



MATERIAL DAMAGE AND BUSINESS INTERRUPTION POLICY

Section 1 : Material Damage | Section 2 : Business Interruption

POLICY SCHEDULE

POLICY NUMBER	NZMSTA04485		
DOCUMENT NO.	MDBI/202510/063		
THE COMPANY	Chubb Insurance New Zealand Limited		
CO-INSURANCE	Chubb Insurance New Zealand Limited Lead 50% NZI a business division of IAG New Zealand Limited Follow 50%		
INSURED	Body Corporate 326889 and the owner of each unit in the Insured Property and any management company acting on behalf of each unit owner.		
INTERESTED PARTIES	As per certificates		
PERIOD OF INSURANCE	From:	4:00pm Local Standard Time on	30/11/2025
	To:	4:00pm Local Standard Time on	30/11/2026
	Or any other period for which the Company and the insured agree to renew the policy.		
LOCATION (Section 1)	21 Hunters Park Drive, Three Kings and as extended by this Policy		
PREMISES (Section 2)	All premises owned or occupied by the Insured and all other places where Insured Property is used or to be used for the purpose of the Business, anywhere in New Zealand.		
INDEMNITY PERIOD (Section 2)	Alternative Residential Accommodation Indemnity Period:		36 Months
	Loss of Rents Indemnity Period:		36 Months

SUMS INSURED

Item 1	Buildings	\$55,860,000
Item 2	Chattels and Landlord Features and Fittings	\$2,000,000
Item 3	Loss of Rent:	\$3,498,300
Item 4	Alternative Residential Accommodation (per unit per month)	\$10,000
Item 5	Additional Costs	\$200,000
Item 6	Claims Preparation Costs	\$50,000

SPECIAL LIMITS

Additional Costs Memorandum

Limit any one loss or series of losses arising out of any one event: Item 5
Sum Insured

Alternative Accommodation Memorandum

Limit any one loss or series of losses arising out of any one event: Item 4
Sum Insured

Capital Additions Memorandum

Limit at any one time: \$100,000

Chattels and Landlord Fixtures and Fittings

Limit any one loss or series of losses arising out of any one occurrence of loss or damage to chattels and/or Landlord Fixtures and Fittings \$2,000,000

Computer Breakdown Memorandum

Limit any one loss or series of losses arising out of any one event: \$5,000

Defective Drains or Sanitation Memorandum

In respect of Loss of Rent only:
Limit any one loss or series of losses arising out of any one event: \$250,000

Dependency Memorandum

In respect of Loss of Rent only:
Limit any one loss or series of losses arising out of any one event: 10% of the
Loss of Rent
Sum Insured

Gradual Memorandum

Limit any one loss or series of losses arising out of any one event: \$10,000
Limit During the Period of Insurance \$20,000

Hazardous Substance Emergencies Memorandum

Limit any one loss or series of losses arising out of any one event: \$30,000
Limit During the Period of Insurance \$90,000

Landslip Memorandum

Limit any one loss or series of losses arising out of any one event: \$1,000,000

Locating Damaged Internal Water Systems Memorandum

Limit any one loss or series of losses arising out of any one event: \$10,000
Limit During the Period of Insurance \$20,000

Loss of Rents Memorandum

Limit any one loss or series of losses arising out of any one event: Item 3
Sum Insured

Lost or Stolen Keys Memorandum

Limit any one loss or series of losses arising out of any one event: \$50,000

Machinery Breakdown Extension Memorandum

Limit During the Period of Insurance \$1,000,000

Money Memorandum

Section A: Any one location or transit: \$10,000
Section B: Any one location: \$2,000

Property to which the Contract Works Exclusion does not apply

Specified maximum contract price: \$100,000

Public Authorities Memorandum

In respect of Loss of Rent only:
Limit any one loss or series of losses arising out of any one event: 10% of the Loss
of Rent Sum
Insured

Refrigerated Goods Memorandum

Limit any one loss or series of losses arising out of any one event: \$5,000

Stress Memorandum

Limit each affected residential unit owner out of any one event: \$2,000
Limit during the period of insurance: \$50,000

Subsidence Memorandum

Limit any one loss or series of losses arising out of any one event: \$1,000,000

Theft Memorandum

Limit any one loss or series of losses arising out of any one occurrence of theft, other than theft accompanied by violence or threat of violence to any person or violent and forcible entry to or exit from any enclosed building: \$200,000

Unlawful Substances Memorandum

Limit any one Event: \$50,000
Limit During the Period of Insurance: \$250,000

**EVENT
(Definition)**

'Event' means an event or series of events arising from any one cause during any period of 72 consecutive hours.

DEDUCTIBLE AMOUNT

Loss under Item 1 and/or Item 2 of this Policy

In respect of loss indemnified under the Landslip Memorandum:	\$10,000
In respect of loss indemnified under the Subsidence Memorandum:	\$10,000
In respect of Loss by Natural Disaster	1% of site value min \$5,000
In respect of any loss for which no other deductible is specified:	\$5,000

Loss under Item 3 and/or Item 4 of this Policy

In respect of loss indemnified under the Public Authorities Memorandum	24 Hours
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ENDORSEMENTS

- Communicable Disease Endorsement
- Asbestos Non-Damage Endorsement
- Public Authorities Amendment Endorsement
- Property Exclusions: Blockchain-Based Digital Assets
- Property Cyber and Data Exclusion
- Each unit to have good working smoke alarm installed in the unit.

POLICY WORDING

Marsh Chubb Body Corporate Wording

CHUBB UNLAWFUL SUBSTANCES MEMORANDUM V1

It is noted and agreed that the following endorsements will be inclusive in the wording and they will replace any previous endorsements of their kind in the wording:

Unlawful Substances Exclusion

This policy does not insure loss or damage to Insured Property arising from the use, manufacture, distribution, storage, possession or distribution of any controlled drug (as defined in the Misuse of Drugs Act 1975) or any pre-cursor chemicals or materials, in or near the Insured Property. But this exclusion will not apply to loss or damage to the Insured Property directly caused by fire or explosion.

Unlawful Substances Memorandum

This Policy extends to cover loss or damage, unintended and unexpected by the Insured, to Insured Property caused by the use, manufacture, storage, or distribution of any controlled drug as defined in the Misuse of Drugs Act 1975, where:

- a) the Building is tenanted; and
- b) the Insured or the person who manages the tenancy on the Insured's behalf has met the landlord obligations; and
- c) at the time of the claim is made the level of chemical contamination exceeds the relevant acceptable level for the Insured Property as set out in the current Standard, Recommendation or Guideline released by the Ministry of Health or other Government Agency;

and neither the Unlawful Substances nor the contamination exclusions will apply.

The Company's liability under this Memorandum is limited as follows:

- (a) The Company will only pay for decontamination to the extent necessary to reach the relevant acceptable level for the Insured Property as set out in the current Standard, Recommendation or Guideline released by the Ministry of Health or other Government Agency; and
- (b) There is a limit for any one Event of \$50,000; and
- (c) There is an aggregate limit under the Policy of \$250,000 for all claims in any one period of insurance.

For the purpose of this extension "landlords obligations" means the Insured or the person who manages the Insured Property on the Insured's behalf must:

1. exercise reasonable care in the selection of tenant(s) by obtaining at least two (2) satisfactory verbal or written references for each tenant; and
2. complete an external and internal inspection of the property at a minimum of three (3) monthly intervals and upon the change of every tenant(s); and
3. keep a written record of the outcome of each inspection, and provide a copy to the Company if a copy is requested.

COMMUNICABLE DISEASE ENDORSEMENT

(For use on property policies)

1. Notwithstanding and superseding any other provision of this policy to the contrary, this policy does not insure any loss, damage, claim, cost, expense or other sum whatsoever, directly or indirectly arising out of, or in any way attributable or related to, connected with or occurring concurrently or in any sequence with:
 - 1.1 a Communicable Disease; or
 - 1.2 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 property insured hereunder that is or may be affected by a Communicable Disease.
3. As used herein, a Communicable Disease means any:
 - 3.1 physical distress, illness, or disease caused or transmitted directly or indirectly by any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and regardless of the means of transmission; or
 - 3.2 any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, which is capable of causing physical distress, illness or disease.
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.

- 1 Notwithstanding any provision to the contrary within this Policy or any endorsement thereto this Policy excludes any:
 - 1.1 Cyber Loss;
 - 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;
regardless of any other cause or event contributing concurrently or in any other sequence thereto.
- 2 In the event any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.
- 3 This endorsement supersedes and, if in conflict with any other wording in the Policy or any endorsement thereto having a bearing on Cyber Loss or Data, replaces that wording.

Definitions

- 4 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.
- 5 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.
- 6 Cyber Incident means:
 - 6.1 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
 - 6.2 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.
- 7 Computer System means:
 - 7.1 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.
- 8 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.

ASBESTOS NON-DAMAGE

The following exclusion is added to this policy; supersedes any term, provision or endorsement to the contrary in this policy; and applies notwithstanding such term, provision or endorsement:

A. This policy excludes loss or damage to asbestos, asbestos containing product, or asbestos-containing material.

B. This policy does not provide insurance against any loss, damage, cost, expense, fine or penalty resulting from or arising out of:

1. remediation of any kind, including but not limited to removal or modification, of any asbestos, asbestos-containing product, or asbestos-containing material from a building or structure of any kind, whether damaged or undamaged, and regardless of the reason such removal is undertaken, whether voluntary or compelled by government directive; or
2. the demolition or increased cost of reconstruction of property, the repair of property, the removal of debris, or the loss of use of property when caused by, arising out of, or undertaken due to the enforcement of any law, regulation, rule or ordinance that in any manner regulates asbestos, asbestos-containing product, or asbestos-containing material, except to the extent that coverage is provided by the Removal of Debris and Extra Costs of Reinstatement coverage; or
3. any fault in the design, manufacture, or installation of asbestos, asbestos-containing product, or asbestos-containing material.

C. Notwithstanding the exclusions set forth above, this Policy covers direct physical loss or damage to asbestos, asbestos-containing product, and asbestos-containing material which is physically incorporated into an insured building or structure, including the necessary costs to remove or remediate such damaged asbestos, but only when such damage occurring during the policy period is directly and solely caused by the following perils, and then only that part of such asbestos which incurs direct physical loss or damage:

fire, lightning, explosion, windstorm, hail, smoke, aircraft or vehicle impact, riot or civil commotion, vandalism, malicious mischief or accidental discharge of fire protective equipment.

Public Authorities Amendment Endorsement

By way of endorsement to the Policy, the parties agree as follows (subject otherwise to all other terms, conditions, limits of liability and exclusions of the Policy):

Under Memoranda, Public Authorities is deleted in its entirety and replaced with:

Public Authorities

Loss, as insured by this Policy, and resulting from any action of a public authority consequent upon:

- (a) Damage to any property whatsoever;
- (b) bodily injury to any person; or
- (c) vermin, pests, fumes, escape of any hazardous material, defective sanitation or effluent system,

occurring during the Period of Insurance, at, on or within a one kilometre radius of the Premises, is deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business. However, this Memorandum does not apply to any action taken by a public authority consequent upon any Communicable Disease, or fear or threat (whether actual or perceived) of a Communicable Disease. Under this Memorandum, Communicable Disease means any:

1. physical distress, illness, or disease caused or transmitted directly or indirectly by any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and regardless of the means of transmission; or
2. any virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, which is capable of causing physical distress, illness or disease.

For the purpose of any claim under this Memorandum, the Alternative Residential Accommodation Indemnity Period and/or Loss of Rent Indemnity Period will commence 24 hours after the action is first taken by the Public Authority and not as otherwise stated.

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



BODY CORPORATE INSURANCE

MATERIAL DAMAGE/ BUSINESS INTERRUPTION POLICY



Underwritten by:

CHUBB®

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OPERATIVE CLAUSE

In consideration of the Insured having paid or promised to pay the required premium and subject to the terms of this Policy, the Company agrees to indemnify the Insured:

Item 1 for physical loss or damage – unintended and unforeseen by the Insured – happening during the Period of Insurance to any Insured Property being Buildings.

‘Buildings’ means:

- (a) buildings and structures of any kind and their appurtenances situated at the Location;
- (b) plant, fixtures and fittings, pipes and cables pertaining to or located in or about (a) above, and
- (c) any and all site improvements including but not limited to signs, tanks, poles, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like, situated at the Location,

all owned by the insured Body Corporate and/or in which ownership is shared by the unit owners.

Buildings also includes all fitted floor coverings (including but not limited to glued, smooth edge or tacked carpet and floating floors) owned by the insured Body Corporate and/or in which ownership is shared by the unit owners and/or owned by the individual unit owner in whose unit the property is located.

Buildings does not include Chattels or Landlord Fixtures and Fittings whether belonging to the Insured or to any other party.

Item 2 for physical loss or damage – unintended and unforeseen by the Insured – happening during the Period of Insurance to any Insured Property being:

- (a) Chattels at the Location.

‘Chattels’ means all chattels owned by the insured Body Corporate and/or in which ownership is shared by the unit owners but does not include fitted floor coverings.

- (b) Landlord Fixtures and Fittings at the Location while contained in an individual unit owner’s unit that is occupied by tenants, subject to:
 - (i) if the property is occupied at the time of loss, a Tenancy Agreement (as defined by the Residential Tenancies Act 1986) or a commercial lease agreement being in place at the time of loss; and
 - (ii) such property not being otherwise insured.

'Landlord Fixtures and Fittings':

- (i) in respect of residential property means whiteware, curtains, blinds drapes and light fittings owned by or the responsibility of the individual unit owner in whose unit the property is located.
- (ii) in respect of commercial property means fixtures and fittings provided by the landlord.

Item 3 Loss of Rents as provided by the Loss of Rents Memorandum for the period during which revenue derived from rents is affected in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

Item 4 Alternative Residential Accommodation as provided by the Alternative Residential Accommodation Memorandum for the period reasonably required for reinstatement of the damaged accommodation during which period the accommodation remains uninhabitable in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

Item 5 Additional Costs as provided by the Additional Costs Memorandum during the Additional Costs Indemnity Period.

'Insured Property' means property insured under Item 1 and/or Item 2 of this Policy.

'Event' means an event or series of events arising from any one cause during any period of 72 consecutive hours.

Except where expressly provided to the contrary, the Company's liability will not exceed the Sum Insured and, if more than one Item is included in the Schedule attaching to this Policy, will not exceed in respect of each Item the Sum Insured set against that Item. This clause does not apply to part 1 of the Declared Values clause nor cover provided under the Capital Additions Memorandum.

EXCLUSIONS

Note: Some of the following exclusions may be fully or partially overridden by memoranda attaching to this Policy

Building Defects and Deterioration

1. This Policy does not insure against loss or damage to any building or structure directly or indirectly caused by the failure of that building or structure to contain:
 - (a) materials; or
 - (b) a design; or
 - (c) a system; or
 - (d) a standard of workmanship;as are necessary to effectively prevent or manage the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.
2. This Policy does not insure against loss or damage directly or indirectly caused by:
 - (a) the action of micro-organisms; or
 - (b) gradual deterioration;provided however that, where fire is the result of (a) or (b) above, then the Policy will insure against any damage directly caused by the fire, subject to all the terms of this Policy in so far as they can apply.

Consequential Loss

For the avoidance of doubt, the insurance against physical loss or damage to Insured Property does not include insurance against consequential economic loss such as loss of market or loss of profit.

Contract Works

This Policy does not insure property in the course of installation, construction, demolition, erection, or testing following any of them, under any contract for which the expected final contract price will exceed the amount specified in the Schedule.

Defective Workmanship or Design

For the avoidance of doubt, this Policy does not cover the cost of repairing or replacing defective materials, the cost of putting right defective workmanship, or the cost of putting right work performed to a defective design plan or design specification. This exclusion does not apply to any loss or damage occurring as a result of the defective materials or workmanship, or as a result of work performed to a defective design plan or design specification.

Deterioration

This Policy does not insure against loss or damage to the property or part immediately affected directly caused by:

- (a) normal working, normal maintenance, wear and tear, erosion, corrosion, slowly developing deformation or distortion;
- (b) action of vermin or insects;
- (c) the nature of the Insured Property (including shrinkage, evaporation, loss of weight, change in flavour, or colour or texture or finish), action of light;
- (d) pollution or contamination;

- (e) fumes, smoke or smut;
- (f) a change in any artificially controlled temperature or atmosphere;

but this exclusion will not apply to loss or damage directly attributable to fire or any other accidental cause not expressly excluded.

Disappearance

This Policy does not insure against unexplained disappearance, loss directly resulting from shortages revealed only by the taking of an inventory, or shortages due to clerical or accounting errors.

Interruption

In respect of the property or part immediately affected, this Policy does not insure against damage directly caused by total or partial cessation of work, retarding or interruption or cessation of any process.

Land Movement

This Policy does not insure against loss or damage directly or indirectly caused by or resulting from landslide, subsidence or erosion of land.

Money

This Policy does not insure Money, meaning current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, and other negotiable instruments.

Precious Goods

This Policy does not insure jewellery, precious stones, furs, precious metals or bullion other than as part of any plant.

Pressure Vessels

In respect of the Pressure Vessel in which the damage originates, this Policy does not insure against:

- (a) explosion, rupture, bursting, collapse, of the Pressure Vessel due to generated or applied fluid pressure (other than pressure caused solely by weight of contents or by chemical explosion); or
- (b) overheating, cracking or leaking of any Pressure Vessel due to or arising from its operation.

This exclusion does not apply to subsequent loss or damage arising from an ensuing cause not otherwise excluded.

For the purpose of this exclusion, 'Pressure Vessel' means a boiler or vessel that, in normal use, is subject to generated or applied fluid pressure (other than pressure caused solely by weight of contents), but does not include any tank used solely for storage.

Property Excluded Unless Specified

This Policy does not insure any of the following property unless it is specified in the Schedule or declared to the Company in a schedule of assets provided to the Company for the purpose of underwriting information:

- (a) standing timber, growing crops, livestock, dams, canals, road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, or any land including topsoil and backfill. However, this exclusion does not apply to tunnels, bridges, earthworks or other site improvements not otherwise excluded, or to docks, piers, or wharves forming part of any building, all at the Insured's building or industrial sites.

- (b) domestic contents, contents used for business or stock belonging to any unit owner, occupier or tenant.

Settlement, Shrinkage or Expansion

This Policy does not insure against normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads, and other structural improvements. However, this exclusion will not apply to loss or damage arising from an ensuing cause not otherwise excluded.

Theft by Employees

This Policy does not insure against theft by any of the Insured's employees, but this exclusion does not apply if:

- (a) the theft is discovered within 72 hours (excluding the hours of any Saturday, Sunday, or other public holiday) of its occurrence; or
- (b) the theft is accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any enclosed building.

Transit

This Policy does not insure any property while in transit other than at premises owned or occupied by the Insured.

Vehicles, Aircraft and Watercraft

This Policy does not insure any motor vehicle, other mechanical or electrically propelled vehicle, watercraft or aircraft of any kind, and any accessories in them or on them. This exclusion does not apply to stock of the Insured's business or to any crane or other mobile plant used at the Insured's premises and not otherwise insured.

War, Confiscation and Nuclear Risks

This Policy does not insure against loss or damage directly or indirectly caused by or resulting from any of the following:

- (a) War, invasion, act of foreign enemy, warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, insurrection, military or usurped power.
- (b) Confiscation, requisition or destruction of or damage to property by lawful order of government or local authority unless the order is given for the purpose of controlling fire or other peril for which insurance is provided by this Policy.
- (c) Nuclear weapons material.
- (d) Ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission.

Weather

This Policy does not insure against damage directly caused by weather conditions to property not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

CONDITIONS

APPLICATION OF MEMORANDA

Where the terms of any Memorandum attaching to this Policy are inconsistent with any other terms of the Policy, the terms of the Memorandum will prevail. Where the terms of any Memorandum are inconsistent with the terms of any other Memorandum, the terms most favourable to the Insured will prevail.

Where the Schedule states that a Memorandum is subject to a special limit or other special provision, the limit or provision will apply to that Memorandum but not to loss that would be covered under the Policy without the Memorandum.

CANCELLATION

(a) By the Insured

The Insured may cancel this Policy at any time with immediate effect by giving written notice to the Company. The Company will then retain a pro-rata proportion of the premium (subject to any adjustment required by the terms of this Policy) for the time during which the Policy has been in force, and will refund the unearned balance to the Insured.

(b) By the Company

The Company may cancel this Policy at any time by giving written notice to the Insured or to the Insured's broker. The notice must be delivered personally or by a method that requires confirmation of delivery. The cancellation will take effect at 4 p.m. on the 45th day after the notice has been delivered. The Company will then refund a pro-rata proportion of the premium to the Insured, subject to any adjustment required by the terms of this Policy.

CLAIMS

On becoming aware of any event giving or likely to give rise to a claim on this Policy, the Insured must:

- (a) take prompt steps to minimise the loss or damage;
- (b) take reasonable steps to protect the property from further loss or damage;
- (c) immediately notify the Company;
- (d) if a criminal act is suspected, inform the police.

As soon as practicable after any event from which a claim arises, the Insured must submit full particulars of the claim in writing to the Company and, at its own expense, provide the Company with any reasonably required proof and information in respect of that claim.

DECLARED VALUES

The amount shown in the attached Schedule of Property Values is the value of the Building and Plant covered by this Policy, as declared by the Insured for insurance purposes.

1. Where the declared value for Buildings and Plant for insurance purposes is supported by a valuation no more than 36 months old at the date of inception of this Policy the Company's liability for loss of or damage to any item of Building and Plant will not exceed 125% of the value declared for that item.
2. Where the declared value for Buildings and Plant for insurance purposes is not supported by a valuation no more than 36 months old at the date of inception of this Policy the Company's liability for loss of or damage to any item of Building and Plant will not exceed the value declared for that item.

For the sake of clarity, "supported by a valuation" includes any value that is equal to or greater than the value stated in the most recent valuation, including but not limited to any increases to reflect actual or perceived increased building costs.

DEDUCTIBLE

Each loss or series of losses arising out of one Event will be adjusted separately. The adjusted loss will be net of salvage and other recoveries. From each adjusted loss the amount specified in the Schedule will be deducted. FRAUD

If the Insured or anyone acting on behalf of the Insured makes any claim that is in any respect fraudulent, or makes any false declaration in support of any claim, or uses any other fraudulent means or devices to obtain benefit under this Policy, all benefit in respect of that claim will be forfeited. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

GOODS AND SERVICES TAX

Where the Insured is liable to pay GST on receiving any indemnity payment under this Policy, the Company will reimburse the Insured for the cost of that tax. The reimbursement will be made in addition to the indemnity otherwise payable and will not be subject to any sum insured or other limit of the Company's liability. For the purpose of this clause, 'GST' means tax payable under Section 5(13) of the Goods and Services Tax Act 1985, or under any statutory amendment to or re-enactment of the Section or Act.

JOINT INSUREDS

For the purpose of this clause, "Insured Person" means any person or corporation entitled to indemnity under the terms of this Policy, whether or not the person or corporation is named in the Schedule.

Where this Policy is to the benefit of more than one Insured Person:

- (a) the Insured first named in the Schedule will be responsible for payment, on behalf of all Insured Persons, of any premium due or which may become due in terms of this Policy.
- (b) the Company's obligation to make any payment to the Insured in terms of this Policy will be discharged on making that payment to the Insured first named in the Schedule.
- (c) any notice, for which provision is made in this Policy, given by or given to the Insured first named in the Schedule will be deemed sufficient notice by or to all Insured Persons.
- (d) unless the context requires otherwise, any words such as "accidental", "unexpected", "unintended", and "unforeseen", which may appear in this Policy or in any endorsement to this Policy in relation to a loss or cause of loss, are to be interpreted from the standpoint of the Insured Person seeking indemnity in respect of the loss or cause of loss.

MISREPRESENTATION

This Policy is voidable in the event of the misrepresentation or non-disclosure of any material fact.

However, the insurance will not be prejudiced by:

- (a) any innocent misrepresentation of property or occupancy; or
- (b) any act or omission of the occupier whereby, without the Insured's knowledge or consent, the risk of loss or damage to property not occupied by the Insured is increased.

The Insured's Insurance Manager (or equivalent) must give notice to the Company immediately upon becoming aware of any such event and the Insured must pay an appropriate additional premium if required. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

MUTUALLY ACCEPTABLE ADJUSTERS

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

NEW ZEALAND POLICY

This Policy is to be governed by and construed in accordance with the laws of New Zealand, whose courts will have sole jurisdiction over any legal action arising out of or in connection with this Policy.

OBSERVANCE

The Insured's observance and fulfilment of the terms of this Policy in so far as they relate to anything to be done or complied with, and the truth of statements made by the Insured in writing, are conditions precedent to the Company's liability under this Policy. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy. Breach of this condition without the Insured's knowledge will not invalidate the Policy, but the Insured's Insurance Manager (or equivalent) must advise the Company immediately upon becoming aware of it. The Insured agrees to pay an appropriate additional premium if required.

OTHER INSURANCE

If, at the time of any claim arising under this Policy, there is any other valid and collectable insurance covering all or part of the same loss, this Policy will apply only to the amount of any loss in excess of that recoverable under the other insurance. This condition does not apply where the other insurance is 'excess' insurance expressly intended to provide a layer of cover in excess of that provided under this insurance.

The amount of loss excluded from this Policy by reason of any other insurance will not be cumulative upon the amount of loss excluded from the Policy by application of any Deductible; other insurance being permitted on loss within the Deductible.

PROGRESS CLAIM PAYMENTS

Where loss or damage has given rise to a valid claim on this Policy, the Company will make progress claim payments on production of acceptable evidence of insured loss. If the aggregate of progress payments exceeds the total amount of loss as finally adjusted, the Insured will immediately refund the difference to the Company.

REASONABLE PRECAUTIONS

The Insured must make reasonable endeavours to maintain any fire protection or security equipment or installations in accordance with the manufacturer's recommendations; and must take reasonable precautions against loss or damage as insured under this Policy.

REINSTATEMENT OF AMOUNT

In the event of loss for which a claim is payable under this Policy, and in the absence of written notice by the Company or the Insured to the contrary, any amount of insurance cancelled by the loss will be automatically reinstated. The Insured agrees to pay such pro rata premium at the applicable rate as may be required for the reinstatement.

This condition does not apply to loss from earthquake, hydrothermal activity, geothermal activity, volcanic eruption or tsunami.

RENEWAL TERMS

If the Company intends to refuse renewal of this Policy, or to offer renewal on any terms less favourable to the Insured than those applying during the current Period of Insurance, the Company must give the Insured 30 days notice of that intention. If the current Period of Insurance expires before the end of 30 days after the notice has been received by the Insured, the Period of Insurance will, if the Insured so requires, be extended to expire at the same time as the period of notice. In the event of such an extension, the Insured will pay a pro rata proportion of the premium for the extended Period of Insurance.

SALVAGE

The Company may enter any building where Insured Property has been damaged and may take and keep possession of the damaged property. The Insured will not be entitled to abandon any property to the Company. The Company may deal with the salvage in any reasonable manner.

SUBROGATION

Where, upon accepting liability for a claim under this Policy, the Company is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation, the Insured must, at the Company's expense, do and concur in doing and permit to be done anything reasonably required by the Company for the purpose of enforcing that right.

The Insured must comply with this condition when required, whether before or after having been indemnified by the Company. The Company will not exercise subrogation against any person or corporation insured under this Policy, or against any employee of the Insured unless the employee has caused the loss or damage wilfully.

WAIVER OF RECOVERY RIGHTS (GROUP COMPANIES)

Where the Insured is a parent or subsidiary in a group of related companies, this insurance will not be invalidated by reason of the Insured waiving or having waived any right of recovery it may have against any other company in the same group. 'Subsidiary Company' means a company, more than half the nominal value of whose equity share capital is owned by a parent company either directly or through other subsidiaries; and a group of related companies means a group of companies related to one another by virtue of such ownership.

WAIVER OF RECOVERY RIGHTS (BY AGREEMENT)

This insurance will not be invalidated by reason of the Insured having waived any right of recovery or indemnity against any other party to a contract or agreement with the Insured in the ordinary course of business, but only where:

- (a) the contract or agreement is not for the supply of goods or services by the Insured; and
- (b) the waiver was made in writing before the loss occurred.

MEMORANDA

ADDITIONAL COST OF SUSTAINABLE PRODUCTS

Where a claim is payable under this Policy for Reinstatement of a Destroyed building, then, to the extent permitted by law, the Company will pay the additional cost of including Sustainable Products in the Reinstatement of that building. The most that the Company will pay for this is 5% of the cost of Reinstatement that would otherwise be incurred; but not more than \$250,000 any one Event. The limit does not apply to any cost that would be covered without the benefit of this clause.

'Reinstatement' and 'Destroyed' have the meanings given to them in the Reinstatement memorandum of this Policy. 'Sustainable Products' are products that have reduced environmental impact or will enable more efficient use of energy or water. Products that fall within the scope of this clause include:

- (a) Wall and ceiling insulation (as recommended by Standards New Zealand);
- (b) Double glazed windows;
- (c) Solar water heating systems;
- (d) Heat pumps;
- (e) Rainwater collection tanks;
- (f) Low volatile organic paint;
- (g) Home sprinkler systems (but only where the Destroyed building is a stand alone unit);
- (h) Any building material that would have a lesser impact on the environment.

The Company reserves the right to approve the use of any of these products before they are installed. Such approval will not be unreasonably withheld.

ADDITIONAL COSTS

Where any amount is payable under Item 3 and/or Item 4 of this Policy, this insurance extends to cover additional costs reasonably incurred by the Insured in consequence of the damage.

However, this insurance does not apply to costs otherwise recoverable under Item 3 and/or Item 4, or any costs incurred in the reinstatement of physically damaged property other than the reconstitution of records.

'Additional Costs Indemnity Period' means the period commencing from the earlier of the Alternative Residential Accommodation Indemnity Period and the Loss of Rent Indemnity Period, and continuing until the end of the Alternative Residential Accommodation Indemnity Period or the Loss of Rent Indemnity Period, whichever is later.

ALTERNATIVE RESIDENTIAL ACCOMMODATION

Where any residential accommodation insured by this Policy is made uninhabitable by damage for which a claim is payable under the Policy, this insurance extends to cover the reasonable cost of alternative accommodation necessarily incurred by the Insured who normally occupies the accommodation unit provided that:

- (a) the cost is not otherwise insured;
- (b) the period for which the costs are covered will be limited to the Alternative Residential Accommodation Indemnity Period;
- (c) the Company may deduct a reasonable allowance for costs reduced or avoided as a result of the accommodation being uninhabitable.

'Alternative Residential Accommodation Indemnity Period' means the period reasonably required for reinstatement of the damaged accommodation during which period the accommodation remains uninhabitable in consequence of the damage, beginning with the occurrence of the

damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

CAPITAL ADDITIONS

Subject to the additional conditions set out below, this Policy extends to cover property (including, but not limited to, alterations, additions and improvements to existing property) situated anywhere in New Zealand and acquired by the Insured during the Period of Insurance.

Additional Conditions

1. This extension of cover does not apply to stock, or property of any kind expressly excluded from this insurance, or any appreciation of value that is not due to a physical alteration, addition or improvement.
2. Cover under this extension takes effect on each acquired property when the risk in the property passes to the Insured.
3. At the end of the Period of Insurance, or at earlier intervals if the Insured prefers, particulars of each property acquired during the Period of Insurance must be given to the Company. On receipt of those particulars:
 - (a) the Company will be entitled to charge an additional premium calculated pro rata from the date on which cover commenced, and
 - (b) if the Period of Insurance has not yet expired, the terms of this extension will be fully reinstated.
4. If any Reinstatement conditions are incorporated in this Policy, and unless the Insured gives notice to the contrary, the insurance on property covered under this extension will be subject to those conditions.

CLAIMS ASSESSMENT

This Policy extends to cover costs, including but not limited to fees, reasonably incurred by or on behalf of the Insured for the purpose of assessing or preparing any valid claim made under this Policy. The cost is included in the sum insured on the insured interests.

COMPUTER BREAKDOWN

In the event of computer Breakdown of property insured under Item 1 and/or Item 2(a) of this Policy, the Company will indemnify the Insured for the reasonable and necessary cost to repair or replace the item.

'Breakdown' means the sudden and unforeseen mechanical, electrical or electronic malfunction or failure which becomes apparent at the time it occurs and requires immediate repair or replacement to enable normal operation to continue.

CONSTRUCTIVE TOTAL LOSS

Where the Insured is prevented from reinstating any Insured Property by sole reason of any Law, the Insured Property will be deemed for all purposes of this Policy to have been destroyed. For the purpose of this clause, 'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.

DEFECTIVE DRAINS OR SANITATION EXTENSION

Where, in consequence of defective drains or sanitation at any of the leased premises, action taken by a competent public authority prevents continued tenancy of the premises, thereby causing a loss of rent, the Insured will be indemnified for the loss in terms of the Loss of Rent Memorandum as if the loss had resulted from damage for which a claim is payable under this Policy.

DEMOLITION AND OTHER COSTS

This Policy extends to cover costs necessarily incurred for any of the following purposes in consequence of loss or damage by an insured peril.

- (a) Demolition, dismantling, shoring up or propping of the Insured Property.
- (b) Disposal of debris (including any kind of solid, liquid or gaseous matter, and whether or not the debris is part of the Insured Property), and the clearing, cleaning and repairing of gutters, drains and the like.
- (c) Recovery, defence, safeguard, removal, storage, and return of stock, plant and other chattels whether damaged or undamaged.
- (d) Temporary repairs and other measures necessary to secure the property or to make it safe or suitable for continued use.

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

DEPENDENCY

Loss, as insured by this Policy and resulting from Damage to any property whatsoever but excluding any Maui, Kapuni or offshore gas fields:

- (a) at any place anywhere in New Zealand and occupied by any direct customer of the Insured; or
- (b) at any place anywhere in New Zealand and occupied by any direct supplier of goods or services to the Insured; or
- (c) at any port installation, railway warehouse or airport anywhere in New Zealand; or
- (d) that prevents or hinders the public supply of water or gas or electricity to the terminal ends of the supplier's service feeders at the Premises; or
- (e) that prevents or hinders the discharge of effluent from the Premises; or
- (f) that prevents or hinders any telecommunication with the Premises,

is deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

EARTHQUAKE – RESIDENTIAL PROPERTY

(Natural Disaster Damage - Limitation)

Whereas:

- (a) the Insured has compulsory natural disaster cover under the Act (Natural Disaster Cover); and
- (b) the Natural Disaster Cover applies to EQC Residential Property;

then, in the event of any EQC Residential Property insured by this Policy suffering Natural Disaster Damage during the Period of Insurance and covered by Natural Disaster Cover, the Company's liability under this Policy will be limited to the amount of loss in excess of the Natural Disaster Cover, subject otherwise to the terms of this Policy except that the Deductible Amount will only apply to the extent that it exceeds the amount of Natural Disaster Cover. For the purpose of this clause, the Natural Disaster Cover is deemed to include the amount of 'excess' imposed by the terms of that cover.

Definitions

The 'Act' means the Earthquake Commission Act 1993 and any statutory amendment to or replacement of that Act.

'EQC Residential Property' means that property that is covered by the relevant sections of the Act.

'Natural Disaster Damage' has the meaning given to it in the Act.

EMPLOYEES' EFFECTS

Personal effects of:

- (a) employees of the Body Corporate listed as the Insured in the Schedule; and
- (b) employees of any management company acting on behalf of each unit owner of the Body Corporate listed as the Insured in the Schedule;

are deemed to be included in the description of Insured Property as if they were owned by the Insured, but only while the effects are in or about premises owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by employees acting in the course of their employment with the Insured. This Memorandum will not operate to the benefit of any person who is otherwise insured.

EXPEDITING COSTS

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

GENERAL AVERAGE

This insurance extends to include General Average and Salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with the contract of affreightment. This extension of cover is not subject to any Deductible.

GRADUAL INTERNAL WATER DAMAGE

Notwithstanding any exclusion under this Policy of damage caused by the action of micro-organisms or by gradual deterioration, this Policy extends to cover such damage where it results from the accidental leaking or overflowing of any permanently connected water pipe, waste disposal pipe, water cylinder or water storage tank within the confines of any insured building.

Where a claim for such damage is payable under this extension, the Policy also extends to cover the reasonable cost of:

- (a) searching for and gaining access to the source of the damage; and
- (b) reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior.

Where the date upon which the damage commenced cannot be determined, the damage will be deemed to have occurred at the time the Insured first had reason to suspect that damage had occurred.

HAZARDOUS SUBSTANCE EMERGENCIES

The Company will indemnify the insured for any charge that a Government or Local Authority is authorised to make against the insured in respect of any Hazardous Substance Emergency arising out of or in connection with any Insured Property during the period of insurance. The indemnity will be regardless of whether the Insured Property has been damaged. "Hazardous Substance Emergency" has the same meaning as defined by any Government or Local Authority authorised to make that definition.

LANDSLIP

This Policy extends to cover physical loss or damage – unintended and unforeseen by the Insured – directly or indirectly caused by or resulting from landslip.

LOCATING DAMAGED INTERNAL WATER SYSTEMS

Notwithstanding any exclusion under this Policy of damage caused by normal working, normal maintenance, wear and tear, erosion, corrosion, slowly developing deformation, distortion or gradual deterioration, this Policy extends to cover the reasonable cost of:

- (a) searching for and gaining access to any part of a cracked, leaking, broken or overflowing Internal Water System that has caused loss or damage insured under this Policy; and
- (b) reinstating any property or part damaged under (a) above to a condition the same as, but not better nor more extensive than, its condition immediately prior.

Provided that this Memorandum does not insure the cost of repairing or replacing any part of a cracked, leaking, broken or overflowing Internal Water System.

'Internal Water System' means any permanently connected water pipe, waste disposal pipe, water cylinder or water storage tank within the confines of any building insured under this Policy.

This Memorandum does not apply to any loss for which indemnity would be payable under the Policy in the absence of this Memorandum.

LOSS OF RENT

Where any Insured earns rent by leasing all or any part of the premises insured under this Policy, the Company will indemnify the Insured for loss of any such rent incurred as a result of damage to the premises, but only if a claim for the damage is also payable under Item 1 and/or Item 2 of the Policy. The amount payable under this clause will be the difference between:

- (a) the rent due to the Insured during the Loss of Rent Indemnity Period defined in the Schedule; and
- (b) the rent that would have been due to the Insured during the Loss of Rent Indemnity Period had the damage not occurred.

The Company will also indemnify the Insured for any additional expenditure reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent during the Loss of Rent Indemnity Period, but not exceeding the loss of rent thereby avoided. If any costs payable out of rent cease or are reduced during the Loss of Rent Indemnity Period in consequence of the damage, the amount so saved will be deducted from the difference between the rent due and the rent that would have been due had the damage not occurred.

'Loss of Rent Indemnity Period' means the period during which revenue derived from rents is affected in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

LOST OR STOLEN KEYS

If, during the Period of Insurance, any key (or equivalent device) or combination giving access to Insured Property is lost, stolen or believed on reasonable grounds to have been duplicated without proper authority, this Policy extends to cover the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. This Policy also extends to cover the reasonable cost of opening any safe or strongroom following theft or loss of its key or combination.

MONEY

Subject to the definitions and additional exclusions set out below, this Policy extends to cover Money as follows:

Section A

Money in transit anywhere in New Zealand; Money at the Insured's business premises or sites of contract during Business Hours; Money in a securely locked safe or strongroom outside Business Hours.

Section B

Money at the Insured's business premises outside Business Hours and not in a securely locked safe or strongroom; Money at the residential premises of the Insured or any Principal or authorised employee of the Insured.

Definitions

'Money' means current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, and other negotiable instruments belonging to the Body Corporate listed as the Insured in the Schedule.

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

'Principal' means any of the Insured's directors and executive officers, but only in their capacity as such.

MACHINERY BREAKDOWN EXTENSION – REINSTATEMENT BASIS

Subject to the Special Provisions set out below and to all other terms of this Policy in so far as they can apply, this Policy extends to cover property insured under Item 1 and/or Item 2(a) of this Policy comprising any Machine/Equipment against damage caused by Breakdown, but only after its successful initial commissioning at the place where the Machine/Equipment is or will be used.

'Machine/Equipment' means any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

'Breakdown' means the sudden and accidental breaking, seizing, deformation, or burning out of any part of the Machine/Equipment while in use; the cause being a defect in the Machine/Equipment; the result being a stoppage in the function of the Machine/Equipment; and repair or replacement being necessary before the Machine/Equipment can resume working.

'Pre-Breakdown Value' means the new installed replacement value of the Machine/Equipment (of its nearest available equivalent having not less than the same capacity or functions of the original Machine/Equipment) subject to a reasonable deduction for use.

'Reinstatement' means replacement of the damaged Machine/Equipment by a Machine/Equipment as nearly as practicable the same as or equivalent to the damaged Machine/Equipment, having regard to the current state of technology, and having an equivalent capacity to that of the damaged Machine/Equipment, but not greater capacity unless a Machine/Equipment with an equivalent capacity is not available and the replacement Machine/Equipment has the nearest to an equivalent capacity. The words 'Reinstate' and 'Reinstating' have corresponding meanings.

Basis of Settlement

Where the damage can be repaired, the basis of settlement under this Policy will be the cost of restoring of the Machine/Equipment to its former state of serviceability, based on the customary daily labour cost in the district, together with normal freight and erection and customs dues net of Maintenance Agreement benefits used.

Unless otherwise specified in this Policy, no deduction will be made for depreciation of parts replaced, but account will be taken on any salvage value in those parts. Where any excluded part is damaged in circumstances where the exclusion does not apply, due allowance will be made for the working life of that part expended at the time of the damage.

In the event of repair costs equalling or exceeding the Pre-Breakdown Value, the Machine/Equipment will be deemed to be destroyed.

Where the Machine/Equipment is destroyed or deemed to be destroyed, the basis on which the amount payable under this Policy is to be calculated will be the cost of Reinstating the Machine/Equipment plus the cost of removing the damaged Machine/Equipment, less any salvage value of the damaged Machine/Equipment. However, this basis will not apply if the Insured elects not to reinstate the Machine/Equipment or if the work of Reinstatement is not commenced and carried out with reasonable despatch.

Where the Reinstatement basis does not apply the basis of indemnity will be the Pre-Breakdown value of the Machine/Equipment together with the cost of removing the damaged Machine/Equipment, less any salvage value of the Machine/Equipment.

Exclusions

Damage Otherwise Insured

This Policy does not insure against damage that is otherwise insured under this Policy or under any other memorandum incorporated in this Policy including Maintenance Agreement recoveries. In respect of Machinery/Equipment a Service Contract must be in force at all times. Any Machinery/Equipment maintenance requirements must be attended to by properly qualified servicing Agents.

Experiments, Overloading and Testing

This Policy does not insure against damage resulting from experiments, overload, or similar tests, requiring the imposition of abnormal conditions; but this exclusion does not apply where the imposition of abnormal conditions is for the purpose of checking the correct working of the Machine/Equipment or of its safety installations.

Known Defects

This Policy does not insure against damage due to faults or defects known to the Insured prior to breakdown.

Alterations and Improvements

This Policy does not cover the cost of alterations, additions, improvements or overhauls carried out on the occasion of a repair.

Temporary Repairs

This Policy does not cover the cost of any temporary repairs, except to the extent that the temporary repairs form part of permanent repairs including temporary repairs to the Machinery/Equipment pending replacement parts etc becoming available.

OTHER INTERESTS

Where the Insured has agreed to insure the interest of any person or corporation having an insurable interest in any of the Insured Property, the Company will indemnify the Insured and that person or corporation subject to the terms of this Policy as if a separate policy had been issued to each. However:

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

PREVENTION OF ACCESS

Loss, as insured by this Policy and resulting from Damage to any property within one kilometre of the Premises, that prevents or hinders the use of or access to the Premises will be deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

PROFESSIONAL FEES

This Policy extends to include all professional fees, clerk of works' and inspectors' salaries and wages, and other costs reasonably incurred in connection with the reinstatement of Insured Property lost or damaged by an insured peril. The insured fees, salaries, wages and costs are included in the sum insured on the Insured Property. This extension of insurance does not cover fees for preparing claims made under the Policy.

PROTECTION COSTS

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

PUBLIC AUTHORITIES

Loss, as insured by this Policy, and resulting from any action of a public authority consequent upon:

- (a) Damage to any property whatsoever;
- (b) bodily injury to any person on or in the vicinity of the Premises;
- (c) vermin, pests, fumes, escape of any hazardous material, defective sanitation or effluent system;

or the threat or fear of any of them, is deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

For the purpose of any claim under this Memorandum, the Alternative Residential Accommodation Indemnity Period and/or Loss of Rent Indemnity Period will commence 24 hours after the action is first taken by the Public Authority and not as otherwise stated.

RECORDS

The Insured Property is deemed to include documents, manuscripts, computer system media, business books, microfilm, technical drawings and other records for their value as materials plus the cost of collecting and reproducing the information on them. The value of the information is not insured.

REDUNDANT FOUNDATIONS

Where the foundations of any building or plant are made redundant for any reason in consequence of insured damage to the property resting on them and, if the value of the foundations is reduced as a result, the loss of value will be deemed to be loss by physical damage for the purpose of claims under this Policy.

If it is not necessary to demolish the foundations in order to reinstate damaged property, and if the presence of the abandoned foundations increases the market value of the property to which they are fixed, the amount of increase will be treated as salvage in the adjustment of loss for claim settlement purposes.

RECOVERY APPORTIONMENT

If the Company, having exercised its right of subrogation, recovers any part or all of a loss in respect of which a claim has been paid or is payable under this Policy, the amount so recovered will be apportioned as follows:

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

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

No recovery to which this Memorandum applies will be taken into account in determining the amount of 'adjusted loss' for the purpose of the Deductible condition of this Policy.

REFRIGERATED GOODS

In respect of property insured under Item 1 and/or Item 2(a) of this Policy this Policy extends to cover:

- (a) damage to goods stored in refrigerated cabinets or chambers arising from accidental stoppage or malfunction of refrigerating plant from any cause whatsoever except as provided below.
- (b) costs reasonably incurred to avoid or minimise the damage by transferring the threatened goods to alternative storage or by other means.

Special Provisions

1. The words 'goods stored' are deemed to include goods anywhere on the premises at the time of the loss causing event and that would, but for the event, have been placed in the refrigerated cabinets or chambers.
2. In respect of loss due to the disconnection of the public electricity supply, this extension only covers the loss where the electricity supplier has given less than 24 hours prior notice of the disconnection.

REINSTATEMENT

In so far as it can, this Memorandum applies to all Insured Property other than stock unless otherwise provided.

In the event of any Insured Property to which this Memorandum applies being lost or damaged, the basis on which the amount payable under this Policy is to be calculated will be the cost of Reinstatement of that property. Insurance under this Memorandum is subject to the Special Provisions set out below.

Definitions

In this Memorandum, and unless the context requires otherwise:

- (a) 'Reinstatement' means:
 - 1) where property is lost or Destroyed, its replacement by an Equivalent Building or by Equivalent Plant as the case may require.
 - 2) where property is damaged but not Destroyed, the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new, and including any alterations that may be necessary to comply with any Law.

- (b) 'Equivalent Building' means:
- 1) a building or structure that is as nearly as practicable the same as the building or structure lost or Destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any Law.
 - 2) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) can be constructed; a building or structure that is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or Destroyed.
 - 3) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) is suitable to the Insured's reasonable requirement, a building or structure that is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the building or structure lost or Destroyed.
- (c) 'Equivalent Plant' means any plant or equipment as nearly as practicable the same as or equivalent to the plant or equipment lost or Destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or Destroyed plant or equipment, but not greater capacity unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest to an equivalent capacity.
- (d) 'Destroyed' means so damaged by an insured event that the property, by reason only of that damage, cannot be repaired.
- (e) 'Site' means any parcel of land owned or occupied by the Insured.
- (f) 'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.
- (g) 'Undamaged' means not damaged physically and directly by an event insured under this Policy.

Special Provisions

1. Compliance with Law

The amount payable under this Memorandum will include the cost incurred in Reinstatement that is necessary to comply with any Law; provided that the amount payable will not include any such cost:

- (a) to the extent to which the work had already been required of the Insured by notice served prior to the happening of the loss or damage; or
- (b) in respect of Undamaged property or Undamaged portions of property other than foundations (unless foundations are expressly excluded from insurance under this Policy).

Special Provision 1(b) will apply whether or not the Undamaged property or portion comprises a separate building or structure or a separate item of plant or equipment.

2. Site of Reinstatement

Where property is Destroyed, the work of Reinstatement must be carried out on the same Site; provided that the work may be carried out upon any other Site:

- (a) where Reinstatement on the same Site is not permissible by reason of any Law, or
- (b) where Reinstatement on the same Site is not suitable to the Insured's reasonable requirement.

3. Limitations on Amount Payable

- (a) Where the work of Reinstatement is carried out in terms of Definition (b) 2) or (b) 3), or on any location other than the original location, the Company's liability in respect of the cost of Reinstatement will not exceed the cost that would have been incurred had Reinstatement been carried out in terms of Definition (b) 1) on the original location.
- (b) Where the Insured Property is damaged but not Destroyed, the Company's liability will not exceed the amount the Company could have been called upon to pay for Reinstatement if the property had been Destroyed.
- (c) The Company's liability under this Memorandum in respect of any item of Insured Property will not exceed the sum insured in respect of that item.

4. Circumstances Where This Memorandum Does Not Apply

No payment, beyond the amount that would have been payable had this Memorandum not been incorporated in the Policy, will be made:

- (a) if the Insured elects not to Reinstatement the property;
- (b) if the work of Reinstatement is not commenced and carried out with reasonable despatch;
- (c) until the cost of Reinstatement has been actually incurred;
- (d) where a building or structure is damaged, but not Destroyed, and the repair of the damage is not permissible by reason of any Law, or by reason of the condition of the Undamaged portion of the property.

Where, by reason of any of these circumstances, no payment is to be made beyond the amount that would have been payable if this Memorandum had not been incorporated in the Policy, the rights and liabilities of the Insured and the Company in respect of the loss or damage will be the same as if this Memorandum had not been incorporated in the Policy.

5. Rates, Tax and Other Charges

The amount payable under this Memorandum will not include the amount of any rate, tax, duty, development charge, or any other charge or assessment arising out of capital appreciation, that may be payable in respect of the property by reason of compliance with any Law.

REWARDS

This Policy extends to cover the cost of any reward paid by the Insured for the purpose of protecting or recovering any of the Insured Property, provided that:

- (a) no payment will be made unless it contributes to the protection or recovery of the property;
- (b) the terms of the reward are agreed by the Company prior to the reward being offered;
- (c) the liability of the Company is not increased beyond the sum insured on that property.

The Company will not unreasonably withhold its agreement to the terms of the reward.

SUBSIDENCE

This Policy extends to cover loss or damage to any of the Insured Property consequent upon sudden and unforeseen subsidence of land beneath or adjacent to the property. For the avoidance of doubt, the Policy does not extend to cover loss or damage consequent upon the normal settling, shrinkage, or expansion of any building or its foundations.

STRESS PAYMENT

Where the Company settles a loss under the definition (a) 1 of the Reinstatement Memoranda, this Policy extends to pay to each residential unit owner that occupies their residential unit for the stress caused, the sum stated in the schedule subject to the maximum aggregate limit per event. Where the aggregate limit is reached, the payment per residential unit owner will be apportioned evenly.

TEMPORARY REMOVAL

This Policy is extended to cover the Insured Property while temporarily removed elsewhere on the same premises or to other premises anywhere in New Zealand and in transit to and from those premises. In this Memorandum, 'temporarily removed' means removed for a particular purpose, with the intention that the chattels be returned to the place from which they have been removed once the purpose has been served.

The amount recoverable under this extension in respect of the property so removed will not exceed the amount that would have been recoverable had the loss occurred in that part of the premises from which the chattels are temporarily removed.

This Memorandum does not apply to any loss for which indemnity would be payable under the Policy in the absence of this Memorandum.

UNHARMED PROPERTY

If, for the sole purpose of reinstating Insured Property damaged by an insured peril, it is necessary to demolish, damage or remove any property or part unharmed by that peril, the Company will indemnify the Insured for the cost of doing so. The Company will also indemnify the Insured for the cost of reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior to the demolition, damage or removal.

The indemnity provided by this Memorandum will not increase the Company's liability beyond the sum insured on the property damaged by the insured peril.

IMPOSED ENDORSEMENTS

ELECTRONIC DATA EXCLUSION

1. Electronic Data Exclusion

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

- a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- b) However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils: Fire
 Explosion

2. Electronic Data Processing Media Valuation

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

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

SANCTIONS

No Company shall be deemed to provide cover and no Company shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America, or New Zealand.

TERRORISM EXCLUSION

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

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured. In the event of any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

TRANSMISSION AND DISTRIBUTION LINES EXCLUSION

The Company shall not be liable for physical loss, destruction of or damage to transmission and distribution towers, poles, lines, components or equipment:

Provided that this exclusion shall not apply to transmission and distribution towers, poles, lines, components or equipment:

- a) at or within 300 metres of any insured site; or
- b) in storage and not forming an integral part of the transmission and distribution line system, at the time of the insured loss.

NATURAL DISASTER DEDUCTIBLES ENDORSEMENT

This endorsement does not apply to EQC Residential Property as defined in the Earthquake – Residential Property clause of this Policy.

If this Policy includes Natural Disaster cover, then, the Deductible Amount that will apply to a Natural Disaster Event will be as follows and not as shown in the Schedule:

Where the loss arises from damage to Insured Property located on any Site Northland and Auckland Local Government regions:

- (a) If the Site does not include any building built pre-1936, the amount deductible from the loss will be 1% of the Site Value, subject to a minimum of \$2,500.
- (b) If the Site includes one or more buildings built pre-1936, and if the value of any one or more buildings on the Site built post-1935 has not been separately declared, the amount deductible from the loss will be 5% of the Site Value, subject to a minimum of \$5,000.
- (c) If the Site includes one or more pre-1936 buildings and one or more post-1935 buildings and the value of buildings in each age range has been separately declared, then amount deductible from the loss will be:
 - 2.5% of the insured value of the post-1935 buildings; plus
 - 5% of the insured value of the pre-1936 buildings; plus
 - 5% of the insured value of all stock, plant and other chattels at the Site;but not less than \$5,000.

Where the loss arises from damage to Insured Property located on a Site outside Northland and Auckland Local Government regions:

- (a) If the Site does not include any building built pre-1936, the amount deductible from the loss will be 5% of the Site Value, subject to a minimum of \$5,000.
- (b) If the Site includes one or more buildings built pre-1936, and if the value of any one or more buildings on the Site built post-1935 has not been separately declared, the amount deductible from the loss will be 10% of the Site Value, subject to a minimum of \$10,000.
- (c) If the Site includes one or more pre-1936 buildings and one or more post-1935 buildings and the value of buildings in each age range has been separately declared, then amount deductible from the loss will be:
 - 5% of the insured value of the post-1935 buildings; plus
 - 10% of the insured value of the pre-1936 buildings; plus
 - 10% of the insured value of all stock, plant and other chattels at the Site;but not less than \$10,000.

Combined Material Damage and Business Interruption Loss

The deduction will be made from the combined Material Damage and Business Interruption loss arising from damage to Insured Property at the Site. If damage at more than one Site contributes to the same Business Interruption loss, then, for the purpose of the Deductible, the whole of the Business Interruption loss will be deemed to have arisen from the contributing Site at which the damage has been greatest.

Definitions

'Natural Disaster' means any earthquake, hydrothermal activity, geothermal activity, volcanic eruption, or tsunami, and includes fire resulting from any of them.

'Site' means a location of Insured Property as declared in a schedule of assets that the Insured has provided to the Company. If the Insured Property is not at a location so declared, 'Site' will mean a physical location where property is linked to achieve a common business purpose at that location.

'Site Value' means the insured value of all Insured Property located at the Site.



BODY CORPORATE INSURANCE

MATERIAL DAMAGE/ BUSINESS INTERRUPTION POLICY



Underwritten by:

CHUBB®

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OPERATIVE CLAUSE

In consideration of the Insured having paid or promised to pay the required premium and subject to the terms of this Policy, the Company agrees to indemnify the Insured:

Item 1 for physical loss or damage – unintended and unforeseen by the Insured – happening during the Period of Insurance to any Insured Property being Buildings.

‘Buildings’ means:

- (a) buildings and structures of any kind and their appurtenances situated at the Location;
- (b) plant, fixtures and fittings, pipes and cables pertaining to or located in or about (a) above, and
- (c) any and all site improvements including but not limited to signs, tanks, poles, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like, situated at the Location,

all owned by the insured Body Corporate and/or in which ownership is shared by the unit owners.

Buildings also includes all fitted floor coverings (including but not limited to glued, smooth edge or tacked carpet and floating floors) owned by the insured Body Corporate and/or in which ownership is shared by the unit owners and/or owned by the individual unit owner in whose unit the property is located.

Buildings does not include Chattels or Landlord Fixtures and Fittings whether belonging to the Insured or to any other party.

Item 2 for physical loss or damage – unintended and unforeseen by the Insured – happening during the Period of Insurance to any Insured Property being:

- (a) Chattels at the Location.

‘Chattels’ means all chattels owned by the insured Body Corporate and/or in which ownership is shared by the unit owners but does not include fitted floor coverings.

- (b) Landlord Fixtures and Fittings at the Location while contained in an individual unit owner’s unit that is occupied by tenants, subject to:
 - (i) if the property is occupied at the time of loss, a Tenancy Agreement (as defined by the Residential Tenancies Act 1986) or a commercial lease agreement being in place at the time of loss; and
 - (ii) such property not being otherwise insured.

'Landlord Fixtures and Fittings':

- (i) in respect of residential property means whiteware, curtains, blinds drapes and light fittings owned by or the responsibility of the individual unit owner in whose unit the property is located.
- (ii) in respect of commercial property means fixtures and fittings provided by the landlord.

Item 3 Loss of Rents as provided by the Loss of Rents Memorandum for the period during which revenue derived from rents is affected in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

Item 4 Alternative Residential Accommodation as provided by the Alternative Residential Accommodation Memorandum for the period reasonably required for reinstatement of the damaged accommodation during which period the accommodation remains uninhabitable in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

Item 5 Additional Costs as provided by the Additional Costs Memorandum during the Additional Costs Indemnity Period.

'Insured Property' means property insured under Item 1 and/or Item 2 of this Policy.

'Event' means an event or series of events arising from any one cause during any period of 72 consecutive hours.

Except where expressly provided to the contrary, the Company's liability will not exceed the Sum Insured and, if more than one Item is included in the Schedule attaching to this Policy, will not exceed in respect of each Item the Sum Insured set against that Item. This clause does not apply to part 1 of the Declared Values clause nor cover provided under the Capital Additions Memorandum.

EXCLUSIONS

Note: Some of the following exclusions may be fully or partially overridden by memoranda attaching to this Policy

Building Defects and Deterioration

1. This Policy does not insure against loss or damage to any building or structure directly or indirectly caused by the failure of that building or structure to contain:
 - (a) materials; or
 - (b) a design; or
 - (c) a system; or
 - (d) a standard of workmanship;as are necessary to effectively prevent or manage the presence or penetration of moisture or water to which the building or structure might reasonably be subjected.
2. This Policy does not insure against loss or damage directly or indirectly caused by:
 - (a) the action of micro-organisms; or
 - (b) gradual deterioration;provided however that, where fire is the result of (a) or (b) above, then the Policy will insure against any damage directly caused by the fire, subject to all the terms of this Policy in so far as they can apply.

Consequential Loss

For the avoidance of doubt, the insurance against physical loss or damage to Insured Property does not include insurance against consequential economic loss such as loss of market or loss of profit.

Contract Works

This Policy does not insure property in the course of installation, construction, demolition, erection, or testing following any of them, under any contract for which the expected final contract price will exceed the amount specified in the Schedule.

Defective Workmanship or Design

For the avoidance of doubt, this Policy does not cover the cost of repairing or replacing defective materials, the cost of putting right defective workmanship, or the cost of putting right work performed to a defective design plan or design specification. This exclusion does not apply to any loss or damage occurring as a result of the defective materials or workmanship, or as a result of work performed to a defective design plan or design specification.

Deterioration

This Policy does not insure against loss or damage to the property or part immediately affected directly caused by:

- (a) normal working, normal maintenance, wear and tear, erosion, corrosion, slowly developing deformation or distortion;
- (b) action of vermin or insects;
- (c) the nature of the Insured Property (including shrinkage, evaporation, loss of weight, change in flavour, or colour or texture or finish), action of light;
- (d) pollution or contamination;

- (e) fumes, smoke or smut;
- (f) a change in any artificially controlled temperature or atmosphere;

but this exclusion will not apply to loss or damage directly attributable to fire or any other accidental cause not expressly excluded.

Disappearance

This Policy does not insure against unexplained disappearance, loss directly resulting from shortages revealed only by the taking of an inventory, or shortages due to clerical or accounting errors.

Interruption

In respect of the property or part immediately affected, this Policy does not insure against damage directly caused by total or partial cessation of work, retarding or interruption or cessation of any process.

Land Movement

This Policy does not insure against loss or damage directly or indirectly caused by or resulting from landslip, subsidence or erosion of land.

Money

This Policy does not insure Money, meaning current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, and other negotiable instruments.

Precious Goods

This Policy does not insure jewellery, precious stones, furs, precious metals or bullion other than as part of any plant.

Pressure Vessels

In respect of the Pressure Vessel in which the damage originates, this Policy does not insure against:

- (a) explosion, rupture, bursting, collapse, of the Pressure Vessel due to generated or applied fluid pressure (other than pressure caused solely by weight of contents or by chemical explosion); or
- (b) overheating, cracking or leaking of any Pressure Vessel due to or arising from its operation.

This exclusion does not apply to subsequent loss or damage arising from an ensuing cause not otherwise excluded.

For the purpose of this exclusion, 'Pressure Vessel' means a boiler or vessel that, in normal use, is subject to generated or applied fluid pressure (other than pressure caused solely by weight of contents), but does not include any tank used solely for storage.

Property Excluded Unless Specified

This Policy does not insure any of the following property unless it is specified in the Schedule or declared to the Company in a schedule of assets provided to the Company for the purpose of underwriting information:

- (a) standing timber, growing crops, livestock, dams, canals, road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, or any land including topsoil and backfill. However, this exclusion does not apply to tunnels, bridges, earthworks or other site improvements not otherwise excluded, or to docks, piers, or wharves forming part of any building, all at the Insured's building or industrial sites.

- (b) domestic contents, contents used for business or stock belonging to any unit owner, occupier or tenant.

Settlement, Shrinkage or Expansion

This Policy does not insure against normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads, and other structural improvements. However, this exclusion will not apply to loss or damage arising from an ensuing cause not otherwise excluded.

Theft by Employees

This Policy does not insure against theft by any of the Insured's employees, but this exclusion does not apply if:

- (a) the theft is discovered within 72 hours (excluding the hours of any Saturday, Sunday, or other public holiday) of its occurrence; or
- (b) the theft is accompanied by violence or threat of violence to persons or violent and forcible entry to or exit from any enclosed building.

Transit

This Policy does not insure any property while in transit other than at premises owned or occupied by the Insured.

Vehicles, Aircraft and Watercraft

This Policy does not insure any motor vehicle, other mechanical or electrically propelled vehicle, watercraft or aircraft of any kind, and any accessories in them or on them. This exclusion does not apply to stock of the Insured's business or to any crane or other mobile plant used at the Insured's premises and not otherwise insured.

War, Confiscation and Nuclear Risks

This Policy does not insure against loss or damage directly or indirectly caused by or resulting from any of the following:

- (a) War, invasion, act of foreign enemy, warlike operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, insurrection, military or usurped power.
- (b) Confiscation, requisition or destruction of or damage to property by lawful order of government or local authority unless the order is given for the purpose of controlling fire or other peril for which insurance is provided by this Policy.
- (c) Nuclear weapons material.
- (d) Ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. For the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission.

Weather

This Policy does not insure against damage directly caused by weather conditions to property not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions.

CONDITIONS

APPLICATION OF MEMORANDA

Where the terms of any Memorandum attaching to this Policy are inconsistent with any other terms of the Policy, the terms of the Memorandum will prevail. Where the terms of any Memorandum are inconsistent with the terms of any other Memorandum, the terms most favourable to the Insured will prevail.

Where the Schedule states that a Memorandum is subject to a special limit or other special provision, the limit or provision will apply to that Memorandum but not to loss that would be covered under the Policy without the Memorandum.

CANCELLATION

(a) By the Insured

The Insured may cancel this Policy at any time with immediate effect by giving written notice to the Company. The Company will then retain a pro-rata proportion of the premium (subject to any adjustment required by the terms of this Policy) for the time during which the Policy has been in force, and will refund the unearned balance to the Insured.

(b) By the Company

The Company may cancel this Policy at any time by giving written notice to the Insured or to the Insured's broker. The notice must be delivered personally or by a method that requires confirmation of delivery. The cancellation will take effect at 4 p.m. on the 45th day after the notice has been delivered. The Company will then refund a pro-rata proportion of the premium to the Insured, subject to any adjustment required by the terms of this Policy.

CLAIMS

On becoming aware of any event giving or likely to give rise to a claim on this Policy, the Insured must:

- (a) take prompt steps to minimise the loss or damage;
- (b) take reasonable steps to protect the property from further loss or damage;
- (c) immediately notify the Company;
- (d) if a criminal act is suspected, inform the police.

As soon as practicable after any event from which a claim arises, the Insured must submit full particulars of the claim in writing to the Company and, at its own expense, provide the Company with any reasonably required proof and information in respect of that claim.

DECLARED VALUES

The amount shown in the attached Schedule of Property Values is the value of the Building and Plant covered by this Policy, as declared by the Insured for insurance purposes.

1. Where the declared value for Buildings and Plant for insurance purposes is supported by a valuation no more than 36 months old at the date of inception of this Policy the Company's liability for loss of or damage to any item of Building and Plant will not exceed 125% of the value declared for that item.
2. Where the declared value for Buildings and Plant for insurance purposes is not supported by a valuation no more than 36 months old at the date of inception of this Policy the Company's liability for loss of or damage to any item of Building and Plant will not exceed the value declared for that item.

For the sake of clarity, "supported by a valuation" includes any value that is equal to or greater than the value stated in the most recent valuation, including but not limited to any increases to reflect actual or perceived increased building costs.

DEDUCTIBLE

Each loss or series of losses arising out of one Event will be adjusted separately. The adjusted loss will be net of salvage and other recoveries. From each adjusted loss the amount specified in the Schedule will be deducted.

FRAUD

If the Insured or anyone acting on behalf of the Insured makes any claim that is in any respect fraudulent, or makes any false declaration in support of any claim, or uses any other fraudulent means or devices to obtain benefit under this Policy, all benefit in respect of that claim will be forfeited. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

GOODS AND SERVICES TAX

Where the Insured is liable to pay GST on receiving any indemnity payment under this Policy, the Company will reimburse the Insured for the cost of that tax. The reimbursement will be made in addition to the indemnity otherwise payable and will not be subject to any sum insured or other limit of the Company's liability. For the purpose of this clause, 'GST' means tax payable under Section 5(13) of the Goods and Services Tax Act 1985, or under any statutory amendment to or re-enactment of the Section or Act.

JOINT INSUREDS

For the purpose of this clause, "Insured Person" means any person or corporation entitled to indemnity under the terms of this Policy, whether or not the person or corporation is named in the Schedule.

Where this Policy is to the benefit of more than one Insured Person:

- (a) the Insured first named in the Schedule will be responsible for payment, on behalf of all Insured Persons, of any premium due or which may become due in terms of this Policy.
- (b) the Company's obligation to make any payment to the Insured in terms of this Policy will be discharged on making that payment to the Insured first named in the Schedule.
- (c) any notice, for which provision is made in this Policy, given by or given to the Insured first named in the Schedule will be deemed sufficient notice by or to all Insured Persons.
- (d) unless the context requires otherwise, any words such as "accidental", "unexpected", "unintended", and "unforeseen", which may appear in this Policy or in any endorsement to this Policy in relation to a loss or cause of loss, are to be interpreted from the standpoint of the Insured Person seeking indemnity in respect of the loss or cause of loss.

MISREPRESENTATION

This Policy is voidable in the event of the misrepresentation or non-disclosure of any material fact.

However, the insurance will not be prejudiced by:

- (a) any innocent misrepresentation of property or occupancy; or
- (b) any act or omission of the occupier whereby, without the Insured's knowledge or consent, the risk of loss or damage to property not occupied by the Insured is increased.

The Insured's Insurance Manager (or equivalent) must give notice to the Company immediately upon becoming aware of any such event and the Insured must pay an appropriate additional premium if required. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

MUTUALLY ACCEPTABLE ADJUSTERS

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

NEW ZEALAND POLICY

This Policy is to be governed by and construed in accordance with the laws of New Zealand, whose courts will have sole jurisdiction over any legal action arising out of or in connection with this Policy.

OBSERVANCE

The Insured's observance and fulfilment of the terms of this Policy in so far as they relate to anything to be done or complied with, and the truth of statements made by the Insured in writing, are conditions precedent to the Company's liability under this Policy. For the purpose of this condition, each of the Insured (if more than one) will be treated as having been issued with a separate policy. Breach of this condition without the Insured's knowledge will not invalidate the Policy, but the Insured's Insurance Manager (or equivalent) must advise the Company immediately upon becoming aware of it. The Insured agrees to pay an appropriate additional premium if required.

OTHER INSURANCE

If, at the time of any claim arising under this Policy, there is any other valid and collectable insurance covering all or part of the same loss, this Policy will apply only to the amount of any loss in excess of that recoverable under the other insurance. This condition does not apply where the other insurance is 'excess' insurance expressly intended to provide a layer of cover in excess of that provided under this insurance.

The amount of loss excluded from this Policy by reason of any other insurance will not be cumulative upon the amount of loss excluded from the Policy by application of any Deductible; other insurance being permitted on loss within the Deductible.

PROGRESS CLAIM PAYMENTS

Where loss or damage has given rise to a valid claim on this Policy, the Company will make progress claim payments on production of acceptable evidence of insured loss. If the aggregate of progress payments exceeds the total amount of loss as finally adjusted, the Insured will immediately refund the difference to the Company.

REASONABLE PRECAUTIONS

The Insured must make reasonable endeavours to maintain any fire protection or security equipment or installations in accordance with the manufacturer's recommendations; and must take reasonable precautions against loss or damage as insured under this Policy.

REINSTATEMENT OF AMOUNT

In the event of loss for which a claim is payable under this Policy, and in the absence of written notice by the Company or the Insured to the contrary, any amount of insurance cancelled by the loss will be automatically reinstated. The Insured agrees to pay such pro rata premium at the applicable rate as may be required for the reinstatement.

This condition does not apply to loss from earthquake, hydrothermal activity, geothermal activity, volcanic eruption or tsunami.

RENEWAL TERMS

If the Company intends to refuse renewal of this Policy, or to offer renewal on any terms less favourable to the Insured than those applying during the current Period of Insurance, the Company must give the Insured 30 days notice of that intention. If the current Period of Insurance expires before the end of 30 days after the notice has been received by the Insured, the Period of Insurance will, if the Insured so requires, be extended to expire at the same time as the period of notice. In the event of such an extension, the Insured will pay a pro rata proportion of the premium for the extended Period of Insurance.

SALVAGE

The Company may enter any building where Insured Property has been damaged and may take and keep possession of the damaged property. The Insured will not be entitled to abandon any property to the Company. The Company may deal with the salvage in any reasonable manner.

SUBROGATION

Where, upon accepting liability for a claim under this Policy, the Company is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation, the Insured must, at the Company's expense, do and concur in doing and permit to be done anything reasonably required by the Company for the purpose of enforcing that right.

The Insured must comply with this condition when required, whether before or after having been indemnified by the Company. The Company will not exercise subrogation against any person or corporation insured under this Policy, or against any employee of the Insured unless the employee has caused the loss or damage wilfully.

WAIVER OF RECOVERY RIGHTS (GROUP COMPANIES)

Where the Insured is a parent or subsidiary in a group of related companies, this insurance will not be invalidated by reason of the Insured waiving or having waived any right of recovery it may have against any other company in the same group. 'Subsidiary Company' means a company, more than half the nominal value of whose equity share capital is owned by a parent company either directly or through other subsidiaries; and a group of related companies means a group of companies related to one another by virtue of such ownership.

WAIVER OF RECOVERY RIGHTS (BY AGREEMENT)

This insurance will not be invalidated by reason of the Insured having waived any right of recovery or indemnity against any other party to a contract or agreement with the Insured in the ordinary course of business, but only where:

- (a) the contract or agreement is not for the supply of goods or services by the Insured; and
- (b) the waiver was made in writing before the loss occurred.

MEMORANDA

ADDITIONAL COST OF SUSTAINABLE PRODUCTS

Where a claim is payable under this Policy for Reinstatement of a Destroyed building, then, to the extent permitted by law, the Company will pay the additional cost of including Sustainable Products in the Reinstatement of that building. The most that the Company will pay for this is 5% of the cost of Reinstatement that would otherwise be incurred; but not more than \$250,000 any one Event. The limit does not apply to any cost that would be covered without the benefit of this clause.

'Reinstatement' and 'Destroyed' have the meanings given to them in the Reinstatement memorandum of this Policy. 'Sustainable Products' are products that have reduced environmental impact or will enable more efficient use of energy or water. Products that fall within the scope of this clause include:

- (a) Wall and ceiling insulation (as recommended by Standards New Zealand);
- (b) Double glazed windows;
- (c) Solar water heating systems;
- (d) Heat pumps;
- (e) Rainwater collection tanks;
- (f) Low volatile organic paint;
- (g) Home sprinkler systems (but only where the Destroyed building is a stand alone unit);
- (h) Any building material that would have a lesser impact on the environment.

The Company reserves the right to approve the use of any of these products before they are installed. Such approval will not be unreasonably withheld.

ADDITIONAL COSTS

Where any amount is payable under Item 3 and/or Item 4 of this Policy, this insurance extends to cover additional costs reasonably incurred by the Insured in consequence of the damage.

However, this insurance does not apply to costs otherwise recoverable under Item 3 and/or Item 4, or any costs incurred in the reinstatement of physically damaged property other than the reconstitution of records.

'Additional Costs Indemnity Period' means the period commencing from the earlier of the Alternative Residential Accommodation Indemnity Period and the Loss of Rent Indemnity Period, and continuing until the end of the Alternative Residential Accommodation Indemnity Period or the Loss of Rent Indemnity Period, whichever is later.

ALTERNATIVE RESIDENTIAL ACCOMMODATION

Where any residential accommodation insured by this Policy is made uninhabitable by damage for which a claim is payable under the Policy, this insurance extends to cover the reasonable cost of alternative accommodation necessarily incurred by the Insured who normally occupies the accommodation unit provided that:

- (a) the cost is not otherwise insured;
- (b) the period for which the costs are covered will be limited to the Alternative Residential Accommodation Indemnity Period;
- (c) the Company may deduct a reasonable allowance for costs reduced or avoided as a result of the accommodation being uninhabitable.

'Alternative Residential Accommodation Indemnity Period' means the period reasonably required for reinstatement of the damaged accommodation during which period the accommodation remains uninhabitable in consequence of the damage, beginning with the occurrence of the

damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

CAPITAL ADDITIONS

Subject to the additional conditions set out below, this Policy extends to cover property (including, but not limited to, alterations, additions and improvements to existing property) situated anywhere in New Zealand and acquired by the Insured during the Period of Insurance.

Additional Conditions

1. This extension of cover does not apply to stock, or property of any kind expressly excluded from this insurance, or any appreciation of value that is not due to a physical alteration, addition or improvement.
2. Cover under this extension takes effect on each acquired property when the risk in the property passes to the Insured.
3. At the end of the Period of Insurance, or at earlier intervals if the Insured prefers, particulars of each property acquired during the Period of Insurance must be given to the Company. On receipt of those particulars:
 - (a) the Company will be entitled to charge an additional premium calculated pro rata from the date on which cover commenced, and
 - (b) if the Period of Insurance has not yet expired, the terms of this extension will be fully reinstated.
4. If any Reinstatement conditions are incorporated in this Policy, and unless the Insured gives notice to the contrary, the insurance on property covered under this extension will be subject to those conditions.

CLAIMS ASSESSMENT

This Policy extends to cover costs, including but not limited to fees, reasonably incurred by or on behalf of the Insured for the purpose of assessing or preparing any valid claim made under this Policy. The cost is included in the sum insured on the insured interests.

COMPUTER BREAKDOWN

In the event of computer Breakdown of property insured under Item 1 and/or Item 2(a) of this Policy, the Company will indemnify the Insured for the reasonable and necessary cost to repair or replace the item.

'Breakdown' means the sudden and unforeseen mechanical, electrical or electronic malfunction or failure which becomes apparent at the time it occurs and requires immediate repair or replacement to enable normal operation to continue.

CONSTRUCTIVE TOTAL LOSS

Where the Insured is prevented from reinstating any Insured Property by sole reason of any Law, the Insured Property will be deemed for all purposes of this Policy to have been destroyed. For the purpose of this clause, 'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.

DEFECTIVE DRAINS OR SANITATION EXTENSION

Where, in consequence of defective drains or sanitation at any of the leased premises, action taken by a competent public authority prevents continued tenancy of the premises, thereby causing a loss of rent, the Insured will be indemnified for the loss in terms of the Loss of Rent Memorandum as if the loss had resulted from damage for which a claim is payable under this Policy.

DEMOLITION AND OTHER COSTS

This Policy extends to cover costs necessarily incurred for any of the following purposes in consequence of loss or damage by an insured peril.

- (a) Demolition, dismantling, shoring up or propping of the Insured Property.
- (b) Disposal of debris (including any kind of solid, liquid or gaseous matter, and whether or not the debris is part of the Insured Property), and the clearing, cleaning and repairing of gutters, drains and the like.
- (c) Recovery, defence, safeguard, removal, storage, and return of stock, plant and other chattels whether damaged or undamaged.
- (d) Temporary repairs and other measures necessary to secure the property or to make it safe or suitable for continued use.

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

DEPENDENCY

Loss, as insured by this Policy and resulting from Damage to any property whatsoever but excluding any Maui, Kapuni or offshore gas fields:

- (a) at any place anywhere in New Zealand and occupied by any direct customer of the Insured; or
- (b) at any place anywhere in New Zealand and occupied by any direct supplier of goods or services to the Insured; or
- (c) at any port installation, railway warehouse or airport anywhere in New Zealand; or
- (d) that prevents or hinders the public supply of water or gas or electricity to the terminal ends of the supplier's service feeders at the Premises; or
- (e) that prevents or hinders the discharge of effluent from the Premises; or
- (f) that prevents or hinders any telecommunication with the Premises,

is deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

EARTHQUAKE – RESIDENTIAL PROPERTY

(Natural Disaster Damage - Limitation)

Whereas:

- (a) the Insured has compulsory natural disaster cover under the Act (Natural Disaster Cover); and
- (b) the Natural Disaster Cover applies to EQC Residential Property;

then, in the event of any EQC Residential Property insured by this Policy suffering Natural Disaster Damage during the Period of Insurance and covered by Natural Disaster Cover, the Company's liability under this Policy will be limited to the amount of loss in excess of the Natural Disaster Cover, subject otherwise to the terms of this Policy except that the Deductible Amount will only apply to the extent that it exceeds the amount of Natural Disaster Cover. For the purpose of this clause, the Natural Disaster Cover is deemed to include the amount of 'excess' imposed by the terms of that cover.

Definitions

The 'Act' means the Earthquake Commission Act 1993 and any statutory amendment to or replacement of that Act.

'EQC Residential Property' means that property that is covered by the relevant sections of the Act.

'Natural Disaster Damage' has the meaning given to it in the Act.

EMPLOYEES' EFFECTS

Personal effects of:

- (a) employees of the Body Corporate listed as the Insured in the Schedule; and
- (b) employees of any management company acting on behalf of each unit owner of the Body Corporate listed as the Insured in the Schedule;

are deemed to be included in the description of Insured Property as if they were owned by the Insured, but only while the effects are in or about premises owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by employees acting in the course of their employment with the Insured. This Memorandum will not operate to the benefit of any person who is otherwise insured.

EXPEDITING COSTS

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

GENERAL AVERAGE

This insurance extends to include General Average and Salvage charges payable according to Foreign Statement or to York Antwerp Rules if in accordance with the contract of affreightment. This extension of cover is not subject to any Deductible.

GRADUAL INTERNAL WATER DAMAGE

Notwithstanding any exclusion under this Policy of damage caused by the action of micro-organisms or by gradual deterioration, this Policy extends to cover such damage where it results from the accidental leaking or overflowing of any permanently connected water pipe, waste disposal pipe, water cylinder or water storage tank within the confines of any insured building.

Where a claim for such damage is payable under this extension, the Policy also extends to cover the reasonable cost of:

- (a) searching for and gaining access to the source of the damage; and
- (b) reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior.

Where the date upon which the damage commenced cannot be determined, the damage will be deemed to have occurred at the time the Insured first had reason to suspect that damage had occurred.

HAZARDOUS SUBSTANCE EMERGENCIES

The Company will indemnify the insured for any charge that a Government or Local Authority is authorised to make against the insured in respect of any Hazardous Substance Emergency arising out of or in connection with any Insured Property during the period of insurance. The indemnity will be regardless of whether the Insured Property has been damaged. "Hazardous Substance Emergency" has the same meaning as defined by any Government or Local Authority authorised to make that definition.

LANDSLIP

This Policy extends to cover physical loss or damage – unintended and unforeseen by the Insured – directly or indirectly caused by or resulting from landslip.

LOCATING DAMAGED INTERNAL WATER SYSTEMS

Notwithstanding any exclusion under this Policy of damage caused by normal working, normal maintenance, wear and tear, erosion, corrosion, slowly developing deformation, distortion or gradual deterioration, this Policy extends to cover the reasonable cost of:

- (a) searching for and gaining access to any part of a cracked, leaking, broken or overflowing Internal Water System that has caused loss or damage insured under this Policy; and
- (b) reinstating any property or part damaged under (a) above to a condition the same as, but not better nor more extensive than, its condition immediately prior.

Provided that this Memorandum does not insure the cost of repairing or replacing any part of a cracked, leaking, broken or overflowing Internal Water System.

'Internal Water System' means any permanently connected water pipe, waste disposal pipe, water cylinder or water storage tank within the confines of any building insured under this Policy.

This Memorandum does not apply to any loss for which indemnity would be payable under the Policy in the absence of this Memorandum.

LOSS OF RENT

Where any Insured earns rent by leasing all or any part of the premises insured under this Policy, the Company will indemnify the Insured for loss of any such rent incurred as a result of damage to the premises, but only if a claim for the damage is also payable under Item 1 and/or Item 2 of the Policy. The amount payable under this clause will be the difference between:

- (a) the rent due to the Insured during the Loss of Rent Indemnity Period defined in the Schedule; and
- (b) the rent that would have been due to the Insured during the Loss of Rent Indemnity Period had the damage not occurred.

The Company will also indemnify the Insured for any additional expenditure reasonably incurred for the sole purpose of avoiding or diminishing the loss of rent during the Loss of Rent Indemnity Period, but not exceeding the loss of rent thereby avoided. If any costs payable out of rent cease or are reduced during the Loss of Rent Indemnity Period in consequence of the damage, the amount so saved will be deducted from the difference between the rent due and the rent that would have been due had the damage not occurred.

'Loss of Rent Indemnity Period' means the period during which revenue derived from rents is affected in consequence of the damage, beginning with the occurrence of the damage and ending not later than the end of the period stated in the Schedule as the Indemnity Period.

LOST OR STOLEN KEYS

If, during the Period of Insurance, any key (or equivalent device) or combination giving access to Insured Property is lost, stolen or believed on reasonable grounds to have been duplicated without proper authority, this Policy extends to cover the costs reasonably and necessarily incurred in altering or replacing locks and their keys or combinations. This Policy also extends to cover the reasonable cost of opening any safe or strongroom following theft or loss of its key or combination.

MONEY

Subject to the definitions and additional exclusions set out below, this Policy extends to cover Money as follows:

Section A

Money in transit anywhere in New Zealand; Money at the Insured's business premises or sites of contract during Business Hours; Money in a securely locked safe or strongroom outside Business Hours.

Section B

Money at the Insured's business premises outside Business Hours and not in a securely locked safe or strongroom; Money at the residential premises of the Insured or any Principal or authorised employee of the Insured.

Definitions

'Money' means current coin, bank and currency notes, cheques, postal notes, travellers cheques, money orders, unused postage stamps, franking machine credits, tickets, redeemable vouchers and tokens, and other negotiable instruments belonging to the Body Corporate listed as the Insured in the Schedule.

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

'Principal' means any of the Insured's directors and executive officers, but only in their capacity as such.

MACHINERY BREAKDOWN EXTENSION – REINSTATEMENT BASIS

Subject to the Special Provisions set out below and to all other terms of this Policy in so far as they can apply, this Policy extends to cover property insured under Item 1 and/or Item 2(a) of this Policy comprising any Machine/Equipment against damage caused by Breakdown, but only after its successful initial commissioning at the place where the Machine/Equipment is or will be used.

'Machine/Equipment' means any contrivance for the conversion and direction of motion or energy, or for the performance of any electronic process, and includes any protective device in connection with that contrivance.

'Breakdown' means the sudden and accidental breaking, seizing, deformation, or burning out of any part of the Machine/Equipment while in use; the cause being a defect in the Machine/Equipment; the result being a stoppage in the function of the Machine/Equipment; and repair or replacement being necessary before the Machine/Equipment can resume working.

'Pre-Breakdown Value' means the new installed replacement value of the Machine/Equipment (of its nearest available equivalent having not less than the same capacity or functions of the original Machine/Equipment) subject to a reasonable deduction for use.

'Reinstatement' means replacement of the damaged Machine/Equipment by a Machine/Equipment as nearly as practicable the same as or equivalent to the damaged Machine/Equipment, having regard to the current state of technology, and having an equivalent capacity to that of the damaged Machine/Equipment, but not greater capacity unless a Machine/Equipment with an equivalent capacity is not available and the replacement Machine/Equipment has the nearest to an equivalent capacity. The words 'Reinstate' and 'Reinstating' have corresponding meanings.

Basis of Settlement

Where the damage can be repaired, the basis of settlement under this Policy will be the cost of restoring of the Machine/Equipment to its former state of serviceability, based on the customary daily labour cost in the district, together with normal freight and erection and customs dues net of Maintenance Agreement benefits used.

Unless otherwise specified in this Policy, no deduction will be made for depreciation of parts replaced, but account will be taken on any salvage value in those parts. Where any excluded part is damaged in circumstances where the exclusion does not apply, due allowance will be made for the working life of that part expended at the time of the damage.

In the event of repair costs equalling or exceeding the Pre-Breakdown Value, the Machine/Equipment will be deemed to be destroyed.

Where the Machine/Equipment is destroyed or deemed to be destroyed, the basis on which the amount payable under this Policy is to be calculated will be the cost of Reinstating the Machine/Equipment plus the cost of removing the damaged Machine/Equipment, less any salvage value of the damaged Machine/Equipment. However, this basis will not apply if the Insured elects not to reinstate the Machine/Equipment or if the work of Reinstatement is not commenced and carried out with reasonable despatch.

Where the Reinstatement basis does not apply the basis of indemnity will be the Pre-Breakdown value of the Machine/Equipment together with the cost of removing the damaged Machine/Equipment, less any salvage value of the Machine/Equipment.

Exclusions

Damage Otherwise Insured

This Policy does not insure against damage that is otherwise insured under this Policy or under any other memorandum incorporated in this Policy including Maintenance Agreement recoveries. In respect of Machinery/Equipment a Service Contract must be in force at all times. Any Machinery/Equipment maintenance requirements must be attended to by properly qualified servicing Agents.

Experiments, Overloading and Testing

This Policy does not insure against damage resulting from experiments, overload, or similar tests, requiring the imposition of abnormal conditions; but this exclusion does not apply where the imposition of abnormal conditions is for the purpose of checking the correct working of the Machine/Equipment or of its safety installations.

Known Defects

This Policy does not insure against damage due to faults or defects known to the Insured prior to breakdown.

Alterations and Improvements

This Policy does not cover the cost of alterations, additions, improvements or overhauls carried out on the occasion of a repair.

Temporary Repairs

This Policy does not cover the cost of any temporary repairs, except to the extent that the temporary repairs form part of permanent repairs including temporary repairs to the Machinery/Equipment pending replacement parts etc becoming available.

OTHER INTERESTS

Where the Insured has agreed to insure the interest of any person or corporation having an insurable interest in any of the Insured Property, the Company will indemnify the Insured and that person or corporation subject to the terms of this Policy as if a separate policy had been issued to each. However:

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

PREVENTION OF ACCESS

Loss, as insured by this Policy and resulting from Damage to any property within one kilometre of the Premises, that prevents or hinders the use of or access to the Premises will be deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

PROFESSIONAL FEES

This Policy extends to include all professional fees, clerk of works' and inspectors' salaries and wages, and other costs reasonably incurred in connection with the reinstatement of Insured Property lost or damaged by an insured peril. The insured fees, salaries, wages and costs are included in the sum insured on the Insured Property. This extension of insurance does not cover fees for preparing claims made under the Policy.

PROTECTION COSTS

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

PUBLIC AUTHORITIES

Loss, as insured by this Policy, and resulting from any action of a public authority consequent upon:

- (a) Damage to any property whatsoever;
- (b) bodily injury to any person on or in the vicinity of the Premises;
- (c) vermin, pests, fumes, escape of any hazardous material, defective sanitation or effluent system;

or the threat or fear of any of them, is deemed to be loss resulting from Damage to property used by the Insured at the Premises for the purpose of the Business.

For the purpose of any claim under this Memorandum, the Alternative Residential Accommodation Indemnity Period and/or Loss of Rent Indemnity Period will commence 24 hours after the action is first taken by the Public Authority and not as otherwise stated.

RECORDS

The Insured Property is deemed to include documents, manuscripts, computer system media, business books, microfilm, technical drawings and other records for their value as materials plus the cost of collecting and reproducing the information on them. The value of the information is not insured.

REDUNDANT FOUNDATIONS

Where the foundations of any building or plant are made redundant for any reason in consequence of insured damage to the property resting on them and, if the value of the foundations is reduced as a result, the loss of value will be deemed to be loss by physical damage for the purpose of claims under this Policy.

If it is not necessary to demolish the foundations in order to reinstate damaged property, and if the presence of the abandoned foundations increases the market value of the property to which they are fixed, the amount of increase will be treated as salvage in the adjustment of loss for claim settlement purposes.

RECOVERY APPORTIONMENT

If the Company, having exercised its right of subrogation, recovers any part or all of a loss in respect of which a claim has been paid or is payable under this Policy, the amount so recovered will be apportioned as follows:

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

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

No recovery to which this Memorandum applies will be taken into account in determining the amount of 'adjusted loss' for the purpose of the Deductible condition of this Policy.

REFRIGERATED GOODS

In respect of property insured under Item 1 and/or Item 2(a) of this Policy this Policy extends to cover:

- (a) damage to goods stored in refrigerated cabinets or chambers arising from accidental stoppage or malfunction of refrigerating plant from any cause whatsoever except as provided below.
- (b) costs reasonably incurred to avoid or minimise the damage by transferring the threatened goods to alternative storage or by other means.

Special Provisions

1. The words 'goods stored' are deemed to include goods anywhere on the premises at the time of the loss causing event and that would, but for the event, have been placed in the refrigerated cabinets or chambers.
2. In respect of loss due to the disconnection of the public electricity supply, this extension only covers the loss where the electricity supplier has given less than 24 hours prior notice of the disconnection.

REINSTATEMENT

In so far as it can, this Memorandum applies to all Insured Property other than stock unless otherwise provided.

In the event of any Insured Property to which this Memorandum applies being lost or damaged, the basis on which the amount payable under this Policy is to be calculated will be the cost of Reinstatement of that property. Insurance under this Memorandum is subject to the Special Provisions set out below.

Definitions

In this Memorandum, and unless the context requires otherwise:

- (a) 'Reinstatement' means:
 - 1) where property is lost or Destroyed, its replacement by an Equivalent Building or by Equivalent Plant as the case may require.
 - 2) where property is damaged but not Destroyed, the restoration of the damaged portion of the property to a condition substantially the same as, but not better or more extensive than, its condition when new, and including any alterations that may be necessary to comply with any Law.

- (b) 'Equivalent Building' means:
- 1) a building or structure that is as nearly as practicable the same as the building or structure lost or Destroyed, using currently equivalent materials and techniques and incorporating such alterations as are necessary to comply with any Law.
 - 2) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) can be constructed; a building or structure that is designed to perform a purpose or function the same as or equivalent to (but not more extensive than) that performed by the building or structure lost or Destroyed.
 - 3) where, as a result of any special circumstances, no building or structure that falls within the scope of paragraph (b) 1) is suitable to the Insured's reasonable requirement, a building or structure that is designed to perform a purpose or function suitable to that requirement, but not more extensive than that performed by the building or structure lost or Destroyed.
- (c) 'Equivalent Plant' means any plant or equipment as nearly as practicable the same as or equivalent to the plant or equipment lost or Destroyed, having regard to the current state of technology, and having an equivalent capacity to that of the lost or Destroyed plant or equipment, but not greater capacity unless plant or equipment with an equivalent capacity is not available and the replacement plant or equipment has the nearest to an equivalent capacity.
- (d) 'Destroyed' means so damaged by an insured event that the property, by reason only of that damage, cannot be repaired.
- (e) 'Site' means any parcel of land owned or occupied by the Insured.
- (f) 'Law' means any statutory, regulatory or code requirement imposed by the authority of any Act of Parliament or regulation or by-law promulgated by any lawful authority.
- (g) 'Undamaged' means not damaged physically and directly by an event insured under this Policy.

Special Provisions

1. Compliance with Law

The amount payable under this Memorandum will include the cost incurred in Reinstatement that is necessary to comply with any Law; provided that the amount payable will not include any such cost:

- (a) to the extent to which the work had already been required of the Insured by notice served prior to the happening of the loss or damage; or
- (b) in respect of Undamaged property or Undamaged portions of property other than foundations (unless foundations are expressly excluded from insurance under this Policy).

Special Provision 1(b) will apply whether or not the Undamaged property or portion comprises a separate building or structure or a separate item of plant or equipment.

2. Site of Reinstatement

Where property is Destroyed, the work of Reinstatement must be carried out on the same Site; provided that the work may be carried out upon any other Site:

- (a) where Reinstatement on the same Site is not permissible by reason of any Law, or
- (b) where Reinstatement on the same Site is not suitable to the Insured's reasonable requirement.

3. Limitations on Amount Payable

- (a) Where the work of Reinstatement is carried out in terms of Definition (b) 2) or (b) 3), or on any location other than the original location, the Company's liability in respect of the cost of Reinstatement will not exceed the cost that would have been incurred had Reinstatement been carried out in terms of Definition (b) 1) on the original location.
- (b) Where the Insured Property is damaged but not Destroyed, the Company's liability will not exceed the amount the Company could have been called upon to pay for Reinstatement if the property had been Destroyed.
- (c) The Company's liability under this Memorandum in respect of any item of Insured Property will not exceed the sum insured in respect of that item.

4. Circumstances Where This Memorandum Does Not Apply

No payment, beyond the amount that would have been payable had this Memorandum not been incorporated in the Policy, will be made:

- (a) if the Insured elects not to Reinstatement the property;
- (b) if the work of Reinstatement is not commenced and carried out with reasonable despatch;
- (c) until the cost of Reinstatement has been actually incurred;
- (d) where a building or structure is damaged, but not Destroyed, and the repair of the damage is not permissible by reason of any Law, or by reason of the condition of the Undamaged portion of the property.

Where, by reason of any of these circumstances, no payment is to be made beyond the amount that would have been payable if this Memorandum had not been incorporated in the Policy, the rights and liabilities of the Insured and the Company in respect of the loss or damage will be the same as if this Memorandum had not been incorporated in the Policy.

5. Rates, Tax and Other Charges

The amount payable under this Memorandum will not include the amount of any rate, tax, duty, development charge, or any other charge or assessment arising out of capital appreciation, that may be payable in respect of the property by reason of compliance with any Law.

REWARDS

This Policy extends to cover the cost of any reward paid by the Insured for the purpose of protecting or recovering any of the Insured Property, provided that:

- (a) no payment will be made unless it contributes to the protection or recovery of the property;
- (b) the terms of the reward are agreed by the Company prior to the reward being offered;
- (c) the liability of the Company is not increased beyond the sum insured on that property.

The Company will not unreasonably withhold its agreement to the terms of the reward.

SUBSIDENCE

This Policy extends to cover loss or damage to any of the Insured Property consequent upon sudden and unforeseen subsidence of land beneath or adjacent to the property. For the avoidance of doubt, the Policy does not extend to cover loss or damage consequent upon the normal settling, shrinkage, or expansion of any building or its foundations.

STRESS PAYMENT

Where the Company settles a loss under the definition (a) 1 of the Reinstatement Memoranda, this Policy extends to pay to each residential unit owner that occupies their residential unit for the stress caused, the sum stated in the schedule subject to the maximum aggregate limit per event. Where the aggregate limit is reached, the payment per residential unit owner will be apportioned evenly.

TEMPORARY REMOVAL

This Policy is extended to cover the Insured Property while temporarily removed elsewhere on the same premises or to other premises anywhere in New Zealand and in transit to and from those premises. In this Memorandum, 'temporarily removed' means removed for a particular purpose, with the intention that the chattels be returned to the place from which they have been removed once the purpose has been served.

The amount recoverable under this extension in respect of the property so removed will not exceed the amount that would have been recoverable had the loss occurred in that part of the premises from which the chattels are temporarily removed.

This Memorandum does not apply to any loss for which indemnity would be payable under the Policy in the absence of this Memorandum.

UNHARMED PROPERTY

If, for the sole purpose of reinstating Insured Property damaged by an insured peril, it is necessary to demolish, damage or remove any property or part unharmed by that peril, the Company will indemnify the Insured for the cost of doing so. The Company will also indemnify the Insured for the cost of reinstating the property or part to a condition the same as, but not better nor more extensive than, its condition immediately prior to the demolition, damage or removal.

The indemnity provided by this Memorandum will not increase the Company's liability beyond the sum insured on the property damaged by the insured peril.

IMPOSED ENDORSEMENTS

ELECTRONIC DATA EXCLUSION

1. Electronic Data Exclusion

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

- a) This Policy does not insure loss, damage, destruction, distortion, erasure, corruption or alteration of ELECTRONIC DATA from any cause whatsoever (including but not limited to COMPUTER VIRUS) or loss of use, reduction in functionality, cost, expense of whatsoever nature resulting therefrom, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

ELECTRONIC DATA means facts, concepts and information converted to a form useable for communications, interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment and includes programmes, software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.

COMPUTER VIRUS means a set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, that propagate themselves through a computer system or network of whatsoever nature. COMPUTER VIRUS includes but is not limited to 'Trojan Horses', 'worms' and 'time or logic bombs'.

- b) However, in the event that a peril listed below results from any of the matters described in paragraph a) above, this Policy, subject to all its terms, conditions and exclusions, will cover physical damage occurring during the Policy period to property insured by this Policy directly caused by such listed peril.

Listed Perils: Fire
 Explosion

2. Electronic Data Processing Media Valuation

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

Should electronic data processing media insured by this Policy suffer physical loss or damage insured by this Policy, then the basis of valuation shall be the cost of the blank media plus the costs of copying the ELECTRONIC DATA from back-up or from originals of a previous generation. These costs will not include research and engineering nor any costs of recreating, gathering or assembling such ELECTRONIC DATA. If the media is not repaired, replaced or restored the basis of valuation shall be the cost of the blank media. However this Policy does not insure any amount pertaining to the value of such ELECTRONIC DATA to the Assured or any other party, even if such ELECTRONIC DATA cannot be recreated, gathered or assembled.

SANCTIONS

No Company shall be deemed to provide cover and no Company shall be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that Company to any sanction, prohibition or restriction under United Nations resolutions or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America, or New Zealand.

TERRORISM EXCLUSION

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

For the purpose of this endorsement an act of terrorism means an act, including but not limited to the use of force or violence and/or the threat thereof, of any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organisation(s) or government(s), committed for political, religious, ideological or similar purposes including the intention to influence any government and/or to put the public, or any section of the public, in fear.

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

If the Company alleges that by reason of this exclusion, any loss, damage, cost or expense is not covered by this insurance the burden of proving the contrary shall be upon the Insured. In the event of any portion of this endorsement is found to be invalid or unenforceable, the remainder shall remain in full force and effect.

TRANSMISSION AND DISTRIBUTION LINES EXCLUSION

The Company shall not be liable for physical loss, destruction of or damage to transmission and distribution towers, poles, lines, components or equipment:

Provided that this exclusion shall not apply to transmission and distribution towers, poles, lines, components or equipment:

- a) at or within 300 metres of any insured site; or
- b) in storage and not forming an integral part of the transmission and distribution line system, at the time of the insured loss.

NATURAL DISASTER DEDUCTIBLES ENDORSEMENT

This endorsement does not apply to EQC Residential Property as defined in the Earthquake – Residential Property clause of this Policy.

If this Policy includes Natural Disaster cover, then, the Deductible Amount that will apply to a Natural Disaster Event will be as follows and not as shown in the Schedule:

Where the loss arises from damage to Insured Property located on any Site Northland and Auckland Local Government regions:

- (a) If the Site does not include any building built pre-1936, the amount deductible from the loss will be 1% of the Site Value, subject to a minimum of \$2,500.
- (b) If the Site includes one or more buildings built pre-1936, and if the value of any one or more buildings on the Site built post-1935 has not been separately declared, the amount deductible from the loss will be 5% of the Site Value, subject to a minimum of \$5,000.
- (c) If the Site includes one or more pre-1936 buildings and one or more post-1935 buildings and the value of buildings in each age range has been separately declared, then amount deductible from the loss will be:
 - 2.5% of the insured value of the post-1935 buildings; plus
 - 5% of the insured value of the pre-1936 buildings; plus
 - 5% of the insured value of all stock, plant and other chattels at the Site;but not less than \$5,000.

Where the loss arises from damage to Insured Property located on a Site outside Northland and Auckland Local Government regions:

- (a) If the Site does not include any building built pre-1936, the amount deductible from the loss will be 5% of the Site Value, subject to a minimum of \$5,000.
- (b) If the Site includes one or more buildings built pre-1936, and if the value of any one or more buildings on the Site built post-1935 has not been separately declared, the amount deductible from the loss will be 10% of the Site Value, subject to a minimum of \$10,000.
- (c) If the Site includes one or more pre-1936 buildings and one or more post-1935 buildings and the value of buildings in each age range has been separately declared, then amount deductible from the loss will be:
 - 5% of the insured value of the post-1935 buildings; plus
 - 10% of the insured value of the pre-1936 buildings; plus
 - 10% of the insured value of all stock, plant and other chattels at the Site;but not less than \$10,000.

Combined Material Damage and Business Interruption Loss

The deduction will be made from the combined Material Damage and Business Interruption loss arising from damage to Insured Property at the Site. If damage at more than one Site contributes to the same Business Interruption loss, then, for the purpose of the Deductible, the whole of the Business Interruption loss will be deemed to have arisen from the contributing Site at which the damage has been greatest.

Definitions

'Natural Disaster' means any earthquake, hydrothermal activity, geothermal activity, volcanic eruption, or tsunami, and includes fire resulting from any of them.

'Site' means a location of Insured Property as declared in a schedule of assets that the Insured has provided to the Company. If the Insured Property is not at a location so declared, 'Site' will mean a physical location where property is linked to achieve a common business purpose at that location.

'Site Value' means the insured value of all Insured Property located at the Site.