



ace insurance limited

Material Damage **POLICY**

COMPANY: [Client]

PERIOD: [From date to]



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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.** Policy Period: From: [date] at 4.00 pm
To: [date] at 4.00 pm
both dates inclusive
- Item 4.** Total Sum Insured: As detailed in the Schedule of Insured Property \$ [text]
- Item 5.** Deductible: Note: Losses recoverable under the terms of various memoranda may be subject to Special Deductibles, the amounts of which will apply in substitution for the amount shown here.
- | | | |
|--|----|-------|
| In respect of loss resulting from theft or malicious damage: | \$ | 1,000 |
| In respect of loss resulting from loss of or damage to any one or more laptop computers: | \$ | 2,500 |
| In respect of any other loss: | \$ | 500 |
- Where more than one of the above deductibles could apply to the same loss, they will not be cumulative. Only the highest of the applicable deductibles will apply.
- Item 6.** Special Limits & Deductibles: Except where otherwise stipulated, each Special Limit applies to all loss arising out of any one event. A series of related events commencing within a period of 72 consecutive hours will be deemed one event for the purpose of this clause.
- Where the Special Limit set against any memorandum is 'Nil', no indemnity will be payable under that memorandum. The Policy will be interpreted as if the memorandum never existed.
- Where the Special Limit set against any class of property is 'Nil', the Policy will not cover any loss of or damage to property of that class.
- | | | | |
|--|------------------|----|--------|
| Property to which exclusion 2.1 applies – specified completed value or contract price: | Specified Amount | \$ | [text] |
|--|------------------|----|--------|



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Property in the course of installation, construction, demolition, erection, or testing following any of them:	Special Limit	\$	[text]	Deductible	\$	[text]
Theft	Limit in excess of which Exclusion 2.14 (d) applies	\$	[text]			
Capital Additions Memorandum:	Special Limit	\$	[text]			
Demolition and Other Costs Memorandum:	Special Limit	\$	[text]			
Employees' Effects Memorandum:	Special Limit	\$	[text]	Deductible	\$	[text]
Expediting Costs Memorandum	Special Limit	\$	100,000			
Hazardous Substance Emergencies Memorandum	Special Limit	\$	100,000			
Landslip Memorandum	Special Limit	\$	250,000	Deductible	\$	10,000
Protection Costs Memorandum:	Special Limit	\$	[text]	Deductible	\$	[text]
Refrigerated Goods Memorandum	Special Limit	\$	5,000			
Seasonal Stock Increase Memorandum – percentage of seasonal increase:			[text] %			
Earthquake, Hydrothermal Activity and Volcanic Eruption Memorandum:	Subject to the sum insured on the affected property.			Deductible of the loss, but not less than	[text] \$	% [text]



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Money Memorandum:	Section A limit	\$	[text]		
	Section B limit	\$	[text]		
	Christmas Carry (additional to the Section A limit)	\$	[text]		
Stolen Keys Memorandum	Special Limit	\$	[text]		
Subsidence Memorandum	Special Limit	\$	250,000	Deductible	\$ 10,000

OPTIONAL MEMORANDA THAT ONLY APPLY IF SPECIFIED BELOW

Disclaimer Memorandum	Applies
Reinstatement Memorandum	Applies to property marked 'R' in the Schedule of Insured Property
System Time And Date Recognition Failures - Partial Cover Memorandum	Applies
Stock Declaration Memorandum (Ineffective unless there is a separate sum insured on stock)	Does not apply

ADDITIONAL CLAUSES:

Nil

Issued and signed by the Company's authorised representative.

Dated at AUCKLAND this day of [year].

SIGNED:



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SCHEDULE OF INSURED PROPERTY

Insured Property means tangible property of every description not expressly excluded, all being the Insured's own, or held by the Insured jointly or in trust or on commission and for which the Insured is legally responsible. The Sums Insured in the several columns of this Schedule apply to:

COLUMN 1 - BUILDINGS, other structures, and their appurtenances including but not restricted to the plant, fixtures, fittings, pipes and cables pertaining to any of them and located in or about the premises. Column 1 also applies to fixed signs and lettering, tanks, poles, power lines and their supports, walls, gates, fences, landscaping, gardens, ornamental trees and shrubs, roads, paths, yards and the like.

COLUMN 2 - CONTENTS OF BUILDINGS, chattels in the open or under shelter, tenants improvements and all other tangible property not more specifically described for columns 1, 3, or 4. Column 2 also applies to glass and other landlord's fixtures and fittings if the Insured is responsible for insuring them and if their value is not included in the Sum Insured under Column 1.

COLUMN 3 - STOCK IN TRADE

COLUMN 4 - OTHER PROPERTY as more particularly described in the Schedule of Sums Insured set out below.

For the purpose of determining, where necessary, the column under which any property is insured, ACE agrees to accept the designation under which the property is entered in the Insured's records.

Reinstatement Memorandum: The Reinstatement Memorandum applies to each item where an 'R' is set against the Sum Insured.

ITEM	LOCATION OR DESCRIPTION	COLUMN 1 SUM INSURED	COLUMN 2 SUM INSURED	COLUMN 3 SUM INSURED	COLUMN 4 SUM INSURED
		\$ 0	\$ 0	\$ 0	\$ 0



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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 the Policy.

1. Insuring Agreement

If, during the Policy Period, physical loss or damage - unintended and unforeseen by the Insured - happens to any of the Insured Property, then, subject to the terms of this Policy, ACE will indemnify the Insured for the loss or damage. The Insured will be indemnified by payment or, at ACE's option, by repair or by replacement of the lost or damaged property.

Except where expressly provided to the contrary, ACE's liability will not exceed the Total Sum Insured; and if more than one Item is included in the Schedule of Insured Property, will not exceed in respect of each Item the Sum Insured applicable to that Item.

2. Exclusions

2.1 Property Under Construction, etc.

This Policy does not cover property in the course of installation, construction, demolition, erection, or testing following any of them, unless the property is owned or to be owned or occupied by the Insured and then only if the expected completed value or contract price will not exceed the amount specified in the Schedule.

2.2 Money

This Policy does not cover current coin, currency notes, cheques, travellers cheques, unused postage stamps, redeemable vouchers and tokens, franking machine credits, or any other negotiable instruments, but this Exclusion does not apply to the first \$1,000 of loss at any one location.

2.3 Precious Goods

This Policy does not cover jewellery, precious stones, furs, precious metals or bullion, other than as stock of the Insured's business or as part of any plant.

2.4 Vehicles, Watercraft and Aircraft

This Policy does not cover any:

- (a) motor vehicle or other mechanically or electrically propelled vehicle (including but not limited to any railway locomotive or other rolling stock);
- (b) watercraft or aircraft of any kind;
- (c) accessories in or on any of them;

other than as stock of the Insured's business.



2.5 Transit

This Policy does not cover property in transit other than transit within premises owned or occupied by the Insured.

2.6 Production Process

This Policy does not cover property damaged as a result of it undergoing any production process where the damage is caused directly by the normal operation of that process. 'Production process' means any process of producing, making, treating or servicing goods.

2.7 Property Excluded Unless Specified

This Policy does not cover any of the following property unless it is specified in the Schedule:

standing timber, growing crops, livestock, trees, hedges, dams, canals, reservoirs (but not tanks), road or railway tunnels, road or railway bridges, docks, piers, wharves, mining property located beneath the surface of the ground, any land including topsoil and backfill.

2.8 Consequential Loss

This Policy does not cover consequential loss such as:

- (a) any penalty;
- (b) loss of net income arising out of the loss of use of property, delay, or loss of market.

2.9 War, Confiscation and Nuclear Risks

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

- (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 damage to property by order of government or local authority unless the order is given for the purpose of controlling fire or another peril insured against under 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 which, the purpose of this exclusion, includes any self sustaining process of nuclear fission.

2.10 Earthquake, Hydrothermal Activity, Landslip, Volcanic Eruption, Subsidence and Erosion

This Policy does not insure against loss or damage caused by earthquake, hydrothermal activity, landslip, volcanic eruption, subsidence or erosion of the land.

2.11 Settlement, Shrinkage, Expansion

This Policy does not insure against loss or damage caused by normal settlement, shrinkage or expansion of buildings, foundations, walls, pavements, roads and other structural improvements.



2.12 System Time and Date Recognition Failures

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

- (a) computer or auxiliary equipment;
- (b) computer system software programme or spreadsheet;
- (c) data processing equipment media or auxiliary equipment;
- (d) microchip integrated circuit or similar device;
- (e) telecommunication equipment or system;

or any other system for processing, storing, transmitting, retaining or returning data whether the property of the insured or not and occurring before, during or after the year 2000 to:

- (f) correctly recognise any data as its true calendar date or its true value;
- (g) capture, save, retain, or correctly manipulate, interpret, transmit, return or process any data, information, command or instruction as a result of treating any date otherwise than its true calendar date or its true value;
- (h) capture, save, retain or correctly process any data as a result of the operation of any command or logic that has been programmed or incorporated into anything stated in (a) to (e) above, being a command or logic that causes the loss of data or the inability to capture, save, retain or correctly process such data on or after any date.

2.13 Weather Conditions, Interruption, Cessation of Work

This Policy does not insure against loss or damage directly caused by:

- (a) exposure to weather conditions where the property is not normally left in the open unless reasonable precautions have been taken to protect the property from those conditions;
- (b) interruption of the supply to the site of water, gas, electricity or any fuel;
- (c) total or partial cessation of work, retarding or interruption or cessation of any process.

2.14 Disappearance, Theft, Fraud

This Policy does not insure against loss directly resulting from any:

- (a) unexplained disappearance; shortage revealed only by the taking of an inventory; shortage due to any clerical or accounting error;
- (b) theft by any of the Insured's employees;
- (c) any fraudulent scheme or device or false pretence practised on the Insured or on any other person having care of the Insured Property;
- (d) theft by anyone other than the Insured's employees unless:



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- 1) the theft is accompanied by violence or threat of violence to persons, or violent and forcible entry to or exit from any enclosed building; or
- 2) a Special Limit is shown in the Schedule for loss by theft, in which case, the exclusion of theft will only apply to loss in excess of that limit. The Special Limit will apply to any one theft or series of related thefts by the same offender, but will not apply to theft is accompanied by violence or threat of violence to persons, or violent and forcible entry to or exit from any enclosed building.

2.15 Environmental Risks

This Policy does not insure against loss or damage directly caused by:

- (a) fumes, gas, dust, smoke, smuts;
- (b) normal working, wear and tear, erosion, corrosion, slowly developing deformation or distortion, marring or scratching;
- (c) action of vermin; insects; or micro-organisms, including but not limited to any mould, mildew, rot or fungi;
- (d) the inherent nature of the property;
- (e) action of light;
- (f) pollution or contamination;
- (g) changes in artificially controlled temperature or atmosphere.

This exclusion does not apply to damage proximately caused by fire, explosion, impact, liquid leakage, gas leakage, escape of molten material, or any peril expressly insured against under this Policy.

2.16 Breakdown and Pressure Vessel Damage

In respect of the Machine or Pressure Vessel immediately affected, this Policy does not insure against:

- (a) explosion, overheating, rupture, bursting, cracking, leakage, collapse of any Pressure Vessel due to generated or applied fluid pressure within or without (other than pressure caused by chemical explosion);
- (b) mechanical or electrical Breakdown of any Machine in which the Breakdown originates.

However, this exclusion does not apply to:

- (a) subsequent loss or damage that is not otherwise excluded from this insurance;
- (b) damage to:
 - 1) any electric motor or starter that does not individually exceed 3.75 Kw (5 hp) (other than any submersible pump, sealed or semi-sealed compressor, portable power tool, or any other Machine in which the electric motor is not a separate identity in itself);
 - 2) any distribution switchboard or permanently installed electrical reticulation;

directly caused by failure of electrical insulation, or by electrically induced self heating.



For the purpose of this exclusion:

'Breakdown' means the actual breaking, seizing, deformation, derangement or burning out of any Machine due to an internal cause while the Machine is in use, resulting in sudden stoppage of its functions and necessitating repair or replacement before it can resume working.

'Machine' 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.

'Pressure Vessel' means a vessel that, in normal use, is subject to generated or applied fluid pressure.

2.17 Refrigeration Plant

This Policy does not insure against:

- (a) the additional cost of altering or modifying any part of any refrigeration or air conditioning plant to enable the plant to operate with a more ozone friendly refrigerant pursuant to the Ozone Layer Protection Act 1990 or any statutory amendment to or re-enactment of that Act;
- (b) loss or damage to any part of any refrigeration or air conditioning plant where the loss or damage is attributable to any alteration or modification made to enable the plant to operate with a more ozone friendly refrigerant pursuant to the Ozone Layer Protection Act 1990 or any statutory amendment to or re-enactment of that Act.

Provided that part (b) of this exclusion will not apply to any plant in respect of which the alteration or modification has been notified to ACE and ACE has agreed in writing to continue the insurance notwithstanding that alteration or modification.

2.18 Defective Materials, Workmanship, Design

This Policy does not insure against:

- (a) the cost of repairing or replacing faulty materials;
- (b) the cost of putting right faulty workmanship;
- (c) the cost of putting right work performed to a faulty or defective design plan or design specification;

but this exclusion does not apply to any damage occurring as a result of the faulty or defective materials, workmanship, design plan, or design specification.

2.19 Terrorism

This Policy does not insure against any loss or damage of whatsoever nature directly or indirectly caused by, resulting from or in connection with any act of terrorism regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

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



This Policy does not insure against any loss, damage of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to any act of terrorism.

2.20 Building Defects

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.

2.21 Transmission and Distribution Lines

This Policy does not insure against loss or damage to that part of any overhead transmission or distribution line, or any supporting structure of any such line, located more than 300 metres from the boundary of premises at which Insured Property is located. The excluded lines and structures include any wire, cable, pole, pylon, standard, tower, or other supporting structure attendant to the transmission or distribution of electrical power or telephone communication.

3. Conditions

3.1 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 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 Insured's 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 Insured's 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.



3.2 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).

3.3 Claims

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

- (a) take prompt steps to minimise the damage;
- (b) take reasonable steps to protect the property from further loss or damage;
- (c) immediately notify ACE;
- (d) if a criminal act is suspected, inform the police;
- (e) within 30 days or as soon as practicable thereafter, submit full particulars of the claim in writing to ACE;
- (f) at the Insured's expense, provide ACE with any reasonably required proof and information in respect of the claim.

3.4 Deductible

The Deductible shown in the Schedule will be deducted from the total amount of all loss, net of salvage and other 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.

3.5 Diligence

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 against under this Policy.

3.6 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.



3.7 Inspection

ACE is entitled to inspect Insured Property at any reasonable time; and the Insured must provide such information as may be reasonably required by ACE in relation to the subject of this insurance. Neither this condition, nor any inspection performed by ACE, nor any report arising from such an inspection, are to be regarded as an undertaking by ACE to determine or warrant that any operations or premises are safe.

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 or occupancy in the Insured's proposal for this insurance;
- (b) any act of the occupier whereby the risk of loss or damage to property not in the occupation of the Insured 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 to 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 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 insurance cancelled by the loss will be automatically reinstated from the date of loss. The Insured undertakes to pay such pro-rata premium at the rate applicable to the lost or damaged property as may be required for the reinstatement.

3.12 Salvage

Where property insured by this Policy is lost or damaged, ACE may:

- (a) enter any building where the loss or damage has occurred and, after the Insured has been fully indemnified, take and keep possession of the damaged property;
- (b) deal with the salvage in any reasonable manner.

However:

- (c) the Insured is not entitled to abandon any property to ACE;



- (d) ACE is not entitled to sell or otherwise dispose of salvaged branded goods without the prior consent of the Insured. If the Insured declines to give consent, the Insured will retain possession of the salvaged goods and their reasonable salvage value will be deducted from the amount of claim that would otherwise be payable. Where it is practical to remove any brands, labels or other marks that identify the goods as supplied by the Insured, the salvage value of the goods will be determined after such removal at ACE's expense.

3.13 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.

3.14 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.

4. Memoranda

The terms of each memorandum attaching to this Policy are deemed to be fully incorporated in this insurance. If there is any conflict or inconsistency between the memorandum and any other part of the Policy, 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 Capital Additions Memorandum

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 Policy Period.

Additional Conditions

1. This extension of cover does not apply to
 - (a) stock in trade;
 - (b) property of any kind expressly excluded from this insurance;
 - (c) any appreciation of value that is not due to a physical alteration, addition or improvement.
2. Cover under this Memorandum commences on each acquired property when the risk in the property passes to the Insured.
3. Within 28 days of the last day of each quarter of the Policy Period, particulars of each property acquired during that quarter must be given to ACE. On receipt of those particulars.
 - (a) ACE will be entitled to charge an additional premium calculated pro-rata from the date on which cover commenced; and
 - (b) the terms of this Memorandum will be fully reinstated.



Limit of Liability

At any one time, ACE's liability under this Memorandum will not exceed the Special Limit shown in the Schedule.

4.2 Demolition and Other Costs Memorandum

This Policy extends to cover costs necessarily incurred for any of the following purposes in consequence of loss or damage insured under the Policy:

- (a) Demolition, dismantling, shoring up or propping of the Insured Property.
- (b) Removal of stock, plant and other chattels whether damaged or undamaged.
- (c) Disposal of debris (including any kind of solid, liquid or gaseous matter) from the site of the damaged Insured Property and the area immediately adjacent to the site.

ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

The extension of cover provided under this Memorandum 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.

4.3 Disclaimer Memorandum

Notwithstanding anything to the contrary elsewhere in this Policy, and providing the Schedule shows that this Memorandum applies, this insurance will not be prejudiced by any disclaimer clause in any contract entered into by the Insured for:

- (a) the storage of goods; or
- (b) the leasing of property;

whether or not the storage and leasing contracts are declared to ACE.

4.4 Earthquake, Hydrothermal Activity and Volcanic Eruption Memorandum

This Policy extends to cover physical loss or damage caused by earthquake, hydrothermal activity or volcanic eruption to any of the Insured Property. ACE's liability under this Memorandum is subject to the Special Limit and Deductible shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.5 Employees' Effects Memorandum

This Policy extends to cover the personal effects of the Insured's directors and employees, but only while the effects are at premises owned or occupied by the Insured, or elsewhere while being worn, kept, carried or used by the Insured's directors or employees acting in the course of their duties or employment. The effects are deemed to be included in the description of Insured Property as if they were owned by the Insured.

Unless the Insured is responsible for the loss or damage, this extension of cover does not apply to loss or damage to the personal effects of any director or employee who is entitled to indemnity for that loss or damage under any other valid and collectable insurance.



In respect of any one loss to any one director or employee, ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.6 Expediting Costs Memorandum

Where a claim is payable under this Policy for the cost of reinstating any Insured Property, ACE will also indemnify the Insured for such additional costs of express freight and overtime labour as are reasonably incurred for the purpose of expediting that reinstatement. The indemnity provided by this Memorandum will not increase ACE's liability beyond the Sum Insured on the affected property.

ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.7 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.

4.8 Hazardous Substance Emergencies Memorandum

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

ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.9 Landslip Memorandum

This Policy extends to cover physical loss or damage to Insured Property caused by landslip. In respect of loss arising out of any one event or series of related events, ACE's liability under this Memorandum is subject to the Special Limit and Deductible shown in the Schedule. This Memorandum does not apply to loss that would be recoverable under this Policy in the absence of the Memorandum.

4.10 Money Memorandum

The Money exclusion is deemed to be deleted from this Policy in its entirety. Instead, subject to the terms of this Memorandum and to the terms of the Policy in so far as they can apply, this Policy extends to cover Money as follows:

Section A

- (a) Money in transit.
- (b) Money at the Insured's business premises or sites of contract during Business Hours.



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- (c) Money in a securely locked safe or strongroom at the Insured's business premises outside Business Hours.

Section B

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

Definitions

'Money' means current coin and currency notes, cheques, travellers cheques, unused postage stamps, redeemable vouchers and tokens, franking machine credits, and other negotiable instruments.

'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.

Additional Perils Insured

The Policy is further extended to cover loss of or damage to Money caused by each of the following perils, but only where the loss or damage would otherwise be excluded from cover under this Policy:

- (a) earthquake; hydrothermal activity; landslip; volcanic eruption; or subsidence or erosion of the land;
- (b) theft of any kind not expressly excluded from cover under this Memorandum.

Additional Exclusions

Cover under this Memorandum is subject to the additional exclusions of:

- (a) loss due to errors in receiving or paying out;
- (b) loss or damage occurring while the Money is entrusted to any person other than the Insured or any Principal, employee or agent of the Insured, or any professional Money carrier;
- (c) loss resulting from payment of Money in exchange for any cheque that is subsequently dishonoured;
- (d) loss occurring while the Money is in an unlocked and unattended vehicle;
- (e) loss directly resulting from theft or fraud by any of the Insured's employees, but this exclusion does not apply to loss discovered within 72 hours (excluding Saturdays, Sundays and public holidays) of the act of theft or fraud;
- (f) loss recoverable under a policy of Fidelity Guarantee (or equivalent) insurance.

Limits of Liability

ACE's liability under each of Sections A and B of this Memorandum will not exceed the Special Limits shown in the Schedule. However, if an additional Special Limit designated 'Christmas Carry' is shown in the Schedule, ACE's liability under Section A will be increased by an amount equal to the additional Special Limit during the month of December.



4.11 Other Interests Memorandum

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

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

4.12 Professional Fees Memorandum

This Policy extends to cover all reasonable professional fees, clerks of works salaries, inspectors' wages, and related costs necessarily incurred in reinstating damage to Insured Property. The insured fees, salaries, wages and costs are deemed to be included in the Sum Insured on the affected property.

This Memorandum does not apply to fees or costs incurred for preparing claims on this Policy.

4.13 Progress Claim Payments Memorandum

In the event of damage giving rise to a claim under this Policy, ACE will make progress claim payments on production of acceptable evidence of insured loss. If the aggregate of progress payments exceeds the total amount of the adjusted loss, the Insured will immediately refund the difference between the amount of adjusted loss and the aggregate of payments actually made.

4.14 Protection Costs Memorandum

ACE will indemnify the Insured for any costs reasonably incurred by the Insured for the purpose of, and for damage directly resulting from, controlling any loss-causing event that involves or threatens to involve Insured Property.

ACE's liability under this Memorandum is subject to the Special Limit and Deductible shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.15 Refrigerated Goods Memorandum

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; and
- (b) costs reasonably incurred to avoid or minimise the damage by transferring the threatened goods to alternative storage or by other means.

Special Provisions

- (a) The words 'goods stored' are deemed to include goods that are located anywhere on the same premises and would, but for the stoppage or malfunction, have been placed in the refrigerated cabinets or chambers.
- (b) This Memorandum does not cover damage resulting from disconnection of the public electricity supply where the Insured had been given at least 24 hours notice of the disconnection.



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ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.16 Reinstatement Memorandum

Applicable to those Items of Insured Property marked with an 'R' in the Schedule of Insured Property.

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 (or under each Item of the Policy if the property is described under separate Items) 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, and is subject also to the terms of the Policy in so far as they can apply.

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;

(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 Regulations;
- 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, then, with the consent of ACE (which will not be unreasonably withheld), 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;



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- (e) 'Site' means any parcel of land owned or occupied by the Insured;
- (f) 'Regulations' means any building or other regulations made under or framed in pursuance of any Act of Parliament or regulation or by-law of any local authority;
- (g) 'Undamaged' means not damaged physically and directly by an event insured under this Policy.

Special Provisions

1. Compliance With Regulations

The amount payable under this Memorandum will include the cost incurred in Reinstatement that is necessary to comply with any Regulations; 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).

This 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 another Site:

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

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 at the same Site, ACE'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, ACE's liability will not exceed the amount ACE could have been called upon to pay for Reinstatement if the property had been Destroyed;
- (c) ACE'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;



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- (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 Regulations, or by reason 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 ACE in respect of the loss or damage will be the same as if this Memorandum had not been incorporated in the Policy.

5. Valuation of the Property

- (a) At the commencement of the Policy Period, the Insured must provide ACE with a certificate from a valuer approved by ACE specifying the estimated cost of Reinstatement of any Insured Property to which this Memorandum applies.
- (b) The certificate must also contain such other estimates and information as ACE may reasonably require.
- (c) The sum to be insured under this Memorandum in respect of each Item will not be less than the amount of the estimate specified in the certificate in respect of that Item.
- (d) If a certificate is not provided in accordance with Special Provision 5 (a) within one month of the commencement of the Policy Period, the insurance in respect of each Item of the Policy to which this Memorandum applies will be separately subject to the following condition on Average.

Average Condition

If, at the time of loss or damage, the Sum Insured is less than 90% of the cost that would be incurred in Reinstatement if the whole of the property to which the Sum Insured applies were Destroyed, then the Insured will be considered as an insurer for the difference between the Sum Insured and the sum representing the cost of Reinstatement of the whole of that property, and must bear a rateable proportion of the loss accordingly.

6. 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, which may be payable in respect of the property by reason of compliance with any Regulations.

4.17 Release of Liability Memorandum

Where the Insured is required by legislation or by contractual agreement to release any of:

- (a) the Fire Service Commission;
- (b) any fire protection equipment suppliers approved by the Insurance Council of New Zealand Inc;
- (c) any railway company;
- (d) any oil company;



- (e) any other party to an agreement that has been declared to and accepted by ACE;

from liability arising from loss or damage insured by this Policy, the release is allowed without prejudice to this insurance.

4.18 Rewards Memorandum

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. However:

- (a) no payment will be made unless it contributes to the protection or recovery of the property;
- (b) the terms of the reward must be agreed by ACE prior to the reward being offered;
- (c) ACE's liability will not be increased beyond the Sum Insured on the Insured Property;
- (d) ACE will not unreasonably refuse its agreement to the terms of a reward payable under this Memorandum.

4.19 Seasonal Stock Increase Memorandum

The Sum Insured on stock (if any) is automatically increased by the percentage specified in the Schedule during the months of October, November and December. If no percentage is specified, or if it is specified as 'Nil', no indemnity will be payable under this Memorandum.

4.20 Social Club Memorandum

This Policy extends to cover the property of any social club, sports club or similar body whose activities are principally for the benefit of the Insured's employees. The property is deemed to be included in the description of Insured Property as if it were owned by the Insured.

4.21 Stock Declaration Memorandum

The premium charged for cover on stock is provisional and represents 75% of the full premium payable for the Sum Insured on stock. It is adjustable at the end of the Policy Period in accordance with the following conditions:

- (a) A declaration of the actual value of the stock held on the last day of each month within the Policy Period must be made to ACE not later than six weeks after the end of each month.
- (b) If any monthly declaration exceeds the Sum Insured on stock, then in computing the average of the monthly declarations, the Sum Insured will be included in place of the actual declaration for that month.
- (c) If no declaration is received for any one month, the Sum Insured on stock will apply in place of the declaration for that month.
- (d) The average of these monthly declarations will be computed at the end of the Policy Period and the actual premium payable will be assessed on that average (or on one half of the Sum Insured on stock, whichever is greater).
- (e) ACE will refund to the Insured the amount by which the provisional premium paid exceeds the actual premium payable as calculated above. Alternatively, the Insured will pay to ACE the amount by which the provisional premium paid falls short of the actual premium.



4.22 Stolen Keys Memorandum

Where any key (including any equivalent device) or combination giving access to Insured Property is 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. The Policy also extends to cover the reasonable cost of opening any safe or strongroom following theft of its key or combination.

ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.23 Subsidence Memorandum

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

ACE's liability under this Memorandum is subject to the Special Limit and Deductible shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.24 System Time And Date Recognition Failures - Partial Cover Memorandum

Providing the Schedule shows that this Memorandum applies, System Time And Date Recognition Failures exclusion does not apply to loss or damage by fire; lightning; explosion; aircraft or other aerial device or any article dropped from either of them; riot; civil commotion; any striker, locked-out worker, or person taking part in a labour disturbance; any malicious act (other than theft); earthquake; storm; flood; escape of water from any tank, apparatus or pipe; impact by any road, vehicle or animal; or any of them.

4.25 Temporary Removal Memorandum

This Policy extends to cover any of the Insured Property (except stock) while temporarily removed to any place in New Zealand and while in transit to or from that place. However, ACE's liability will not exceed the amount for which ACE would be liable had the loss or damage occurred at the particular place from which the property is temporarily removed.

In this memorandum, 'temporarily removed' means removed for a particular purpose, with the intention that the property be returned to the place from which it has been removed once that purpose has been served.

4.26 Transit Memorandum

This Policy extends to cover Insured Property while in transit anywhere in New Zealand, including but not limited to transit in coastal waters between ports of New Zealand. ACE's liability under this Memorandum is subject to the Special Limit shown in the Schedule. If Special Limit is 'Nil', no indemnity will be payable under this Memorandum. The Memorandum does not apply to loss that would be recoverable under this insurance in the absence of the Memorandum.

4.27 Unharmful Property Memorandum

If, for the sole purpose of reinstating Insured Property following damage to which this insurance applies, it is necessary to demolish, damage or remove any property or part unharmful by the insured event that caused the damage, ACE will indemnify the Insured for the cost of doing so. ACE will also indemnify the Insured for the cost of reinstating the



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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 ACE's liability beyond the Sum Insured on the property damaged by the insured event.