



**ace insurance limited**

# Business Interruption **POLICY**

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**COMPANY:** [Client]

**PERIOD:** [From date to]



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# Business Interruption

## SCHEDULE

- Item 1.** Policy No: [text]
- Item 2.** The Insured: [text] and any subsidiary company in which the named Insured has a direct or indirect controlling interest and any other entity over which an Insured exercises management control, all as now or hereafter constituted, formed or acquired.
- Item 3.** The Business: [text]
- Item 4.** The Premises: [text]
- Item 5.** Policy Period: From: [date] at 4.00 pm  
To: [date] at 4.00 pm  
both dates inclusive
- Item 6.** Maximum Indemnity Period: [text]

Policy Clause	Insured Interest	Sums Insured
2.1	Gross Profit	\$ [text]
2.2	Wages – Dual Basis  100% for an Initial Period of [text] weeks and [text] % for the remainder of the Indemnity Period; or  100% for an Alternative Period of [text] weeks.	\$ [text]
2.3	Wages in Lieu of Notice  Specified period: [text] weeks	\$ [text]



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2.4	Payroll – Dual Basis	\$	[text]
	100% for [text] weeks and [text] % for the remainder of the Indemnity Period.		
	100% for an Alternative Period of [text] weeks.		
2.5	Additional Cost of Working	\$	[text]
2.6	Claim Preparation Costs	\$	[text]
2.7	Loss of Rent Receivable	\$	[text]
2.8	Accounts Receivable	\$	[text]
	Total Sum Insured	\$	[text]

Deductible	In respect of loss by earthquake, volcanic eruption or hydrothermal activity:	[text]% of the loss subject to a minimum of: \$	[text]
	In respect of any other loss:		Nil

### OPTIONAL MEMORANDA THAT ONLY APPLY IF SPECIFIED BELOW

		Limit on all loss arising out of any one event or series of related events.
Premium Adjustment – Deletion of Average		Not applicable.
Customers' and Suppliers' Premises	['Applies' or 'Does not apply']	5% of the applicable sum insured but not exceeding: \$ 250,000
Prevention of Access	['Applies' or 'Does not apply']	5% of the applicable sum insured but not exceeding: \$ 250,000



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Public Utilities	['Applies' or 'Does not apply']	5% of the applicable sum insured but not exceeding: \$ 250,000
Public Authorities	['Applies' or 'Does not apply']	5% of the applicable sum insured but not exceeding: \$ 250,000

Issued and signed by ACE's authorised representative.

Dated at AUCKLAND this            day of            [year].

SIGNED: .....



## Business Interruption

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### ENDORSEMENTS



### POLICY WORDING

In consideration of the Insured named in the Schedule having paid or promised to pay the required premium, ACE Insurance Limited (ACE) agrees to indemnify the Insured as set out in this Policy.

The Insured's written proposal, and any statements on which this insurance is based, are deemed to be incorporated in this insurance as if they were fully set out in this Policy.

#### 1. Insuring Agreement

Subject to the terms of this Policy, ACE will indemnify the Insured against loss resulting from interruption to or interference with the Business carried on by the Insured at the Premises in consequence of Damage at the Premises, provided that:

- (a) ACE's liability will not exceed the Sum Insured and, if more than one item is included in the Schedule, will not exceed in respect of each Item the Sum Insured applicable to that item; and
- (b) ACE will not be liable for any loss under this Policy unless the insurer of the Insured Property has accepted liability for the Damage, or would have accepted liability but for the application of a deductible.

'Damage' means loss of or damage to Insured Property by a cause that is not expressly excluded from cover under this Policy or from cover under the Insured's Material Damage insurance on property at the Premises.

'Insured Property' means property insured under the Insured's Material Damage insurance on property at the Premises

#### 2. Insured Interests

##### 2.1 Gross Profit

The insurance under this Item covers loss of Gross Profit due to reduction in Turnover and increase in cost of working. The amount payable as indemnity will be:

- (a) in respect of reduction in Turnover, the sum produced by applying the rate of Gross Profit to the amount by which the Turnover during the Indemnity Period falls short of the Standard Turnover in consequence of the Damage;
- (b) in respect of increase in cost of working, the additional cost (subject to the provisions of Memo 2.) necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which, but for that cost being incurred, would have taken place during the Indemnity Period in consequence of the Damage, but not exceeding the sum produced by applying the rate of Gross Profit to the amount of the reduction thereby avoided;

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

##### Average Clause

The amount payable as above is subject to a proviso that, if the Sum Insured is less than that produced by applying the Rate of Gross Profit to the Annual Turnover (adjusted to correspond with the maximum Indemnity Period where this is greater than 12 months), the amount payable will be proportionately reduced.



### Definitions

'Gross Profit' means the amount by which the sum of the Turnover and the amount of the Closing Stock exceeds the sum of the amount of the Opening Stock and the amount of the Uninsured Working Costs.

Note 1: The amounts of the Opening and Closing Stocks are to be arrived at in accordance with the Insured's normal accounting methods, due provision being made for depreciation.

Note 2: The words and expressions used have the meaning usually attached to them in the Insured's accounting records.

'Turnover' means the money paid or payable to the Insured for goods sold and delivered and for services rendered in course of the Business at the Premises.

'Indemnity Period' means the period beginning with the occurrence of the Damage and continuing for not more than the number of months specified in the Schedule, during which the results of the Business are affected in consequence of the Damage.

'Rate of Gross Profit' means the rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage:

'Annual Turnover' means the Turnover during the twelve months immediately before the date of the Damage:

'Standard Turnover' means the Turnover during that period in the twelve months immediately before the date of the Damage that corresponds with the Indemnity Period:

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

'Uninsured Working Costs' means all costs subtracted by the Insured in calculating the amount of insured Gross Profit.

### Memo 1

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

### Memo 2

If any costs of the Business are not insured by this Policy (having been deducted in arriving at the Gross Profit) then, in computing the amount recoverable under this Policy as increase in cost of working, that proportion only of the additional cost will be brought into account that the Gross Profit bears to the sum of the Gross Profit and all such uninsured costs.



### 2.2 Wages Item – Dual Basis

The insurance under this Item covers loss in respect of Wages, for which the amount payable as indemnity will be:

- (a) In respect of reduction in Turnover:
  - 1) during the Initial Period, the sum produced by applying the Rate of Wages to the Shortage in Turnover during that period, less any saving during the period through reduction in consequence of the Damage in the amount of Wages paid;
  - 2) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Wages to the Shortage in Turnover during that period, less any saving during that period through reduction in consequence of the Damage in the amount of Wages paid, but not exceeding the sum produced by applying the remainder percentage of the Rate of Wages to the Shortage in Turnover during the remaining portion of the Indemnity Period increased by such amount as is deductible for savings under the terms of paragraph 1) above.

#### Note

At the option of the Insured, the Alternative Period may be substituted for the Initial Period provided that the amount arrived at under the provisions of clause (a) 1) will not exceed the amount deducted under clause (a) 1) for savings effected during the Alternative Period.

- (b) In respect of increase in cost of working, so much of the additional cost described in Item 1 clause (b) of the Gross Profit Item as exceeds the amount payable under that Item, but not more than the additional amount that would have been payable in respect of reduction in Turnover under the provisions of clauses (a) 1) and 2) above had the cost not been incurred.

#### Average Clause

The amount payable as above is subject to a proviso that, if the Sum Insured is less than that produced by applying the Rate of Wages to the Annual Turnover, (adjusted to correspond with the maximum Indemnity Period where this is greater than 12 months), the amount payable will be proportionately reduced.

#### Definitions

'Wages' means the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all employees other than those whose remuneration is treated as salaries in the Insured's accounting records.

'Rate of Wages' means the rate of wages to Turnover during the financial year immediately before the date of the Damage, to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business, either before or after the Damage, or that would have affected the Business had the Damage not occurred, so that the figures thus adjusted will represent as nearly as may be reasonably practicable the results that, but for the Damage, would have been obtained during the relative period after the Damage.

'Shortage in Turnover' means the amount by which, in consequence of the Damage, Turnover during a period falls short of the part of the Standard Turnover relating to that period.

'Initial Period' means the portion of the Indemnity Period beginning with commencement of the Indemnity Period and continuing for not more than the number of weeks specified in the Schedule.



'Alternative Period' means the portion of the Indemnity Period beginning with commencement of the Indemnity Period and continuing for not more than the number of weeks specified in the Schedule.

### 2.3 Wages in Lieu of Notice

The insurance under this Item covers loss incurred by the Insured by the payment of Wages for a period beginning with the commencement of the Indemnity Period and continuing for not more than the number of weeks specified in the Schedule (the Specified Period).

The amount payable as indemnity under this Item will be the actual amount that the Insured pays as Wages for the Specified Period to employees whose services cannot, in consequence of the Damage, be used by the Insured at all and an equitable part (based upon Shortage of Turnover or other index) of the Wages paid for the Specified Period to employees whose services cannot, in consequence of the Damage, be fully used by the Insured.

#### Average Clause

The amount payable as above is subject to a proviso that, if the Sum Insured on this Item is less than the aggregate amount of the Wages that would have been paid during the Specified Period immediately following the Damage had the Damage not occurred, the amount payable will be proportionately reduced.

'Wages' means the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges pertaining to wages) of all employees other than those whose remuneration is treated as salaries in the Insured's accounting records.

### 2.4 Payroll Item – Dual Basis

The insurance under this Item covers loss in respect of Payroll, for which the amount payable as indemnity will be:

- (a) in respect of reduction in Turnover:
  - 1) during the Initial Period, the sum produced by applying the Rate of Payroll to the Shortage in Turnover during that period, less any saving during the period through reduction in consequence of the Damage in the amount of Payroll paid;
  - (i) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Payroll to the Shortage in Turnover during that period, less any saving during that period through reduction in consequence of the Damage in the amount of Payroll paid, but not exceeding the sum produced by applying the remainder percentage of the Rate of Payroll to the Shortage in Turnover during the remaining portion of the Indemnity Period increased by such amount as is deductible for savings under the terms of paragraph 1) above.

#### **Note**

At the option of the Insured, the Alternative Period may be substituted for the Initial Period provided that the amount arrived at under the provisions of clause (a) 2) will not exceed the amount deducted under clause (a) 1) for savings effected during the Alternative Period.

- (b) In respect of increase in cost of working, so much of the additional cost described in Item 1 clause (b) as exceeds the amount payable under that Item, but not more than the additional amount that would have been payable in respect of reduction in Turnover under the provisions of clauses (a) 1) and (2) of this Item had the cost not been incurred.



### Average Clause

The amount payable as above is subject to a proviso that, if the Sum Insured is less than that produced by applying the Rate of Payroll to the Annual Turnover (adjusted to correspond with the maximum Indemnity Period where this is greater than 12 months), the amount payable will be proportionately reduced.

### Definitions

'Payroll' means the gross remuneration (including bonuses, holiday pay, accident compensation levies and other charges pertaining to payroll), calculated on a per capita or percentage of Payroll basis, for all employees engaged in the activities of the Business.

'Rate of Payroll' means the rate of Payroll to Turnover during the financial year immediately before the date of the Damage, to which such adjustments will be made as may be necessary to provide for the trend of the Business and for variations in or other circumstances affecting the Business, either before or after the Damage, or that would have affected the Business had the Damage not occurred, so that the figures thus adjusted will represent as nearly as may be reasonably practicable the results that, but for the Damage, would have been obtained during the relative period after the Damage.

'Shortage in Turnover' means the amount by which, in consequence of the Damage, Turnover during a period falls short of that part of the Standard Turnover relating to that period.

'Initial Period' means the portion of the Indemnity Period beginning with the commencement of the Indemnity Period and continuing for not more than the number of weeks specified in the Schedule.

'Alternative Period' means the portion of the Indemnity Period beginning with the commencement of the Indemnity Period and continuing for not more than the number of weeks specified in the Schedule.

## **2.5 Additional Cost of Working Item**

The insurance under this Item covers the additional cost, beyond that recoverable under any other Item of this Policy, reasonably incurred by the Insured during the Indemnity Period and in consequence of the Damage for the purpose of avoiding or diminishing a reduction in Turnover or for the purpose of resuming or maintaining normal Business operations.

However, the insurance under this Item does not cover:

- (a) any cost that would have been recoverable under any other Item of this Policy but for the inadequacy of the sum insured on the interest insured under that Item; or
- (b) any cost of reinstating physical Damage.

## **2.6 Claim Preparation Costs Item**

The insurance under this Item covers such reasonable fees as may be payable by the Insured to a chartered accountant, loss adjuster or other professional consultant, and reasonable costs incurred by the Insured's own staff, for preparing any claim on this Policy and the Material Damage policy relevant to the Damage.



### 2.7 Loss of Rent Receivable Item

The insurance under this Item covers loss of Rent Receivable and additional costs, and the amount payable as indemnity will be:

- (a) in respect of Rent Receivable – the amount by which Rent Receivable during the Indemnity Period falls short of the Standard Rent Receivable in consequence of the Damage;
- (b) in respect of additional costs – the additional cost necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Rent Receivable which, but for that expenditure, would have taken place during the Indemnity Period in consequence of the Damage but not exceeding the amount of the reduction in Rent Receivable thereby avoided;

less any sum saved during the Indemnity Period in respect of such charges of the Business payable out of Rent Receivable as may cease or be reduced in consequence of the Damage.

#### Average Clause

The amount payable as above is subject to a proviso that, if the Sum Insured is less than the Rent Receivable (adjusted to correspond with the maximum Indemnity Period where this is greater than 12 months), the amount payable will be proportionately reduced.

#### Definitions

'Rent Receivable' means the amount of rent received or receivable, and payments for services rendered, in the conduct of Business as property owner at the Premises.

'Indemnity Period' means the period beginning with the occurrence of the Damage and continuing for not more than the number of months specified in the Schedule, during which the results of the Business are affected in consequence of the Damage.

'Annual Rent Receivable' means the Rent Receivable during the twelve months immediately before the date of the Damage:

'Standard Rent Receivable' means the Rent Receivable during that period in the twelve months immediately before the date of the Damage that corresponds with the Indemnity Period:

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

### 2.8 Accounts Receivable Item

The insurance under this item covers loss sustained by the Insured in respect of outstanding debit balances directly due to the Damage, and the amount payable as indemnity will be:

- (a) the difference between the outstanding debit balance at the time of the Damage and the total of the debit amounts received or traced; and
- (b) the additional expenditure incurred with ACE's prior consent in tracing and establishing the Insured's customers' debit balances after the Damage.



### 3. Conditions

#### 3.1 Cessation of Business or Interest

The insurance provided under this Policy will cease if, for any reason other than Damage:

- (a) the Business is wound up or carried on by a liquidator or receiver or is permanently discontinued; or
- (b) the Insured's interest in the Business ceases otherwise than by death;

unless and until ACE agrees in writing to continue the insurance.

#### 3.2 Alteration of Risk

Upon the Insured becoming aware of any change in the nature of occupation or other circumstance that materially increases the risk of loss to which this insurance applies, this insurance will cease in respect of loss arising out of Damage to the affected property unless and until the change is accepted by ACE in writing. However, this insurance will not be prejudiced by:

- (a) such changes in the use or occupancy of premises as are usual or incidental to the Business;
- (b) the performance of any structural alterations or structural repairs to Insured Property where the alterations or repairs are of a kind that would not reasonably have been contemplated by ACE in granting this insurance, providing the circumstances are reported to ACE in writing within a reasonable time after the Insured becomes aware of them; and providing the Insured agrees to pay a reasonable additional premium for any increase in risk if so required;
- (c) the cessation of operations or vacancy of any building for a period not exceeding 30 days;
- (d) the cessation of operations or vacancy of any building for a period in excess of 30 consecutive days, providing the circumstances are reported to ACE within a reasonable time after the Insured becomes aware of them; and providing the Insured agrees to pay a reasonable additional premium for the increased risk if so required;
- (e) such changes in the nature of occupation or other circumstances (other than changes incidental to the Business) that the Insured has innocently failed to report to ACE, providing the circumstances are reported to ACE within a reasonable time after the Insured becomes aware of them; and providing the Insured agrees to pay a reasonable additional premium for the increased risk if required.

#### 3.3 Cancellation

##### By the Insured

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

##### By ACE

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



### 3.4 Claims

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

- (a) immediately notify ACE;
- (b) use due diligence and do and concur in doing all things reasonably practicable to minimise any interruption or interference with the Business or to avoid or diminish the loss;
- (c) if required, deliver to ACE a statement in writing of the claim certified by an Accountant with all reasonably required proof and information in respect of the claim.

No claim under this Policy will be payable unless this Condition has been complied with.

The term 'Accountant' under this Condition means an accountant or adjuster whose qualifications are acceptable to both ACE and the Insured and who is appointed by both ACE and the Insured.

### 3.5 Deductible

The Deductible shown in the Schedule will be deducted from the total amount of all loss, net of any recoveries, arising out of any one event. A series of related events arising from any one cause during any period of 72 consecutive hours will be treated as one event for the purpose of applying the Deductible. This insurance does not cover the Deductible.

### 3.6 Diligence

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

### 3.7 Fraud

If any claim is in any respect fraudulent or if any false statement is made or used in support of any claim, or if any fraudulent means or devices are used by the Insured or anyone acting on behalf of the Insured to obtain any benefit under this Policy, all benefit under this Policy in respect of that claim will be forfeited. For the purpose of this condition, and if the Insured comprises more than one person or corporation, each of the Insured will be treated as having been issued with a separate policy.

### 3.8 Misdescription

This Policy is voidable in the event of any misrepresentation, misdescription or non-disclosure of any material fact. However, the insurance will not be prejudiced by:

- (a) any inadvertent misdescription of property, occupancy or Business in the Insured's proposal for this insurance;
- (b) any act whereby the risk of loss is increased without the authority or knowledge of the Insured;

provided that notice is given to ACE immediately the Insured's insurance manager (or equivalent) becomes aware of any of the above happenings. The Insured agrees to pay an appropriate additional premium if required.



### 3.9 Observance of Terms

The due observance and fulfilment of the terms of this Policy by the Insured in so far as they relate to anything to be done or complied with by the Insured, and the truth of any statements made to ACE by or on behalf of the Insured, are conditions precedent ACE's liability under this Policy.

### 3.10 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.

### 3.11 Subrogation

Where, upon accepting liability for a claim under this Policy, ACE is entitled to become subrogated to the Insured's right of recovery or indemnity from any other person or corporation, the Insured must, at ACE's expense, do and concur in doing and permit to be done anything reasonably required by ACE for the purpose of enforcing that right. The Insured must comply with this condition when required, whether before or after having been indemnified by ACE.

The Insured must not willingly release any third party from liability arising from loss to which this insurance applies unless ACE has consented to the release.

### 3.12 Words Defined in the Schedule

Where any words are given special meaning in the Schedule of this Policy, those words will, unless the context otherwise requires, have that same meaning wherever they appear in the Policy.

### 3.13 Reinstatement of Amount of Insurance

In the event of a loss for which a claim is payable under this Policy, and in the absence of written notice by ACE or the Insured to the contrary, the amount of the insurance cancelled by loss will be automatically reinstated from the date of loss. The Insured undertakes to pay such premium as may be required for the reinstatement.

## 4. Memoranda

The terms of each memorandum attaching to this Policy are deemed to be incorporated in this insurance as if fully set out in the Policy. If there is any conflict or inconsistency between the Policy and the memorandum, the terms of the memorandum will prevail. If there is any conflict or inconsistency between the memoranda, the terms of the more particular memorandum will prevail.

### 4.1 Accumulated Stocks Memorandum

Providing the maximum Indemnity Period stated in the Schedule is at least 12 months, the adjustment of any claim on this Policy will take account of, and make an equitable allowance for, Turnover having been temporarily maintained during the Indemnity Period from accumulated stocks held by the Insured, thereby causing a shortage of stock and consequent loss of Turnover after the Indemnity Period has expired.

### 4.2 Alternative Index Memorandum

In the event of a claim on this Policy, adjustment may be based on Turnover or output or whatever other index of business activity affords the most equitable result and, except in the definition of Turnover, the word 'Turnover' wherever used in this Policy is to be read as 'Turnover or Alternative Index'.



### 4.3 Departments Memorandum

If the Business is conducted in departments or other units, the independent trading results of which are ascertainable, the provisions of this Policy will apply separately to each department or unit affected by the Damage.

### 4.4 Goods and Services Tax Memorandum

Where the Insured is liable to pay GST under Section 5(13) of the Goods and Services Tax Act, or any statutory amendment to or replacement of that section or Act, on receiving any indemnity payment under this Policy, ACE will reimburse the Insured for the cost of GST in addition to the sum insured and in addition to any other limit of ACE's liability under this Policy.

### 4.5 Payment on Account Memorandum

Progress claim payments will be made to the Insured on account during the Indemnity Period on production of a statement of claim certified by the Accountant appointed in accordance with the Claims Condition of this Policy.

### 4.6 Premium Adjustment – No Deletion of Average

The initial premium charged for this insurance is adjustable at the end of the Policy Period in accordance with the following conditions:

- (a) Within six months after expiry of the Policy Period, the Insured must submit to ACE a certificate from a member of the New Zealand Society of Accountants setting out the actual value of Gross Profit, Wages, Payroll or any of them (as the case may require) in the accounting year most nearly concurrent with the Policy Period.
- (b) The premium will be adjusted at the agreed rate on the amount so declared or, if the maximum Indemnity Period is greater than 12 months, on the amount so declared after it has been proportionately increased to reflect a period equivalent to the maximum Indemnity Period.
- (c) If the initial premium is more than the adjusted premium, the Insured will be entitled to a refund of premium on the difference, but in no case will the refund exceed 50% of the initial premium.

The proceeds of any claim for loss of Gross Profit, Wages or Payroll paid or payable to the Insured for the loss incurred during the accounting year most nearly concurrent with the Policy Period will be regarded as actually earned during that year.

### 4.7 Premium Adjustment – Deletion of Average

This Memorandum is not applicable unless there is a statement in the Schedule that the Memorandum applies.

The Premium Adjustment Memorandum 4.6 above and the Average Clause applicable to any interests insured under this Policy are deemed to be deleted and replaced by the following 'Upward/Downward' Premium Adjustment clause.

The initial premium charged for this insurance is adjustable at the end of the Policy Period in accordance with the following conditions:

- (a) Within six months after expiry of the Policy Period, the Insured must submit to ACE a certificate from a member of the New Zealand Society of Accountants setting out the actual value of any Gross Profit, Wages or Payroll (whichever of these are insured by this Policy under separate sums insured) in the accounting year most nearly concurrent with the Policy Period.



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- (b) The premium will be adjusted at the agreed rate on the amount so certified or, if the maximum Indemnity Period is greater than 12 months, on the amount so certified after it has been proportionately increased to reflect a period equivalent to the maximum Indemnity Period.
- (c) If the initial premium is less than the adjusted premium, ACE will be entitled to charge an additional premium on the difference. If the initial premium is less than the adjusted premium, the Insured will be entitled to a refund of premium on the difference, but in no case will the refund exceed 50% of the initial premium.

The proceeds of any claim for loss of Gross Profit, Wages or Payroll paid or payable to the Insured for the loss incurred during the accounting year most nearly concurrent with the Policy Period will be regarded as actually earned during that year.

### 4.8 Prevention of Access Memorandum

This Memorandum is not applicable unless there is a statement in the Schedule that the Memorandum applies.

This Policy extends to cover the Insured Interests against loss consequent upon Damage to property within one kilometre of the Premises where the damage has prevented or hindered the use of or access to those Premises. Cover under this Memorandum is subject otherwise to the same terms and as if the loss had resulted from Damage to Insured Property at the Premises.

For the purpose of any claim under this Memorandum, the Indemnity Period will not commence until 24 hours after the Business is first interrupted or interfered with.

### 4.9 Customers' and Suppliers' Premises Memorandum

This Memorandum is not applicable unless there is a statement in the Schedule that the Memorandum applies.

This Policy extends to cover the Insured Interests against loss consequent upon Damage happening within New Zealand at any premises:

- (a) where the Insured has property deposited or stored, or being processed, repaired, altered or renovated; or
- (b) upon which the Insured is directly dependent to any extent for the supply of goods; or
- (c) of any direct customer of the Insured.

Cover under this Memorandum is subject to the Special Limit shown in the Schedule for this Memorandum and is subject otherwise to the same terms and as if the loss had resulted from Damage to Insured Property at the Premises.

Notwithstanding anything in the schedule to the contrary, ACE's liability under this extension shall be limited to 5% of each and every Item insured by this Policy as stated on the Schedule attaching hereto.

### 4.10 Public Utilities Memorandum

This Memorandum is not applicable unless there is a statement in the Schedule that the Memorandum applies.

This Policy extends to cover the Insured Interests against loss consequent upon Damage happening during the Policy Period to the plant, equipment or supply line of any supplier to the Premises of power, gas, water, sewage or telecommunication services. Cover under this Memorandum is subject to the Special Limit shown in the Schedule for this Memorandum and is subject otherwise to the same terms and as if the loss had resulted from Damage to Insured Property at the Premises. However, this memorandum does not apply to loss resulting from Damage to the Maui gas installation or any other offshore gas installation.



### 4.11 Public Authorities Memorandum

This Memorandum is not applicable unless there is a statement in the Schedule that the Memorandum applies.

This Policy extends to cover the Insured Interests against loss consequent upon any action of a competent public authority consequent upon:

- (a) damage to any property;
- (b) bodily injury to any person on or in the vicinity of the Premises, but not bodily injury caused by any infectious disease;
- (c) vermin, pests, fumes, escape of any hazardous materials, defective sanitation or effluent system.

Cover under this Memorandum is subject to the Special Limit shown in the Schedule for this Memorandum and is subject otherwise to the same terms and as if the loss had resulted from Damage to Insured Property at the Premises.

For the purpose of any claim under this Memorandum, the Indemnity Period will not commence until 24 hours after the action is first taken by the Public Authority.