

## INTRODUCTION

### WELCOME

Welcome to New Zealand Insurance. Thank you for selecting us as your insurer.

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## DEFINITIONS

The definitions apply to the plural and any derivatives of the words.  
For example, the definition of 'accident' also applies to the words 'accidentally', 'accidental' and accidents.

<b>accidental</b>	a happening or event which is unexpected and unintended from the <b>insured's</b> point of view.
<b>company</b>	NZI, a business division of IAG New Zealand Limited.
<b>date of establishment</b>	the 1st day of May immediately following the date of the planting out, seeding or regeneration of the <b>trees</b> .
<b>expenses</b>	any of the following expenses incurred for the purpose of fire suppression: (a) standard wages paid to the <b>insured's</b> employees; (b) the cost of hiring equipment; (c) the running expenses of the <b>insured's</b> own equipment; (d) payments to others for services performed.
<b>harvested trees</b>	<b>trees</b> that have been felled, but that remain on a temporary basis within the compartment being harvested pending its transportation from the forest. Limited to their insured value prior to harvesting.
<b>insured</b>	the person or entity named in the <b>schedule</b> .
<b>loss</b>	<b>accidental</b> physical damage or <b>accidental</b> physical destruction.
<b>period of insurance</b>	the period of cover referred to in the <b>schedule</b> .
<b>schedule</b>	the current Schedule to this policy issued to the <b>insured</b> .
<b>sum insured per unit</b>	the Sum Insured per Hectare per Unit applicable for the age of the <b>trees</b> from the <b>date of establishment</b> as specified in the Table of Values per Hectare set out below.
<b>trees</b>	the trees growing on the area of land specified in the <b>schedule</b> .

## INSURANCE AGREEMENT

### INSURANCE AGREEMENT

In consideration of the insured agreeing to pay to the **company** the premium stated in the **schedule**, the **company** agrees to provide the insurance set out below:

## TABLES OF VALUES PER HECTARE

### VALUES PER HECTARE

AGE OF TREES FROM THE DATE OF ESTABLISHMENT	SUM INSURED PER HECTARE PER UNIT
From planting until 1st May	\$145
1	\$145
2	\$155

VALUES PER HECTARE

AGE OF TREES FROM THE DATE OF ESTABLISHMENT	SUM INSURED PER HECTARE PER UNIT
3	\$180
4	\$195
5	\$220
6	\$240
7	\$265
8	\$295
9	\$320
10	\$360
11	\$400
12	\$445
13	\$490
14	\$550
15	\$605
16	\$690
17	\$775
18	\$880
19	\$995
20	\$1130
21	\$1275
22	\$1450
23	\$1615
24	\$1835
25	\$2100
26	\$2285
27	\$2498
28	\$2729
29	\$2981
30	\$3255



NEW ZEALAND  
FOREST OWNERS' ASSOCIATION INC.

This Forest Fire Insurance Policy has been formulated by a joint committee of the Forest Owners Association Inc. and New Zealand Insurance.

WHAT YOU ARE INSURED FOR

LOSS OF TREES

1. The **company** will indemnify the **insured** for **loss to trees**, including **harvested trees** awaiting transportation from the harvest area, occurring during the **period of insurance** caused by:
  - a. fire; or
  - b. explosion; or
  - c. lightning; or
  - e. thunderbolt; or
  - f. riots or strikes; or
  - g. civil commotion; or
  - h. aircraft or any article dropped from an aircraft; or
  - i. impact by a land vehicle.
2. The **company** will indemnify the **insured** for the reasonable cost of preparing but not negotiation of the claim, under this policy for submission to the **company**. The **company's** liability under this Insuring Clause 2 shall not exceed \$10,000 for any one event of **loss**.
3. The **company** will indemnify the **insured** for any of the following Extensions if listed in the **schedule**:
  - a. **Re-establishment Costs**
    - (i) If there is a **loss** indemnified under Insuring Clause 1 above (or there would be but for the application of the Excess) the **company** will indemnify the **insured** for:
      - the necessary cost of clearing and preparing the land for re-planting; and
      - the necessary costs of re-fencing; and
      - the necessary costs of re-roading; and
      - the necessary costs of repairing or replacing bridges; and
 the cost of new seedlings and their initial replanting.
 

PROVIDED THAT the cost of preparation for re-planting and the cost of re-planting must take into account the nature of the area involved and shall not exceed the cost the **insured** would otherwise have incurred by following normal practice.

- (ii) The preparation for re-planting and the re-planting shall be undertaken in the next planting season after the **loss**, unless the **company** agrees otherwise.
- (iii) No payment shall be made under this Extension until the costs have been incurred by the **insured**.
- (iv) The **company** shall only be liable in excess of:
  - (a) any Government assistance received by the **insured** for which a premium discount has been allowed by the **company**; and
  - (b) any other benefit the **insured** receives in respect of these costs.
- (v) The **company's** maximum liability under this Insuring Clause 3(a) shall be \$150 per Hectare, multiplied by the number of Units specified in the **schedule** (which must be a minimum of 2 Units).

**b. Fire Fighting costs including levies**

The company will **indemnify** the **insured** for:

- (i) **expenses** incurred by the **insured** in fighting any fire occurring within the area containing the **trees** which results, or could have resulted, in **loss** covered by this policy (whether within the Excess or not).
- (ii) levies imposed on the **insured** by Section 46 Forest and Rural Fires Act 1977 for fighting any fire within the confines of the **trees** or any **trees** adjacent to the **trees** if they threaten **loss** to the **trees**. The **company** shall be entitled to appeal any award and/or levy made against the **insured** in the **insured's** name.

PROVIDED HOWEVER that (i) and (ii) above shall be subject to the following:

- (a) an Excess of 5% shall apply in respect of any one event of fire; and
- (b) the **company** shall only be liable in excess of any other benefit the **insured** receives in respect of the **expenses** and/or levies.

**c. Clear Felling a partial loss area**

If part of an area suffers from partial **loss**, and it would not be consistent with recognised forestry management principles to continue to grow some remaining **trees** in that block, the **company** may treat an area in that block that includes those **trees** as a constructive loss.

Whether the **company** does so is entirely a matter for our discretion. The **company** may appoint an independent expert to advise the **company** on this matter. The **insured** is required to co-operate fully with the person appointed by the **company**.

## WHAT YOU ARE NOT INSURED FOR

**GENERAL EXCLUSIONS**

- 1. This policy does not insure **loss** caused directly or indirectly by:
  - (a) fire ordered by, or resulting from an order of, a public authority, other than pursuant to Section 36 of the Forest and Rural Fires Act 1977;
  - (b) (i) ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. Solely for the purpose of this exclusion, combustion shall include any self sustaining process of nuclear fission;
  - (ii) nuclear weapons material;
  - (c) (i) war, invasion, act of foreign enemy, hostilities, or warlike operations (whether war is declared or not), civil war, mutiny, military or popular uprising, insurrection, rebellion, revolution, military or usurped power, martial law or state of siege, or any of the events or causes which determine the proclamation, or maintenance of marital law or state of siege;
  - (ii) subterranean fire, earthquake, or volcanic eruption.
- 2. This policy does not insure:
  - (a) interruption of business or any other consequential loss beyond **loss** to the **trees**;
  - (b) any other fire-fighting costs or levies or re-establishment costs apart from those expressly covered by this policy.

## HOW MUCH WE WILL PAY

**CALCULATION OF INDEMNITY**

The **company** will indemnify the **insured** as follows:

- (a) if the **trees** are not of an age to have a viable timber yield (from planting to approximately 10 years old), the **company** will pay the normal cultivation costs incurred up until the time of **loss**, including a reasonable compounded internal rate of return;
- (b) if the **trees** are of an age to have a viable timber yield, the **company** will pay the value per hectare of the **trees lost** calculated by multiplying the **sum insured per unit** (applying the appropriate age of the **trees**) by the number of Units specified in the **schedule**.

PROVIDED HOWEVER that the amounts arrived at under (a) and (b) above shall be reduced by:

- (a) the amount of any Excess; and
  - (b) the value of any salvage; and
  - (c) the extent of any damage or deterioration suffered by the **trees** prior to the **loss** which would result in their yield per hectare reasonably expected on the 30th anniversary of the **date of establishment** to be less than 430 cubic metres per hectare.
- If (c) applies, the amount payable under the policy shall be reduced pro rata in the same proportion as the deficit in the yield per hectare.

**EXCESS**

The Excess stated in the **schedule** shall be deducted once from all claims arising out of any one event in accordance with the following options:

- 1. for forests of 160 hectares or more (forest owner):
  - (a) a standard amount equivalent to 5% of the total net claim, with a minimum of \$1,000 and a maximum of ..... \$25,000;
  - (b) a standard amount of ..... \$25,000;
  - (c) a standard amount of ..... \$50,000;
  - (d) a standard amount of ..... \$100,000;
  - (e) a standard amount of ..... \$150,000.
- 2. for wood lots not exceeding 160 hectares (wood lot owner):
  - (a) a standard amount equivalent to 5% of the total net claim, with a minimum of \$250 and a maximum of ..... \$25,000;
  - (b) a standard amount of ..... \$25,000;
  - (c) a standard amount of ..... \$50,000;
  - (d) a standard amount of ..... \$100,000;
  - (e) a standard amount of ..... \$150,000.

**SALVAGE**

- (a) The **insured** shall notify the **company** of its election to either sell the damaged **trees**, or utilise them for its own use, within 45 days of the **loss**.
- (b) Salvage shall be assessed by two independent forest consultants, or other competent persons, one appointed by the **insured** and the other appointed by the **company**.
- (c) The **trees** shall be assessed where they are standing.
- (d) There shall be no abandonment of the **trees** to the **company**.
- (e) The **insured** shall have the responsibility of selling the **trees** if it elects to do so.

**GENERAL CONDITIONS**

**ONE CONTRACT**

This policy and the **schedule** and any endorsements shall be read together as one contract. The application shall be incorporated in the contract.

**OBSERVANCE**

It shall be a condition precedent to the **company's** obligations under this policy that:

- (a) the **insured** has complied with all the terms of the policy; and
- (b) the statements and answers in the:
  - (i) application; and
  - (ii) any claim form; and
  - (iii) any notice of change in circumstance;or given separately in support of any of them (whether by the **insured** or any other person), are true and correct; and
- (c) if the policy covers the interest of any party other than the **insured**, that party also complies with the same terms and conditions of the policy where applicable.

**INSURANCE LAW REFORM ACTS**

The conditions and exclusions in this policy are subject to the **insured's** rights set out in the Insurance Law Reform Acts 1977 and 1985.

**POLICY LIMITS**

All sums insured are in New Zealand dollars and the cover provided applies only in respect of any event occurring within New Zealand, unless otherwise stated.

**GOODS & SERVICES TAX**

Provided GST is recoverable by the **company** under the Goods and Services Tax Act 1985, then:

- (a) all sums insured stated in the policy exclude GST; and
- (b) GST will be added, where applicable, to claim payments.

**OTHER INSURANCE**

The **insured** shall immediately give notice to the **company** of any other policy of insurance covering the **insured** for any of the same risks of **loss** as this policy.

If at the time any claim arises under this policy there is any other insurance covering the **insured** for the same **loss**, the **company** shall only pay over and above the sum payable under the other insurance.

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**INTERESTED PARTIES**

Any parties whose interest in the **trees** is noted by the **company** shall be separately insured under this policy to the extent of its rights and interests.

If the **company** receives written advice of any mortgage or security over any **trees**, the **company** may, at its option, pay part or all of any claim to that party up to the limit of its loss. Any such payment shall, to the extent, discharge the company's obligations under the policy.

The **insured** authorises disclosure of information about this policy to any party whose interest in the **trees** is noted by the **company**.

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**CHANGE IN CIRCUMSTANCE**

(a) The **insured** shall give immediate notice to the **company** of any change in circumstance since inception of the policy that increases the risk of a claim arising. The **company** shall then be entitled to adjust the premium and/or the terms of this policy with immediate effect.

(b) If the **insured** fails to comply with this obligation, this policy shall be voidable at the option of the **company** from the date the **insured** knew, or ought to have known, of the change in circumstance.

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**NOTICES**

All notices given under this policy shall be in writing.

Notices from the **insured** to the **company** shall be delivered personally or posted to any Branch or the Head Office of the **company**.

Notices from the **company** to the **insured** shall be delivered personally or posted to the last known postal address of:

- the **insured**; or
- the **insured's** agent or representative, if applicable.

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**CANCELLATION/ NON RENEWAL**

(a) This policy may be cancelled by the **insured** by notice to the **company**. The **insured** shall not be entitled to any refund of premium.

(b) The **company** may cancel this policy by notice to the **insured**. Cancellation will be effective from 4.00 p.m. on the 30th day thereafter. The 30-day period starts on the day the notice is delivered or posted. The **company** will refund the amount of any unexpired premium already paid on a pro rata basis.

(c) The **company** may elect not to renew the policy at the expiry of any **period of insurance**. However, the **insured** shall be given notice of this election at least 30 days prior to the expiry of the **period of insurance**.

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**FRAUD**

This policy is void if any fraudulent means are used by the **insured**, or anyone authorised to act on behalf of the **insured** in support of a claim.

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**DILIGENCE**

The **insured** shall take reasonable care at all times:

- (a) to comply with the Forest and Rural Forest Act 1977; and
- (b) to avoid any **loss** to the **trees**.

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**ACTS OF PARLIAMENT**

Where this policy refers to an Act of Parliament, this includes any Regulations made under it. It also includes any Act or Regulations enacted in substitution.

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**JURISDICTION**

The law of New Zealand shall apply to this policy and the New Zealand Courts shall have exclusive jurisdiction to determine any disputes.

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**CERTIFICATES**

(a) It shall be a condition precedent to this policy coming into force that the **insured** has supplied to the **company** a certificate from an independent forest consultant (or other person acceptable to the **company**) confirming that the **trees**, the subject of this policy, are well established and in sound condition.

(b) A certificate to the same effect shall be required before any new **trees** are added to the policy, or before the **insured** increases the number of Units specified in the **schedule**.

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**INSPECTION**

The **company** shall be entitled to access to the **trees** at any reasonable time and shall be free to inspect them and take samples of wood or foliage.

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**SET BURNS**

The **insured** shall give prior notice to the **company** of any proposed set burn of any area advising:

- the date of the set burn; and
- who authorised the set burn; and
- the area to be set burned.

The **insured** must provide to the **company**:

- a copy of the burn plan; and
- a copy of the fire permit.

**CLAIMS**

(a) If the **insured** suffers any **loss** likely to give rise to a claim under this policy:

(i) The **insured** must:

- (a) immediately notify the **company** by telephone, facsimile or e-mail;
- (b) take prompt steps to minimise the **loss** and avoid any further **loss**;
- (c) if arson or malicious damage is suspected, lay a complaint with the police;
- (d) take reasonable steps to obtain details of any other person, property or vehicle involved, and any witnesses;

(ii) The **insured** must not:

- (a) dispose of any **trees** which are intended to be the subject of a claim, unless this is necessary to prevent further **loss**;
- (b) do or say anything, which may prejudice the **company's** ability to pursue recovery under subrogation.

(b) If the **insured** wishes to make a claim under this policy, the insured must:

- (i) complete in full the **company's** Claim Form as soon as practicable after the **loss**;
- (ii) provide free access to examine and assess any **loss**;
- (iii) authorise the disclosure of the **insured's** personal information held by other parties relating to the claim;
- (iv) provide any other information or assistance the **company** reasonably requires to process the claim;
- (v) if requested by the **company**:
  - provide a statutory declaration to verify the **loss**;
  - submit to cross-examination under oath by any person the **company** nominates.

(c) After the **company** has accepted a claim either in whole or in part, the **company** shall be fully subrogated to the position of the **insured** and shall be able to exercise for its own benefit any legal right of recovery held by the **insured**. The insured must, at the **company's** expense, fully co-operate in the enforcement of this right by the **company**.



NEW ZEALAND  
FOREST OWNERS' ASSOCIATION INC.



FORESTCOVER™ (FOREST FIRE POLICY)

Underwritten by NZI, a business division of IAG New Zealand Limited

**IMPORTANT:** PLEASE EXAMINE THIS POLICY AND IF IT DOES NOT MEET YOUR REQUIREMENTS,  
KINDLY RETURN IT AT ONCE TO YOUR BROKER OR AGENT OR TO OUR OFFICE OF ISSUE.

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