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# Crombie Lockwood NZI Agreed Business Interruption Policy Wording





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## Agreement

In consideration of the Insured having paid or having promised to pay the required premium, the Insurer agrees to indemnify the Insured for interruption to or interference with the Insured's Business resulting from Damage, in accordance with the terms of this policy.

The maximum amount payable under this policy during an Indemnity Period for each insured item is the sum insured shown in the Policy Schedule for that insured item.

## Business Interruption Insured Items

The following insured items only apply if a sum insured is shown beside the insured item in the Policy Schedule.

### ITEM 1: GROSS PROFIT

The insurance under this item covers loss of Gross Profit due to:

- (a) Reduction in Turnover, and
- (b) Increase in Cost of Working

and the amount payable as indemnity shall be:

- (i) 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 shall, as a result of the Damage, fall short of the Standard Turnover.
- (ii) In respect of Increase in Cost of Working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the reduction in Turnover which but for that expenditure would have taken place during the Indemnity Period as a result 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 for any of the charges and expenses of the Business payable out of Gross Profit as may cease or be reduced as a result of the Damage.

### ITEM 2: GROSS REVENUE

The insurance under this item covers loss of Gross Revenue due to:

- (a) Loss of Gross Revenue, and
- (b) Increase in Cost of Working

and the amount payable as indemnity shall be:

- (i) In respect of Loss of Gross Revenue the amount by which the Gross Revenue during the Indemnity Period shall, as a result of the Damage, fall short of the Standard Gross Revenue.
- (ii) In respect of Increase in Cost of Working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Revenue which but for that expenditure would have taken place during the Indemnity Period as a result of the Damage, but not exceeding the amount of the reduction in Gross Revenue thereby avoided;

less any sum saved during the Indemnity Period for any of the charges and expenses of the Business payable out of Gross Revenue as may cease or be reduced as a result of the Damage.

### **ITEM 3: GROSS RENTALS AND MANAGEMENT FEES RECEIVABLE**

The insurance under this item covers loss of Gross Rental and Management Fees due to:

- (a) Loss of Gross Rentals and Management Fees Receivable and
- (b) Increase in Cost of Working

and the amount payable as indemnity shall be:

- (i) In respect of Loss of Gross Rentals and Management Fees Receivable the amount by which the Gross Rentals and Management Fees Receivable, during the Indemnity Period shall, as a result of the Damage, fall short of the Standard Gross Rentals and Management Fees Receivable.
- (ii) In respect of Increase in Cost of Working the additional expenditure necessarily and reasonably incurred for the sole purpose of avoiding or diminishing the loss of Gross Rentals and Management Fees Receivable, which but for that expenditure would have taken place during the Indemnity Period as a result of the Damage, but not exceeding the amount of the reduction in Gross Rentals and Management Fees Receivable thereby avoided;

less any sum saved during the Indemnity Period in for any of the charges and expenses of the Business payable out of Gross Rentals and Management Fees as may cease or be reduced as a result of the Damage.

### **ITEM 4: PAYROLL - DUAL BASIS**

The insurance under this item covers loss in respect of Payroll and the amount payable as indemnity shall be:

- (a) In respect of Reduction in Turnover:
  - (i) during the Initial Period specified in the Policy Schedule the sum produced by applying the Rate of Payroll to the reduction in Turnover, less any saving during this period in the amount of Payroll paid or payable;
  - (ii) during the remaining portion of the Indemnity Period, the sum produced by applying the Rate of Payroll to the reduction in Turnover, less any saving in the amount of Payroll paid or payable, but not exceeding the sum produced by applying the remainder percentage of the Rate of Payroll to the reduction in Turnover, plus savings in Payroll deducted under item 4 (a) (i);

Note: At the option of the Insured, the number of weeks referred to as the Initial Period in item 4 (a)(i) may be increased to the Alternative Period stated in the Policy Schedule provided that the amount calculated under item 4 (a)(ii) shall not exceed the savings in Payroll deducted under item 4 (a)(i).

- (b) In respect of Increase in Cost of Working:
  - so much of the additional expenditure described in the Gross Profit Item 1(b) as exceeds the amount payable, but not more than the additional amount which would have been payable in respect of reduction in Turnover under the provisions of item 4(a) (i) and (ii) had such expenditure not been incurred.

### **ITEM 5: WAGES**

The insurance under this item covers the loss incurred by the Insured by the payment of Wages for a period beginning with the Damage and ending not later than the period as stated in the Policy Schedule.

The amount payable as indemnity under this item shall be the amount which the Insured shall pay as Wages for such period to employees whose services in consequence of the Damage, cannot be utilised by the Insured at all and an equitable part of the Wages paid to employees whose services cannot be utilised by the Insured to the full, based on a shortage of Turnover.

For the purposes of this Item, 'Wages' shall mean the wages and wage related overheads of all employees, excluding those whose remuneration is insured by Item 1 Gross Profit or Item 4 Payroll – Dual Basis.

**ITEM 6: ADDITIONAL INCREASE IN COSTS OF WORKING**

This item insures additional expenditure reasonably incurred by the Insured during the Indemnity Period in consequence of the Damage, for the purpose of:

- (a) avoiding or diminishing a reduction in Turnover, Gross Revenue or Gross Rentals and Management Fees Receivable,
- (b) resuming or maintaining any normal business operation or service,

Items 6(a) and 6(b) do not insure any expenditure incurred for reinstating the property damage.

**ITEM 7: SEVERANCE AND REDUNDANCY PAYMENTS**

This item insures the reasonable additional amounts the Insured elects to pay to employees whose services are terminated in consequence of the Damage and the resulting interruption to the Business.

**ITEM 8: ACCOUNTS RECEIVABLE**

This item insures the net shortfall in the collection of accounts receivable, resulting from Damage insured under this Policy, plus the reasonable costs incurred in reconstructing, establishing, tracing and recovering those debts, including the additional cost of financing the shortfall in collections.

Provided that this Item does not insure against shortage resulting from:

- (a) bookkeeping, accounting or billing errors or omissions; or
- (b) alteration, falsification, manipulation, concealment, destruction or disposal

of accounts receivable records committed to conceal the wrongful giving, taking, obtaining or withholding of money, securities or other property, but only to the extent of such wrongful giving, taking, obtaining or withholding.

**ITEM 9: KEY MONEY OR GOODWILL**

The insurance under this item covers loss of Goodwill consequent upon cancellation of the Insured's lease of the premises stated in the Policy Schedule as a result of Damage. The amount payable as indemnity shall be limited to the proportion of the sum insured under this item that the unexpired term of the lease at the date of Damage bears to the unexpired term of the lease as stated against the sum insured in the Schedule.

If the Insured is able to obtain the same or equivalent alternative premises under a new lease the amount payable hereunder shall be either sum calculated above or the actual loss sustained, whichever is less.

**ITEM 10: CLAIM PREPARATION COSTS**

This item insures all costs and expenses reasonably incurred by the Insured for the preparation, presentation and certification and settlement of claims made under this policy and the Insured's Material Damage policy.

Salaries, wages, overheads and other expenses of the Insured's employees shall be deemed to be part of such costs and expenses.

**ITEM 11: REDEPLOYMENT EXPENSES**

The insurance under this item covers expenditure reasonably incurred by the Insured in the necessary relocation of employees where as a result of the Damage, the Insured elects to permanently redeploy employees at any alternative sites. The insured expenses will include all such expenses as the Insured would normally incur or reimburse to employees when transferring employees and their families to different places of permanent residence for the purpose of the Business.

## Standard Business Interruption Policy Clauses

These clauses form part of and are incorporated into the policy.

### BI01 Accumulated Stocks

In adjusting any claim, account shall be taken and an equitable allowance made for any loss suffered by the Insured after the end of the Indemnity Period because stocks have been used to maintain Turnover during the Indemnity Period.

### BI02 Adjustment of Premium

If the premium for this policy has been calculated based on estimated figures, then the premium is a provisional premium for the Period of Insurance and subject to adjustment as follows:

- (a) Within 6 months of the expiry of the Period of Insurance, the premium will be recalculated using the actual figures based on the Insured's financial year most nearly concurrent with the Period of Insurance (as certified by the Insured's auditors).
- (b) The difference between the actual and the provisional premiums will either be payable as an adjustment to the Insurer or a refund payment to the Insured depending on the result of the recalculation. Any refund to the Insured is limited to a maximum of 50% of the provisional premium paid.

### BI03 Alternative Index

Adjustment of a claim under this policy may be based on Turnover, Output or any other indices of business activity that afford the most equitable result.

Output means the sale value and/or internal transfer value of finished goods and/or partially processed materials or goods.

### BI04 Contractual and Legal Commitments

This policy covers any amounts the Insured becomes contractually or legally liable to pay in consequence of Damage, including related legal costs. Any recoveries received or receivable by the Insured in respect of such commitments shall be deducted from the amount payable.

The Insurer's liability under this clause will not exceed the lesser of the Gross Profit, Gross Revenue, or Gross Rentals and Management Fees sums insured or the amount specified in the Policy Schedule.

### BI05 Customers and / or Suppliers Premises

This policy covers interruption to or interference with the Business resulting from Damage to:

- (a) premises or property of any customer to whom the Insured directly provides products, goods, services, or materials, or work or assistance of whatsoever nature and description.
- (b) premises or property of any supplier or organisation from whom the Insured receives supplies, services, materials, goods or assistance of whatsoever nature and description.

There is no cover under this clause for those services that are covered under clause BI10 Provision of Services.

### BI06 Departments

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

### BI07 Deterioration of Undamaged Property

This policy covers the reduction in value of any undamaged raw material, work in progress or finished goods due to the Insured's inability to process, use or sell these items normally following Damage and consequent interruption to or interference with the Business, and the amount payable shall be the replacement cost of the item, or if not replaced, its market value, being the price for which the Insured could purchase the same or comparable property of similar age and condition, less any savings that can be achieved.

### **BI08 New Business**

For the purpose of any claim arising from loss occurring before the completion of the first year's trading of the Business the terms Rate of Gross Profit, Annual Turnover, Standard Turnover, Gross Revenue, Standard Gross Rentals and Management Fees, Payroll, Rate of Payroll shall have the following meanings and not as stated elsewhere in the policy:

#### Rate of Gross Profit

The rate of Gross Profit earned on the Turnover between the date of the commencement of the Business and the date of the Damage

#### Standard Turnover

The proportional equivalent, for a period equal to the Indemnity Period, of the Turnover realised during the period between the commencement of the Business and date of the Damage

#### Rate of Payroll

The rate of Payroll to Turnover during the period between the date of the commencement of the Business and the date of the Damage

#### Standard Gross Rentals and Management Fees

The proportional equivalent for a period equal to the Indemnity Period of the Gross Rentals and Management Fees realised during the period between the commencement of the Business and the date of the Damage

#### Standard Gross Revenue

The proportional equivalent, for a period equal to the Indemnity Period, of the Gross Revenue realised during the period between the commencement of the Business and the date of the Damage

to which adjustments shall 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 which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall 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.

Note: this adjustment applies to Rate of Gross Profit, Annual Turnover, Standard Turnover, Gross Revenue, Standard Gross Rentals and Management Fees, Payroll, Rate of Payroll in this clause.

### **BI09 Prevention of Access**

This policy covers interruption of or interference with the Business resulting from:

- (a) Damage to Property in transit by road, rail, air, inland waterway or sea from place to places within New Zealand including while temporarily stored in the course of such transit;
- (b) Damage to Property within 10 kilometres of the Location that prevents or hinders access to the Location;
- (c) Damage to Transport routes, ports, airports or railways anywhere in New Zealand;
- (d) Bodily injury, murder, or suicide to any person at the Location or within 10 kilometres of the Location that prevents or hinders the access to the premises;
- (e) Defects in drains and other sanitary arrangements that prevents or hinders the access to the premises;
- (f) The escape of fumes, gases, toxic chemicals or any hazardous material that prevents or hinders the access to the premises.

Such loss shall be deemed to result from Damage to the premises and/or property used by the Insured at the premises.



### **BI10 Provision of Services**

This policy covers interruption to or interference with the Business resulting from Damage to:

- (a) any electricity station or sub-station or power lines or cables (excluding loss resulting from Damage to any undersea electric cables),
- (b) gas works or natural gas works (excluding loss resulting from Damage to property comprising any offshore oil or gas facility, including but not limited to any undersea gas pipeline),
- (c) water works or treatment plants,
- (d) any pipelines or other conduit of any utility from whom the insured obtains electric current, gas, natural gas, water, (excluding loss resulting from Damage to any undersea electric cables).

### **BI11 Reduced Margin**

If Turnover is maintained at a reduced Rate of Gross Profit in consequence of Damage giving rise to a claim under this Policy, an equitable allowance will be made for the loss of Gross Profit resulting from an increase in the ratio of stock usage or purchases (adjusted for stock variation). No allowance will be made for an increase in the ratio of any other uninsured costs.

### **BI12 Reinstatement of the Amount of Insurance**

Following any loss as insured by this policy and in the absence of written notice prior to the loss by the Insurer or the Insured to the contrary, the amount of the insurance reduced by the loss will be automatically reinstated from the date of the loss.

The Insured undertakes to pay additional premium for the reinstatement if required by the Insurer.

There will be no automatic reinstatement of the sum insured where the loss is caused by Natural Disaster.

### **BI13 Salvage Sale**

If following Damage giving rise to a claim under this policy the Insured shall hold a salvage sale during the Indemnity Period, Item 1 of this policy (Gross Profit) is amended to read as follows:

- (i) 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 (less the Turnover for the period of Salvage Sale) shall, as a result of the Damage, fall short of the Standard Turnover from which sum shall be deducted the Gross Profit actually earned during the period of the salvage sale.
- (ii) In respect of reduction in Payroll  
The sum produced by applying the Rate of Payroll to the amount by which the Turnover during the Indemnity Period (less the Turnover for the period of the Salvage Sale) shall in consequence of the Damage, fall short of the Standard Turnover, from which sum shall be deducted the Payroll actually paid during the period of the salvage sale.

### **BI14 Turnover Elsewhere After Damage**

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

## Exclusions applying to the Business Interruption Policy Wording

### 1. Building Defects

This policy does not cover interruption caused by Damage to a building or structure being affected by:

1. Moisture or water build-up or the penetration or external moisture or water, or
2. The action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa, or any similar or like forms.

that is caused directly or indirectly by:

- (i) Non compliance with the NZ Building Code, or
- (ii) Faulty design or faulty specification, including but not limited to faulty sequence, procedure or program, or
- (iii) Faulty materials, or
- (iv) Faulty workmanship.

when the building or structure was constructed, manufactured, altered, repaired, renovated or maintained.

This exclusion does not apply to loss or damage that is caused by or directly arises from the leakage of internal pipes, internal water reticulation systems or internal cisterns.

### 2. Electronic Data

This policy does not cover interruption in connection with loss or damage to Electronic Data from any cause whatsoever including, but not limited to, a Computer Virus. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with Electronic Data and Software.

This exclusion does not apply to:

1. any Loss or Damage to other parts of the Insured Property, that occurs as a result of the Loss or Damage to Electronic Data and Software, or
2. the loss of Electronic Data and Software resulting from electronic equipment insured by this policy suffering Loss or Damage covered by this policy.

### 3. Infectious Disease

This policy does not cover business interruption arising in connection with a Notifiable Infectious Disease under the Health Act 1956 or the Biosecurity Act 1993.

### 4. Nuclear Risks

This policy does not cover business interruption arising in connection with:

1. ionising radiation or contamination by radioactivity from:
  - (a) any nuclear fuel, or
  - (b) any nuclear waste from the combustion or fission of nuclear fuel.
2. nuclear weapons material.

### 5. Order of Authorities

This policy does not cover Loss or Damage in connection with confiscation, nationalisation, destruction or requisition of Insured Property by the order of government or local authority unless the order is given for the purpose of controlling Loss or Damage insured by this policy.

### 6. Pollution Contamination

This policy does not cover business interruption in connection with pollution or contamination.

This exclusion does not apply where the pollution or contamination is from a cause not otherwise excluded by this policy.

## **7. Terrorism**

This policy does not insure business interruption, in connection with an Act of Terrorism, including controlling, preventing, suppressing, retaliating against, or responding to an Act of Terrorism.

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

## **8. War**

This policy does not insure business interruption in connection with war, invasion, act of foreign enemy, hostilities or war like operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

## Conditions applying to the Business Interruption Policy Wording

### **GC01 Adjuster**

The adjustment of any claim shall be carried out by the Insurer or any loss adjuster appointed by mutual agreement with the Insured.

### **GC02 Alteration of Risk**

Where the Insured becomes aware of any change in the nature of the business operations or change in the occupancy that increases the risk of loss, such change will be notified to the Insurer within a reasonable time.

However, no notification is required:

- (a) to do such work and to make such changes in the use or occupancy as is usual for or incidental to the Business of the Insured.
- (b) to carry out any alterations and/or repairs to any Insured Property except where these are structural alterations or repairs.
- (c) to shut down or cease operations and for individual buildings to remain vacant or unoccupied for a maximum of 90 days.

The Insurer may change the terms of the policy and the Insured agrees to pay any reasonable additional premium if required by the Insurer.

### **GC03 Cancellation**

#### By the Insured

This policy may be cancelled by the Insured at any time, and with immediate effect, by providing written notice to the Insurer.

Following such cancellation the Insurer will be entitled to retain a pro-rata proportion of the premium (subject to any adjustment required under the terms of this policy) for the time during which the policy has been in force.

#### By the Insurer

This policy may be cancelled by the Insurer at any time by providing written notice to the Insured at the address last known to them or to the Insured's insurance broker or representative.

The cancellation will take effect at 4pm on the 30th day after the written notice has been delivered or posted. Following such cancellation, the Insurer will refund to the Insured a pro-rata proportion of the premium, subject to any adjustment required by the terms of this policy.

### **GC04 Currency Clause**

Where any sum insured, policy limit, excess or other amount is stated in the policy or Policy Schedule, the amount is in New Zealand Dollars (NZD) unless expressed as otherwise.

### **GC05 Fraud**

If the Insured makes any claim with knowledge that it is false or fraudulent, all benefit under this policy in respect only of that claim will be forfeited.

### **GC06 Goods and Services Tax (GST)**

Provided that Goods and Services Tax (GST) is recoverable by the Insurer, the sums insured (including any special limits) by this policy are exclusive of GST.

The Insurer will pay a maximum of the sum insured plus additional GST for any accepted claim to a maximum of the current rate of GST applied to that sum insured.

Policy excesses are inclusive of GST.

### **GC07 In-House Subrogation**

Following any claim arising under this policy the Insurer waives any rights and / or remedies and / or any other relief to which the Insurer may become entitled by way of subrogation against the Insured or subsidiary or any named associated or affiliated company as specified in the Policy Schedule.

### **GC08 Liquidation, Receivership, Cessation**

This policy shall become void, unless its continuance is admitted by memorandum signed by or on behalf of the Insurer, if:

- (a) the Business be wound up or carried on by a liquidator or receiver or permanently discontinued, or
- (b) the Insured's interests cease otherwise than by death at any time after the commencement of this policy.

### **GC09 Misdescription**

This policy will not be voidable, prejudiced or invalidated by:

- (a) any innocent alteration or inadvertent misdescription of property or occupancy.
- (b) any act of the occupier whereby the risk of loss is increased without the authority or knowledge of the Insured.
- (c) any innocent misrepresentation or innocent non-disclosure of any material particular.

Provided that notice is given to the Insurer immediately the Insured becomes aware of any of the above circumstances.

For the purposes of this clause, each of the Insured (if more than one) will be treated as having been issued with a separate policy.

### **GC10 Notification of Claims**

Following a loss that gives rise to or is likely to give rise to a claim on this policy the Insured must:

- (a) take prompt steps to minimise any loss,
- (b) notify the Insurer as soon as is practicable,
- (c) provide the Insurer with as much information as may reasonably be required in connection with the claim,
- (d) inform the police if a criminal act is suspected.

### **GC11 Observance of Terms**

The due observance and fulfilment of the terms and conditions 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 statements made in the proposal for this insurance, and of any other statements made in support of this insurance are conditions precedent to any liability of the Insurer to provide any indemnity under this policy.

### **GC12 Other Insurance**

If, at the time of any claim arising under this policy, there is any other valid and collectable insurance covering the loss, this policy will apply only to the amount of any loss in excess of that recoverable under that other insurance.

### **GC13 Progress Payments**

Following a claim under this policy, payments on account will be made promptly to the Insured at any time before final settlement on production to the Insurer of reasonable evidence in support of the amount claimed.

#### **GC14 Recoveries**

If in exercising its right of subrogation, the Insurer recovers all or any part of a loss payable under this policy the amount of the recovery will be shared between the Insurer and the Insured in the following manner:

- (a) Excluding the excess applicable the Insured will first be fully reimbursed for any uninsured portion of the loss.
- (b) The remaining amount after the application of (a) above will be shared between the Insured and the Insurer in the ratio of their respective losses; the loss to the Insured being that portion of the loss which is uninsured by reason of the excess, and the loss to the Insurer being the amount of its actual payment under the policy.

The expenses of all of the recovery effort will be borne in the ratio of the respective recoveries. If no recovery is made then the costs will be for the account of the Insurer.

Notwithstanding anything in the excess clause no account will taken of any subrogated recoveries in establishing the amount of the adjusted loss to which the excess applies.

#### **GC15 Release of Liability**

Where the Insured is required by legislation or by contractual agreement to release any of the following from liability, the release is allowed without prejudice to this insurance:

- (a) the Crown,
- (b) any government-owned corporation,
- (c) any municipal or local authority,
- (d) the New Zealand Fire Service,
- (e) any certified fire protection equipment supplier,
- (f) any lift maintenance engineer
- (g) any oil company,
- (h) any party to a contract entered into by the Insured for the storage of goods or the leasing of property,
- (i) any other party to an agreement where such agreement was in place prior to the occurrence of any loss indemnified by this policy.

#### **GC16 Subrogation**

Any claimant under this policy shall, at the request and at the expense of the Insurers, do and concur in doing and permit to be done all such acts and things as may be necessary or reasonably required by the Insurers for the purpose of enforcing any rights and remedies, or of obtaining relief or indemnity from other parties to which the Insurers shall be or would become entitled or subrogated upon its paying for or making good any loss under this policy, whether such acts and things shall be or become necessary or required before or after indemnification of the claimant by the Insurer.

## Definitions

### **Alternative Period**

The portion of the Indemnity Period, that:

- (a) starts with the commencement of the Indemnity Period, and
- (b) ends no later than the number of weeks specified in the Policy Schedule as the 'Alternative Period'.

### **Business**

The business of the Insured.

### **Computer Virus**

A set of corrupting, harmful or otherwise unauthorised instructions or code including a set of maliciously introduced unauthorised instructions or code, programmatic or otherwise, which propagate themselves through a computer system or network of whatsoever nature. This includes but is not limited to 'Trojan Horses', 'Worms' and 'Time or Logic Bombs'.

### **Damage**

Sudden and Unintended and unforeseen physical loss of or physical damage to any property occurring at the Location during the Period of Insurance, provided that it:

- (i) is accepted as a claim under the Insured's Material Damage policy or would have been accepted but for the application of an excess, or
- (ii) would have been accepted as a claim under a Material Damage policy had the Insured owned the property, or
- (iii) is caused by the explosion, overheating, rupture, bursting, cracking, leakage or collapse of any Pressure Vessel.

### **Deferment Period**

Following loss this is the time period, for which the Insured is uninsured, at the expiry of which the Indemnity Period begins.

### **Electronic Data**

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

### **Gross Profit**

The amount by which the sum of the Turnover and the amount of the closing stock shall exceed the sum of the amount of the opening stock and the amount of the Uninsured Working Expenses.

Note: The amount of the opening and closing stocks shall be arrived at in accordance with the Insured's normal accountancy methods, due provision being made for depreciation.

### **Gross Revenue**

The money paid or payable to the Insured for services rendered in the course of the Business.

### **Gross Rentals and Management Fees Receivable**

The money paid or payable to the Insured or on their behalf in respect of rentals, management fees, licence fees and other expenses recoverable by the Insured,

### **Indemnity Period**

The period starting when the Damage occurs and ends no later than the number of months specified in the Policy Period, during which the results of the Business operations are affected in consequence of the Damage.

**Initial Period**

The part of the Indemnity Period that:

- (a) starts with the commencement of the Indemnity, and
- (b) ends no later than the number of weeks specified in the Policy Schedule as the 'Initial Period'.

**Lease Goodwill**

The amount of money paid by the Insured to purchase the lease to property at the Location.

**Location**

- (a) All premises owned, leased or used by the Insured as detailed in the Schedule of Insured Property attaching to the policy.
- (b) Trade shows or exhibitions where any Insured Property is located to a maximum of \$25,000.
- (c) Any premises anywhere else in New Zealand where any Insured Property is located, limited to 20% of the sums insured to a maximum of \$100,000.

Where a public road separates premises, it is deemed to be a separate Location for the purpose of this definition.

**Natural Disaster**

Earthquake, volcanic activity, hydrothermal activity, subterranean fire, tsunami, geothermal activity, or fire caused by any of these.

**Payroll**

The gross remuneration, including but not limited to wages, salaries, Accident Compensation, redundancy payments and severance payments required by law or employment agreement, levies, bonuses, sick pay, holiday pay, superannuation contributions and any other payroll related payments, for all employees engaged in the Business.

**Period of Insurance**

The period that commences and ends at the times and dates specified in the Policy Schedule and any extension of this period as agreed to by the Insurer.

**Policy Schedule**

The most recent policy schedule attaching to and forming part of this policy.

**Pressure Vessel**

Is any boiler or economiser or pipe or other vessel which in normal use is subject to generated or applied fluid pressure or vacuum.

**Rate of Gross Profit**

The rate of Gross Profit earned on the Turnover during the financial year immediately before the date of the Damage;

to which adjustments shall 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 which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall 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.

**Software**

Programs, procedures and routines associated with the operation of electronic or electromagnetic data processing or electronically controlled equipment including any operating system.



**Standard Gross Rentals and Management Fees**

The Gross Rentals and Management Fees during the period of 12 months immediately before the date of the Damage;

to which adjustments shall 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 which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall 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.

**Standard Gross Revenue**

The Gross Revenue earned during the period of 12 months immediately before the date of the Damage which corresponds with the Indemnity Period;

to which adjustments shall 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 which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall 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.

**Standard Turnover**

The Turnover during the period of 12 months immediately before the date of the Damage which corresponds with the Indemnity Period;

to which adjustments shall 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 which would have affected the Business had the Damage not occurred, so that the figures thus adjusted shall 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.

**Turnover**

The money paid or payable to the Insured for goods sold and delivered and for services rendered in the course of the Business.

**Uninsured Working Expenses**

Uninsured Working Expenses mean purchases and any other expenses of the Business that are determined by the Insured to vary directly with Turnover or Output.