

Important changes to your NZI Residential Buildings (Multi-Dwelling) Insurance policy



We've recently reviewed your NZI Residential Buildings (Multi-Dwelling) Insurance policy to ensure the cover continues to be both relevant and competitive.

What do you need to do?

Attached is a summary of the most important changes.

This summary is designed to provide an overview of the most important changes to your policy. As every change isn't listed here, we strongly recommend you familiarise yourself with your new policy document, so you understand exactly what you're covered for.

You can find this at www.nzi.co.nz

If you have any questions or would like to know more about any of these changes, please contact your broker.

What's changed	Where to find this in the new wording
<p><i>The following automatic extension is new</i></p> <p>3.7 Methamphetamine contamination</p> <p>You're covered to help clean up any damage to your unit, common property and common areas of your building caused by methamphetamine contamination.</p> <p>We'll pay up to \$30,000 for each unit and up to \$30,000 for all common property and common areas of your building. The maximum amount payable for all contamination claims in an annual period is \$250,000.</p> <p>An excess of \$2,500 applies to each claim.</p> <p>Cover is not restricted to tenanted properties – owner occupied properties and holiday homes are also covered.</p> <p>Short-term rentals are also covered, however different conditions and limitations apply.</p> <p><i>Note: If your unit is tenanted, you must meet the 'Landlord's obligations' outlined below so you're covered for contamination damage.</i></p>	<p>Section 1 – Automatic policy extensions</p>
<p><i>The following automatic extensions are updated</i></p> <p>3.1 Alternative accommodation</p> <p>Extended to cover temporary alternative accommodation if your unit can't be lived in due to methamphetamine contamination covered by the policy.</p> <p>Clarifies that this cover only applies if the unit is your principal residence and it extends to cover your family members who permanently reside with you and the loss or contamination damage must occur during the period of insurance.</p> <p>3.6 Loss of rent</p> <p>Extended to cover loss of rent if your rental unit can't be lived in due to methamphetamine contamination covered by the policy.</p> <p>Clarifies that the loss or contamination damage must occur during the period of insurance.</p>	<p>Section 1 – Automatic policy extensions</p>

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<p>3.8 Natural disaster</p> <p>The excess specific to natural disaster damage is now built into your policy wording. Previously, these excesses were applied through a policy endorsement.</p> <p><i>Note: There is no change to the natural disaster damage excess.</i></p> <p>3.9 New building work</p> <p>Clarifies the maximum amount payable per annual period is \$10,000 (previously per period of insurance) and the loss must occur during the period of insurance.</p> <p>3.12 Sustainability upgrade</p> <p>If a unit or building is destroyed, we'll pay to upgrade the unit or building with sustainable products.</p> <p>Payment under this extension for loss to unit(s) has increased from \$5,000 per unit/max \$25,000 to \$5,000 per unit up/max \$250,000.</p> <p>Payment under this extension for loss to the building has increased from \$5,000 per unit/max \$250,000 to 5% of the actual cost to replace the building/max \$250,000.</p>	<p>Section 1 – Automatic policy extensions</p>
<p><i>The following clause (applied via an endorsement) no longer applies</i></p> <p>Fixed carpets and floor coverings extension (owner occupied units)</p> <p>All fitted floor coverings such as glued, smooth edge or tacked carpet and floating floors are automatically covered through the definition of 'building' and they're settled on the same basis as the building. This applies to units of all occupancy types.</p> <p>Previously, this clause was applied through a policy endorsement and cover was extended to fixed carpets and floor coverings in owner-occupied units and it also outlined the basis of settlement.</p>	
<p><i>The following exclusions are new</i></p> <p>4.1 (f) Causes of loss not covered</p> <p>There's no cover for damage to your swimming pool or spa pool from hydrostatic pressure unless it is as a result of earthquake, storm or flood.</p> <p>4.2 (a) & (b) Types of loss not covered</p> <p>Clarifies that there's no cover for drapes or light fittings that are not in the rooms where the loss occurred and that there's no cover for undamaged parts of a bathroom or kitchen suite that have not suffered the loss.</p> <p>4.3 Costs not covered</p> <p>Clarifies that there's no cover for damage due to defective or faulty design, workmanship or construction. This exclusion only applies to property directly affected – you're covered for resultant sudden and accidental loss to other parts of your insured property.</p>	<p>Section 1 – Exclusions</p>

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<p><i>The following exclusions are updated</i></p> <p>4.6 Intentional damage</p> <p>Clarifies that there's no cover for intentional damage caused by a tenant, any guest or any person who occupies your unit.</p> <p>Cover continues for intentional damage resulting in fire or explosion.</p> <p>Clarifies that there's no cover for any intentional damage by you or anyone else covered under the policy. Previously, this exclusion extended to all your family members.</p>	<p>Section 1 – Exclusions</p>
<p><i>The following clauses are new/updated</i></p> <p>5.1 Basis of settlement: Reinstatement</p> <p>Clarifies the basis of settlement for a building insured for replacement - outlines how a building will be replaced for a total loss and how it will be repaired.</p> <p>Circumstances where reinstatement does not apply</p> <p>This new clause sets out when reinstatement cover does not apply and the basis of settlement defaults to indemnity cover.</p> <p>5.2 Basis of settlement: Indemnity</p> <p>Clarifies the basis of settlement for a building insured for indemnity.</p> <p>5.3 Additional costs you are covered for (covered within the max amount payable)</p> <p>Costs of compliance – Clarifies that necessary and reasonable costs to comply with regulations is included in the maximum amount payable when we repair or replace the insured property (certain exceptions apply).</p> <p>Demolition costs – Sublimit specified for demolition involving asbestos: 5% of the site sum insured, or \$25,000, whichever is lesser.</p> <p>Claims preparation costs – Under this new clause, you're covered up to \$25,000 towards costs incurred to assess or prepare a claim.</p> <p>5.5 Method of repair or replacement</p> <p>This new clause confirms that repair or replacement of the building will be based on current industry accepted building materials and construction methods.</p>	<p>Section 1 – Basis of settlement</p>

What's changed	Where to find this in the new wording
<p>The following clauses are new/updated</p> <p>6.2 Reinstatement of the sum insured once repaired</p> <p>This clause is now built into your policy wording. Previously, it was applied through a policy endorsement.</p> <p><i>Note: The clause has not changed - it continues to set out that if the building has suffered loss, the sum insured of the building will be reduced by the outstanding repair amount and will be added back to the sum insured once it is repaired.</i></p> <p>6.3 Sum insured adjustment on renewal for unrepaired buildings</p> <p>This new clause confirms that if a building has suffered loss in a previous annual period and has not been repaired, the sum insured of the building is reduced by the outstanding repair amount. It will be added back to the sum insured once the repair work is complete.</p> <p>6.4 Sub limits</p> <p>This new clause clarifies how sub limits apply where the maximum amount payable is higher than the sub limit.</p> <p>The maximum amount payable overrides any higher sub limit.</p> <p>6.5 Excess</p> <p>Clarifies that the excess shown in your schedule applies to the building (previously the excess applied individually to each unit) and is deducted from the amount of the claim (previously it was deducted from the amount of the loss).</p> <p>The 72-hour clause does not apply to claims made under the new methamphetamine contamination extension.</p>	<p>What we will pay</p>
<p>The following clauses are updated</p> <p>8.1 (a) (vii) What you are not covered for</p> <p>Excludes liability connected in anyway with asbestos.</p>	<p>Section 2 – Exclusions</p>
<p>The following exclusions are new</p> <p>10.3 Consequential loss</p> <p>There's no cover for consequential loss of any kind except for cover provided under the 'Alternative accommodation' and 'Loss of rent' extensions.</p> <p>10.6 Intentional or reckless acts</p> <p>There's no cover for loss or damage resulting from an intentional or reckless act or omission by anyone covered under the policy.</p> <p>10.8 Sanctions</p> <p>Excludes cover for liability to the extent it would expose us (NZI) to any sanction.</p>	<p>General exclusions</p>

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<p><i>The following exclusions are updated</i></p> <p>10.11 Unlawful substances</p> <p>There's no cover in connection with any 'controlled drug' as defined in the Misuse of Drugs Act 1975.</p> <p>However, this does not apply to cover under the new 'Methamphetamine contamination' extension or updated 'Alternative accommodation' or 'Loss of rent' extensions, or to damage caused by the accidental spread of fire or explosion.</p> <p>The exclusion also does not apply to any liability as a residential landlord in connection with the ownership of your unit or landlord's contents as long as you meet the updated landlord's obligations and test between tenancies for methamphetamine contamination.</p> <p>10.15 Infectious diseases</p> <p>There's no cover in connection with a notifiable disease or organism under the Biosecurity Act 1993.</p>	<p>General exclusions</p>
<p><i>The following claims conditions are new</i></p> <p>11.9 Your obligations - Recoveries</p> <p>You must tell us immediately if you find or recover a property for which you've lodged a claim and a settlement has been made by us.</p> <p>11.10 Your obligations - Reparation</p> <p>You must tell us if anyone is ordered to make a reparation to you for a claim that has been settled by us.</p>	<p>Claims conditions</p>
<p><i>The following general conditions are new</i></p> <p>12.1 How we administer this policy - Assignment</p> <p>You may not assign this policy without our prior consent.</p> <p>12.6 How we administer this policy - Interests of other parties</p> <p>If there is any party with a financial interest over the property you've insured with us, we may pay part or all of any valid claim proceeds to that party to the extent of their interest.</p>	<p>General conditions</p>
<p><i>The following general conditions are updated</i></p> <p>12.7 How we administer this policy - Other insurance</p> <p>Your policy does not cover you if you are insured to any extent under any other insurance policy. We will not contribute to any claim under any other policy.</p> <p>Previously, we paid the amount of any loss over and above the limit payable by the other insurance.</p> <p>12.12 Your obligations - Comply with the policy</p> <p>Clarifies that if you breach any of the conditions of your policy we may decline your claim either in whole or in part, and/or declare either this policy or all insurance you have with us to be of no effect and to no longer exist.</p>	<p>General conditions</p>

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<p>13. The following definitions are updated</p> <p>Building</p> <p>This definition has been updated to include all fitted floor coverings such as glued, smooth edge or tacked carpet and floating floors.</p> <p>Previously, the definition included only permanently glued carpet or flooring (smooth edge or tacked carpet and floating floors were covered under the definition of 'Landlord's fixtures and fittings').</p> <p>Landlord's contents (previously 'Landlord's fixtures and fittings')</p> <p>This definition has been updated to include only loose floor coverings such as mats, rugs and runners.</p> <p>Previously, the definition included any carpet or floor covering that is not glued to the floor such as mats, rugs, runners, smooth edge or tacked carpet and floating floors (smooth edge or tacked carpet and floating floors are now covered under the definition of 'building').</p> <p>Landlord obligations</p> <p>The 'Landlord's obligations' have been modified to reflect the increased standard of care required of landlords. There are updated inspection and monitoring requirements that you must meet from when your policy renews. The updated tenant-vetting requirements will apply only to any new tenancies that commence after your policy renews.</p> <p>Cover for liability in connection with the ownership of your property is subject to meeting the updated landlord's obligations and testing for methamphetamine contamination between tenancies.</p>	<p>Definitions</p>