insured damage** that **you** have elected to defer the commencement of the **indemnity period**, and  
  
(b) **we** have not already paid or agreed to pay a claim for any "Insured Item" under this business interruption policy in consequence of that **insured damage** (other than for Rewriting of Records, or Claim Preparation Costs for quantification of **your** material damage claim).
2. the deferred **indemnity period** must begin within:
  - (a) the number of months specified in the **schedule** as the '**Indemnity Period**', or
  - (b) within 12 monthsfrom the date of the **insured damage** whichever is the earlier otherwise this option to defer expires.
3. If **you** defer the commencement of the **indemnity period** as described above, then:
  - (a) **you** must notify **us** (in writing or by electronic means) of the date on which **you** elect that the **indemnity period** will commence as soon as possible, and no later than one month after the date on which the deferred **indemnity period** commences;
  - (b) the amount payable under this business interruption policy for all "Insured Items" in consequence of that **insured damage** will be calculated on the basis that references in the policy to the date of the **insured damage** are deemed to be references to the date of the commencement of the **indemnity period**. The standard adjustments will apply such that the final adjusted figures will represent as nearly as may be reasonably practicable the results that would have been obtained during the deferred **indemnity period** but for the **insured damage**, subject to C and D below;
  - (c) if prior to or during the **indemnity period** goods are sold or services are rendered elsewhere than at the premises for the benefit of **your business** either by **you** or by others on **your** behalf the money paid or payable in respect of such sales of services will be brought into account in arriving at the turnover during the **indemnity period**;
  - (d) if in consequence of the insured damage there is an increase in turnover prior to the commencement of the indemnity period, the amount of the increase will be subtracted from the reduction in turnover during the indemnity period.
4. Once the deferred indemnity period commences, there will be no further right of deferral of the indemnity period applicable to a claim for any insured item in consequence of that insured damage.

5. The definition of **indemnity period** in this business interruption policy is deleted and replaced by the following:

The indemnity period means the continuous period beginning with:

- (a) the date of occurrence of the insured damage; or
- (b) the date to which **you** have deferred the commencement of the **indemnity period**;

and ending not later than the expiry of the number of months shown in the schedule during which the results of the business are affected in consequence of the insured damage.

# 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** 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. injury of any person, or
2. 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 24 hours.

### Failure of utilities

**You** are insured for **Business Interruption** resulting from property damage to any:

- (a) electricity station or sub-station or power lines;
- (b) gas works or natural gas works or gas storage facilities of any gas distributor and any pipe lines of any supply authority (but excluding the Maui and any other off-shore installations and the Kapuni installation);
- (c) waterworks or water treatment plants and any pipe lines of any public supply authority;
- (d) sewerage works or sewerage treatment plants and any pipe lines of any public supply authority; or
- (e) telecommunication lines or cables that are directly connected to the premises shown on the **schedule**;

from which **you** receive or send electricity, gas, natural gas, water, sewage or telecommunications.

Where any **loss** would be covered under both Contingent Business Interruption Extensions E. and F., only Contingent Business Interruption Extension E. will apply.

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

**We** will not be liable to pay any amount under this Contingent Business Interruption Extension F. where the damage is to the property of any customer or supplier that receives from or sends to the premises shown on the **schedule**, electricity, gas, natural gas, water, sewage or telecommunications.

Where any **loss** would be covered under both Contingent Business Interruption Extensions E. and F., only Contingent Business Interruption Extension E. will apply.

### 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 as a result of **property damage** as covered under this **business interruption** policy

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** will apply. For contingent business interruption extensions the **deferment period** is the first 21 days. This replaces any other **deferment period** that applied.

# Exclusions

## Confiscation

There is no cover under this policy for any claim, **loss**, damage, liability, death or disablement resulting from or directly or indirectly caused by or arising in connection with:

confiscation, nationalisation, requisition or destruction of, or damage to property by order of government, public or local authority (unless the order is given to control any unintended and unforeseen physical loss or physical damage that happens during the **period of insurance** that is covered by this policy.

## Communicable disease

This policy does not insure any **loss**, interruption, liability, claim, cost, expense or other sum of whatsoever nature (including any increased or additional costs or expenses of a claim to which this exclusion does not otherwise apply) directly or indirectly arising out of, contributed to by, or in connection with:

- (a) **communicable disease**; or
- (b) fear or threat (whether actual or perceived) of **communicable disease**; or
- (c) actions taken by any person, entity or public authority to response to, control, prevent or suppress **communicable disease**;

regardless of any other cause or event contributing concurrently or in any other sequence.

## Computer system and data

1. This policy does not insure any **loss**, interruption, liability, cost, expense or other sum of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of or in connection with any loss of, alteration of, or damage to or a reduction in the functionality, availability or operation of a **computer system**.

Subject to the other terms, conditions and exclusions of this policy, this exclusion does not apply to **loss** to **insured property** and interruption and interference to the **business** directly resulting therefrom except where such **loss** or interruption is directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with:

- (a) a **cyber act**, or
- (b) any action taken in controlling, preventing, suppressing or remediating any **cyber act**.

2. This policy does not insure against any **loss**, interruption, liability, cost or expense of whatsoever nature directly or indirectly caused by, contributed to by, resulting from, arising out of, or in connection with:

- (a) total or partial destruction, distortion, erasure, corruption, alteration, misinterpretation or misappropriation of **data**,
- (b) error in creating, amending, entering, deleting or using **data**,
- (c) total or partial inability or failure to receive, send, access or use **data** for any time or at all,
- (d) any loss of use, reduction in functionality, repair, replacement, restoration or reproduction of any **data**, including
- (e) any amount pertaining to the value of such **data**,

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

### **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**

This policy does not insure **business interruption loss**, damage, liability, death or disablement resulting from or directly or indirectly caused by or arising in connection with:

nuclear weapons material, ionising radiations or contamination from any nuclear fuel, or from any nuclear waste which results from the combustion (including self sustaining process of nuclear fission) of nuclear fuel.

### **Seepage, pollution and contamination**

This policy does not insure **loss**, liability, prosecution or expense of any type in connection with seepage, pollution or contamination.

### **Terrorism**

This policy does not insure any **loss**, damage, liability, death, injury, illness, or any other form of cover otherwise available under this Policy 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 such **loss**, damage, liability, death, injury, illness, cost or expense or action taken in controlling, preventing, suppressing or in any way relating to any **act of terrorism**.

### **War**

There is no cover under this policy for any claim, **loss**, damage, liability, death or disablement resulting from or directly or indirectly caused by or arising in connection with:

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, mutiny, rebellion, revolution, insurrection, military or usurped power.



# What we will pay

## Maximum amount payable for insured items

The most **we** will pay during the 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 – A. Maximum Amount Payable for Insured Items' remains unchanged and any claim settlement will 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 – D. 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 – D. 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 – D. 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.

## Reinstatement of the sum insured

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

## Turnover elsewhere

If during the **indemnity period**, any goods are sold or services are rendered elsewhere than at the **situation** for the benefit of the **business**, either by **you** or by others on **your** behalf, the money paid or payable in respect of those sales or services shall be brought into account in arriving at the **turnover** during the **indemnity period**.

# 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:
  - (a) disclosed to **us**, and
  - (b) transferred to Insurance Claims Register Limited.

## 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 30<sup>th</sup> 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. 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.

### 3. 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 – A. Maximum Amount Payable For Insured Items'.

### 4. 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.

### 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.

## Sanctions

This policy will not provide cover, nor will **we** 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 is prohibited by any sanction, prohibition or restriction under the laws or regulations of any jurisdiction applicable to **us** or **our** Company's parent company or its ultimate controlling entity.

## Coinsurance

It is agreed that the insurer in respect of this policy is the insurer or insurers who accept(s) to its/their account the percentage stated against its/their name, and is listed in the policy schedule.

The subscribing insurer 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 obligation.

# 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 the threat of that, including the intention to influence any government or to put in fear the public or any section of the public which from its nature or context is done for, or in connection with, political, religious, ideological, ethnic or similar purposes or reasons 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).

## 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

The business described in the **schedule**.

## Business interruption

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



### Communicable disease

any disease (whether human, animal, plant or otherwise) which can be transmitted directly or indirectly from any organism to another organism by means of any substance or agent (including without limitation any virus, bacterium, parasite or other organism or any variation thereof, whether living or not), where the disease, substance or agent can cause or threaten:

1. damage to human health or welfare; or
2. damage to, deterioration of, loss of value of, marketability of or loss of use of property; or
3. any infectious Disease or Quarantinable Disease as defined in or declared under the Health Act 1956.

A reference to the Health Act 1956 includes any amendment, replacement or successor legislation. A reference to Infectious Disease or Quarantinable Disease has the meaning found in any replacement definition or of any equivalent or substantially similar term defined in or declared under any amendment, replacement or successor legislation.

### Computer system

any computer, hardware, **software**, communications system, electronic device (including, but not limited to, smart phone, laptop, tablet, wearable device), electronically controlled equipment (including but not limited to **data** processing), server, cloud or microcontroller including any similar system or any configuration of the systems mentioned above and including any associated input, output, **data** storage device, networking equipment or back up facility.

### Cyber act

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 of any such act or series of related acts involving access to, processing of, use of or operation of any **computer system**.

### Data

information, facts, concepts, code or any other information of any kind that is converted, recorded or transmitted in a form to be accessed, communicated, displayed, distributed, interpreted, processed, transmitted, stored or used in or by a **computer system**.

### Deferment period

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

### Electronic data

Facts, concepts and information converted to a form usable for communications interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment.

### Event

Any one event or series of events arising from one source or original cause.

### Indemnity period

The indemnity period means the continuous period beginning with:

- (a) the date of occurrence of the **insured damage**; or
- (b) the date to which you have deferred the commencement of the indemnity period;

and ending not later than the expiry of the number of months shown in the **schedule** during which the results of the **business** are affected in consequence of the **insured damage**.

### 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

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

### Natural disaster damage

- (a) **Insured damage** directly or indirectly caused by or resulting from **Natural Disaster**;
- (b) **Insured damage** occurring (whether accidentally or not) as the direct result of measures taken under proper authority to avoid the spreading of, or otherwise to reduce the consequences of, any such **Insured Damage** but (except for the purposes of the Business Interruption policy) does not include any **Insured Damage** for which compensation is payable under any Act of Parliament or the regulations under any Act.

### 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 – D. 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 – D. 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 – D. 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 – D. 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 – D. 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 – D. 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.

## 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

Vero Insurance New Zealand Ltd. We may also use the words 'us', 'our' or 'company' to describe Vero.

### You

The person(s) or entity named in the **schedule** as 'Insured'. **We** may also use the word 'insured' to describe you.

## **Vero/Steadfast Business Interruption Wording - (08/2022)**