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Electronic Equipment

Electronic Equipment / INSURANCE POLICY

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Electronic Equipment

INSURANCE POLICY



Welcome to NZI. Thank you for selecting us as your insurer. This is your Electronic Equipment Policy document. It will tell you what you are insured for and what you are not insured for, as well as any obligations that you or we must abide by to ensure an enforceable policy. This policy document is a legal contract so please read it thoroughly and keep it in a safe place. If you need help with understanding your policy document, please contact your insurance broker.

INTRODUCTION

AGREEMENT

You agree to pay **us** the premium described in the **schedule** and comply with this policy. In exchange, **we** agree to insure **you** as set out in this policy.

POLICY CONTRACT

This policy consists of the following parts:

- (a) **your** application for insurance, and any oral or written supporting statements or documents supplied by **you**, and
- (b) this policy wording (including any endorsements or warranties), and
- (c) the **schedule**.

INTERPRETING THIS POLICY

Certain words in this policy have a specific meaning. These words appear in bold and **you** will find the meaning listed in the 'Definitions' section at the end of this policy. The definitions apply to the plural and any derivatives of the bolded words.

You will also find examples and comments to make parts of this policy easier to understand. These examples and comments, which appear in *italics*, do not affect or limit the meaning of the section they refer to.

The headings in this policy are for reference only and do not form part of it. They are not to be used when interpreting the policy.

WHAT YOU ARE INSURED FOR

SECTION ONE – DAMAGE TO ELECTRONIC EQUIPMENT AND PROPRIETARY SOFTWARE

A. FULL LOSS OR BREAKDOWN ONLY OPTIONS

Your insured equipment will be insured under either:

- (a) FULL ACCIDENTAL LOSS COVER, or
 - (b) ACCIDENTAL BREAKDOWN COVER ONLY,
- as set out immediately below.

The option that applies will be shown on the **schedule**.

FULL ACCIDENTAL COVER

You are insured for **accidental loss** to the **insured equipment**, provided that:

- (a) the **loss** occurs at the **situation**, and
- (b) the **loss** occurs during the **period of insurance**, and
- (c) the **insured equipment** had been successfully commissioned, prior to the **loss**.

ACCIDENTAL BREAKDOWN COVER ONLY

You are insured for **accidental breakdown** of **insured equipment**, provided that:

- (a) the **insured equipment** (except for commercially available PC computers) is covered under:
 - (i) a comprehensive hardware **maintenance agreement**, or
 - (ii) a supplier's or manufacturer's warranty,at the time of the **breakdown**, and
- (b) the **breakdown** occurs at the **situation**, and
- (c) the **breakdown** occurs during the **period of insurance**, and
- (d) the **insured equipment** had been successfully commissioned, prior to the **breakdown**.

You are not insured for **breakdown** resulting from an external fire or flood or other external cause.

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SECTION ONE – AUTOMATIC EXTENSIONS

- A. EQUIPMENT BEING WORKED ON** You are insured for **accidental loss** or **accidental breakdown** during the **period of insurance** to the **insured equipment** after it has been successfully commissioned while being:
- (a) moved, or
 - (b) dismantled, or
 - (c) reassembled, or
 - (d) reinstalled,
- but only if this is for the purpose of: cleaning, inspecting, servicing, repair or relocation within the **situation**.
- B. NEW OR REPLACEMENT EQUIPMENT** You are insured for **accidental loss** or **accidental breakdown** during the **period of insurance** to new or replacement equipment, acquired during the **period of insurance**, provided that:
- (a) the **loss** or **breakdown** occurs at the **situation**, and
 - (b) the new or replacement equipment is of similar performance and type as the **insured equipment**, and
 - (c) the **loss** or **breakdown** does not occur in connection with the installation, reconfiguring or testing of the new or replacement equipment, and
 - (d) **you** notify **us** within one month (or sooner if possible) after **you** acquire new or additional property.
- After **you** have notified **us**:
- (i) **we** may charge **you** an additional premium, and
 - (ii) the value of the property will be added to **your** sum insured.
- However, until **you** have notified **us**, the new or replacement equipment:
- ▶ will be insured for the same values as the existing **insured equipment**, and
 - ▶ will be subject to the existing sum insured for this policy.

SECTION TWO – LOSS TO DATA MEDIA AND LOSS OF INFORMATION

- A. LOSS TO MEDIA** You are insured for **accidental loss** to the data **media** on **insured equipment**, provided that the **loss** occurs:
- (a) anywhere in New Zealand, and
 - (b) during the **period of insurance**.
- B. RECONSTRUCTION OF DATA** After any indemnifiable:
- (a) **loss** or **breakdown** of **insured equipment** (that is covered under 'Section One' above), or
 - (b) **loss** of **media** (that is covered under 'Section Two – Loss of Information A. Loss to Media' above),
- we** will indemnify **you** for costs and expenses to reconstruct or rebuild any **electronic data** or customised specialised software that was also lost, provided that the costs and expenses are necessarily and reasonably incurred
- The most **we** will pay under this extension is the sum insured shown in the **schedule** for this extension.

SECTION THREE – INCREASED COST OF WORKING

- A. ADDITIONAL COSTS** Where there is interruption to the normal operation of **insured equipment** and:
- (a) the **loss** or **breakdown** is covered under Section One above, or
 - (b) the **loss** or **breakdown** would be covered under Section One or Section Two but for the application of an excess or benefit under a **maintenance agreement**,
- we** will indemnify **you** for any additional costs and expenses incurred for the use of substitute electronic equipment, provided that the costs and expenses:
- (i) are necessarily and reasonably incurred, and
 - (ii) are to maintain normal **business operations** during the interruption.

SECTION FOUR – LOSS OF PROFITS OR REVENUE

The following of either 'A. Loss of Profit' or 'B. Loss of Revenue' apply only when **you** have chosen that item and it is specified in the **schedule**.

Where there is interruption to the normal operation of **insured equipment** and:

- (a) the **loss** or **breakdown** is covered under Section One above, or
- (b) the **loss** or **breakdown** would be covered under Section One or Section Two but for the application of an excess or benefit under a **maintenance agreement**,

we will indemnify **you** as follows:

A. LOSS OF PROFIT

- (i) Reduction in turnover

You are insured for loss of **insured profit** produced by the following formula:

[the **rate of insured profit**] x [the **reduction in turnover**].

- (ii) Reduced Margin

You are insured for any reduction in **insured profit** that fairly results from the increase in ratio of [the purchase price of materials used and goods sold], to [turnover maintained during the **indemnity period**].

We will not make an adjustment for an increase in the ratio of any other uninsured expense to turnover because the increase could result from a fixed cost element in the expense, that should have been insured.

- (iii) Savings in insured expenses

We will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business operations** (that would be paid out of **insured profit**) that cease or reduce because of the **insured damage**.

B. LOSS OF REVENUE

- (i) Reduction in revenue

You are insured for **reduction in revenue**.

- (ii) Savings in insured expenses

We will deduct from **your** claim any sum saved during the **indemnity period** for costs and expenses of **your business operations** (that would be paid out of **revenue**) that cease or reduce because of the **insured damage**.

ALL SECTIONS – OPTIONAL POLICY EXTENSIONS

In addition to the cover provided under 'What You Are Insured For', **we** also provide the following Optional Policy Extensions.

These optional extensions only apply where shown in the **schedule**. They do not increase the sum insured for an item of **insured equipment**.

A. NATURAL DISASTER

You are insured for **natural disaster damage** to items of **insured equipment** or **media**, provided that the damage occurs:

- (a) during the **period of insurance**, and
- (b) at the **situation**.

When cover for **natural disaster damage** applies to **electronic data** insured under 'What You Are Insured For Section Two – Loss of Information', cover is conditional upon backup copies of the data being stored at a location outside the immediate earthquake geographical area.

'General Exclusion C' does not apply to this extension.

B. EXPEDITING EXPENSES

You are insured for the reasonable costs of:

- (a) express delivery and airfreight within New Zealand, and
- (b) overtime and holiday rates of pay,

to expedite the repair or replacement of **insured equipment** following a **loss** or **breakdown** covered under this policy.

The most **we** will pay under this extension during an **annual period** is 25% of the sum insured under the applicable Section unless a different amount is shown in the **schedule**.

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C. OVERSEAS AIRFREIGHT CHARGES

You are insured for costs **you** reasonably and necessarily incur for overseas airfreight, provided that:

- (a) the costs are for a regular scheduled service of an established airline (and not an aircraft specially chartered for airfreight purposes), and
- (b) the **loss** or **breakdown** is covered under 'What You Are Insured For Section One – Damage to Electronic Equipment' of this policy.

The most **we** will pay under this extension is:

- (i) 20% of the item value, or
- (ii) the sum insured shown in the **schedule** for this extension, whichever is the lesser.

D. CLAIMS PREPARATION COSTS

You are insured for:

- (a) fees, reasonably incurred to pay **your** accountant or another professional consultant, and
- (b) reasonable costs incurred for **your** own staff, for quantification (but not negotiation) of claims under this policy that covered the **loss** or **breakdown**.

The most **we** will pay under this extension is the sum insured shown in the **schedule** for this extension.

E. TEMPORARY REMOVAL

You are insured for **accidental loss** or **breakdown** to **insured equipment** that:

- (a) has been temporarily removed to any place in New Zealand, or
- (b) is in transit to or from any place in New Zealand, provided:
 - (i) the **loss** or **breakdown** occurs during the **period of insurance**, and
 - (ii) the **insured equipment** is removed from the **situation** for cleaning, repair, renovation, modification, or other similar purposes, and
 - (iii) the **insured equipment** is prepared for transit in accordance with the manufacturer's recommendations and kept within a suitable container during the course of transit, and
 - (iv) the **insured equipment** is always kept in securely locked or attended premises or vehicle.

The most **we** will pay under this extension, in total, during an **annual period**, is the amount **we** would be liable to pay if the property had been at its usual **situation**.

'General Exclusion A. (b)' does not apply to this extension.

F. PORTABLE EQUIPMENT

You are insured for **accidental loss** (but not **accidental breakdown**) to **insured equipment**:

- (a) that is primarily designed to be portable, and
- (b) while it is in any place in New Zealand, and
- (c) that occurs during the **period of insurance**, caused by theft or attempted theft:

- (i) accompanied by violence, or threat of violence, to any person, or
- (ii) involving violent and forcible entry to, or exit from, an enclosed building (or part of the building)

The most **we** will pay under this extension is the sum insured shown in the **schedule** for this extension.

'General Exclusion A. (a)' does not apply to this extension.

EXCLUSIONS

SECTION ONE – DAMAGE TO ELECTRONIC EQUIPMENT AND PROPRIETARY SOFTWARE

- A. TYPES OF COSTS NOT INSURED** **You** are not insured for:
- (a) the cost of:
 - (i) adjustments to **insured equipment**, or
 - (ii) rectification of operational malfunctions, or
 - (iii) replacing of spent, lost or damaged expendable parts including bulbs, fuses, batteries, belts, chains, tapes, ribbons, cards and the like,
 - (iv) reconstruction and reinstallation of lost memory back on to eprom modules, unless these costs arise solely as a consequence of a **loss** or **breakdown** covered under 'What You Are Insured For Section One – Damage to Electronic Equipment and Proprietary Software' of this policy.
 - (b) any costs recoverable by **you** under a **maintenance agreement**,
 - (c) the cost of:
 - (i) any alterations, modifications, additions, improvements or overhauls carried out during repair, or
 - (ii) any provisional repairs unless they constitute part of the final repairs and do not increase the total cost of repairs, or
 - (iii) any extra charges incurred for overtime, night work, work on public holidays or express freight, unless **we** specifically agreed to these costs.
- B. OTHER TYPES OF LOSS NOT INSURED** **You** are not insured for:
- (a) wasting, wearing away or wearing out of any part of the **insured equipment** caused by ordinary use or working, or
 - (b) gradual deterioration, or
 - (c) marring or scratching of painted or polished decorative surfaces, or
 - (d) consequential loss of any kind not expressly covered by this policy.

SECTION TWO – LOSS OF INFORMATION

- A. LOSS TO MEDIA NOT COVERED** **You** are not insured for **loss** to **media**:
- (a) caused by the presence of magnetic flux, or
 - (b) while mounted in, or on, any equipment for use, transmission or processing, unless caused by **loss** to the **insured equipment** covered under 'What You Are Insured For Section One – Damage to Electronic Equipment and Proprietary Software' of this policy, or would have been except for the application of an excess or benefit or a **maintenance agreement**, or
 - (c) caused by contamination, corruption, program or operator error.
- B. OTHER TYPES OF LOSS NOT INSURED** **You** are not insured for:
- (a) wasting, wearing away or wearing out of any part of the **media** caused by ordinary use or working, or
 - (b) gradual deterioration, or
 - (c) consequential loss not expressly covered by this policy.

SECTION THREE AND SECTION FOUR – INCREASED COST OF WORKING AND LOSS OF PROFITS OR REVENUE

- A. INTERRUPTION NOT COVERED** **You** are not insured for:
- (a) any period of interruption caused by alterations, additions or improvements to the **insured equipment**, or
 - (b) increased interruption caused by any actions, restrictions or regulations imposed by Government or a Public or a Local Authority.

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GENERAL EXCLUSION – APPLICABLE TO ALL SECTIONS

- A. LOSSES NOT INSURED** **You** are not insured for:
- (a) burglary or theft, unless accompanied by:
 - (i) violence to **you**, or
 - (ii) threat of violence to **you**, or
 - (iii) violent and forcible entry to or exit from an enclosed building (or part of the building),
 - (b) **loss or breakdown of insured equipment** normally in the open or outside, unless reasonable precautions have been taken to protect it.
- B. ELECTRONIC DATA** This policy excludes loss of or damage to **electronic data**, and any liability arising from this, directly or indirectly caused by, or in connection with a **computer virus**. This includes loss of use, reduction in functionality or any other associated loss or expense in connection with the **electronic data**. However, this exclusion does not apply to resultant damage to other insured property, which is not otherwise excluded.
- C. NATURAL DISASTER** This policy does not insure **loss or breakdown**, liability, prosecution or expense of any type in connection with earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, or hydrothermal activity.
- D. NUCLEAR** This policy does not insure **loss or breakdown**, liability, prosecution or expense of any type in connection with any operations employing the process of nuclear fission or fusion, or handling of radioactive material. This includes, but is not limited to:
- (a) the use of nuclear reactors such as atomic piles, particle accelerators or generators or similar devices, and
 - (b) the use, handling or transportation of any radioactive material, and
 - (c) the use, handling or transportation of any weapon or explosive device employing nuclear fission or fusion.
- E. SEEPAGE, POLLUTION AND CONTAMINATION** This policy does not insure **loss or breakdown**, liability, prosecution or expense of any type in connection with seepage, pollution or contamination.
- F. TERRORISM** This policy does not insure **loss or breakdown**, liability, prosecution or expense of any type in connection with an **act of terrorism**.
- G. WAR** This policy does not insure **loss or breakdown**, liability, prosecution or expense of any type in connection with war, invasion, act of foreign enemy, hostilities or warlike operations (whether war is declared or not), civil commotion assuming the proportions of or amounting to an uprising, insurrection, military or usurped power.

BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay for each item of **insured equipment** is the sum insured shown in the **schedule** for that item, unless stated differently in this policy.
- B. EXCESS** The excess shown in the **schedule** will be deducted from the amount of the **loss or breakdown** for each **event** unless a different excess or nil excess is shown in the policy wording.
- C. METHOD OF INDEMNITY**
- SECTION ONE – DAMAGE TO ELECTRONIC EQUIPMENT AND PROPRIETARY SOFTWARE**
- We** will indemnify **you** by one of the following options **we** choose:
- (i) **we** will pay the cost of **repairs**, or
 - (ii) **we** will pay an amount equal to the reasonable cost of **repair**, or
 - (iii) **we** will replace the **insured equipment** with **equivalent equipment**, or
 - (iv) **we** will pay an amount equal to **equivalent equipment**.
- (a) If the Insured Equipment is Repairable**
- We** will indemnify **you** by one of the following options **we** choose:
- ▶ **we** will pay the cost of **repairs**, or
 - ▶ **we** will pay an amount equal to the reasonable cost of **repairs**, or

- ▶ where replacement parts for the **insured machine** are unobtainable, pay up to the last known selling or list price of the parts, plus what would have been the reasonable cost of fitting them.

If, the total cost of **repairs** equal or exceeds:

- ▶ the **current value** of the item immediately prior to the **loss** or **breakdown**, or
- ▶ the sum insured for the item,

we will consider the equipment irreparable, and **our** settlement to **you** will be on the same basis as shown in (b) below.

(b) If the Insured Equipment is not Repairable

If the **insured equipment** is irreparable, **we** will either:

- (i) pay **you** the lesser of:
 - ▶ the **current value** of the item immediately prior to the **loss** or **breakdown**, or
 - ▶ the sum insured, or
- (ii) supply **you** with another item similar in type, capacity and condition to the **insured equipment** before the **loss** or **breakdown** occurred. If **we** do this, **we** will also pay **you** any costs of ordinary freight and installation of the replacement item.

We will also:

- (a) pay costs for the removal of the **insured equipment**, provided that the sum insured has not been fully used, and
- (b) make a deduction for the value of any salvage.

SECTION TWO – LOSS TO DATA MEDIA AND LOSS OF INFORMATION

We will indemnify **you** by one of the following options **we** choose:

- (a) for the cost of replacing **media** lost, or
- (b) for the cost of labour and expenses incurred by **you** for the purpose of restoring **electronic data** that was permanently stored in a form normally accessed by the electronic equipment:
 - (i) to a condition equivalent to that before the **loss** or **breakdown** occurred, and
 - (ii) to a condition necessary to allow **your electronic data** processing system to continue operation in the normal manner.

Lost **electronic data** may be restored in an updated format if the cost of doing this is not greater than reinstatement in the **electronic data's** original form, or

- (c) by replacing proprietary software, provided that:

- ▶ where there is an intermittent or recurring fault, or repairs fail to correct the problem, **our** liability under 'What You Are Insured For Section Two – Loss of Information' will be limited to a maximum of 3 instances of restoration of **electronic data** during an **annual period**,
- ▶ **we** will not be liable for any costs and expenses incurred more than 12 months after the occurrence of the **loss** or **breakdown** or any shorter period of indemnity if shown in the **schedule**.

SECTION THREE AND FOUR – INCREASED COST OF WORKING AND LOSS OF PROFITS OR REVENUE

We will indemnify **you** for all necessary additional expenditure incurred by **you** arising from the use of substitute equipment during the period of interruption beyond any expenses that **you** would normally incur in operating the **insured equipment**.

We will only pay for additional expenditure incurred up to 12 months after the **loss** or **breakdown** insured under 'What You Are Insured For Section One – Damage to Electronic Equipment and/or Section Two – Loss of Information' or, any **indemnity period**.

Our liability for interruption of a lesser period will be calculated as follows:

- (a) the sum insured will be pro rata reduced, and
- (b) the following amounts will then be added to this reduced sum insured:
 - (i) if the duration of the interruption is 25% or less of the **indemnity period**:
 - ▶ 30% of the sum insured stated in the **schedule**,
 - (ii) if the duration of the interruption is more than 25% of the **indemnity period**:
 - ▶ the same portion of the 30% figure in (i) above, calculated by evenly reducing it over the remaining 75% of the **indemnity period**.

MANAGING YOUR CLAIM

A. YOUR OBLIGATIONS

- 1. ADVISE US** If **you** become aware of any situation that is likely to give rise to a claim, **you** must contact **us** immediately.
- 2. MINIMISE THE LOSS** **You** must take all reasonable steps to minimise the claim and avoid any further loss or liability arising.
- 3. NOTIFY THE POLICE** **You** must immediately lay a complaint with the Police if **you** suspect burglary, theft, arson or intentional damage has occurred.
- 4. PROVIDE FULL INFORMATION** When **you** make a claim **you** consent to **your** personal information in connection with the claim being:
 - 4.1 disclosed to **us**, and
 - 4.2 transferred to the Insurance Claims Register Limited.**You** must:
 - (a) give **us** free access to examine and assess the claim, and
 - (b) send any relevant correspondence or documents to **us**, and
 - (c) complete a claim form or statutory declaration to confirm the claim if **we** request it, and
 - (d) provide any other information, proof of ownership or assistance that **we** may require at any time.
- 5. BE TRUTHFUL** If **your** claim is dishonest or fraudulent in any way, **we** may:
 - 5.1 decline **your** claim either in whole or in part, or
 - 5.2 declare this policy or all policies **you** have with **us** to be unenforceable from the date of the dishonest or fraudulent act.This is at **our** sole discretion.
- 6. DO NOT ADMIT LIABILITY** **You** must not:
 - 6.1 admit **you** are liable, or
 - 6.2 do or say anything that may prejudice **our** ability to defend the claim against **you** or take recovery action in **your** name.
- 7. DO NOT DISPOSE OF PROPERTY** **You** must not dispose of any property involved in **your** claim until **we** have given **you** permission to do this.
- 8. INCURRING COSTS** All costs claimed for under this policy must be necessarily and reasonably incurred.
You are not authorised to start any repairs without **our** permission unless the repairs are necessary to prevent further loss or liability.

B. MANAGING YOUR CLAIM

- 1. SUBROGATION** Once **we** have accepted any part of **your** claim under this policy, **we** may assume **your** legal right of recovery.
If **we** initiate a recovery **we** will include **your** excess, and any other uninsured losses suffered by **you**. Where **we** do this, **you** agree to pay **your** proportional share of the recovery costs, and subsequently the proceeds of the recovery will be shared on the same proportional basis, except that **we** will reimburse **your** excess first.

GENERAL CONDITIONS

A. HOW WE ADMINISTER THIS POLICY

1. CANCELLATION AND MODIFICATION

1.1 By You

You may ask **us** to cancel or modify this policy at any time. **We** must agree in writing to any modification before it will take effect.

1.2 By Us

We may cancel or modify this policy by advising **you** (or **your** Broker or Agent) by letter, fax or email. Cancellation or modification will take effect at 4:00pm, on the 30th day after the date of **our** advice.

We will refund the proportion of unused premium paid, calculated from the date of cancellation. If **you** pay **your** premium by instalments, **you** must pay **us** any unpaid instalments that are due.

2. OTHER INSURANCE

You must notify **us** as soon as **you** know of any other insurance policy that covers **you** for any of the risks covered under this policy.

If **you** or anyone else who can claim under this policy can claim under any other insurance, **we** will only pay over and above the limit payable by the other insurances.

3. INTERESTS OF OTHER PARTIES

If **we** are advised of any party having a financial interest over **your** insured assets, **we** may pay part or all of any valid claim proceeds to that party to the extent of their interest. This will form part of **our** obligations to **you** under this policy.

You must consent to **us** transferring **your** relevant personal information to that party.

4. SEPARATE INSURANCE

If more than one person or entity is named as 'Insured' in the **schedule**, then all the parties are insured separately (as though a separate policy had been issued to each person/entity).

However, the maximum amount **we** will pay to all parties is the amount stated in each part of this policy.

5. GST

Where GST is recoverable by **us** under the Goods and Services Tax Act 1985:

5.1 all sums insured exclude GST, and

5.2 all sub limits exclude GST, and

5.3 all excesses include GST, and

5.4 GST will be added, where applicable, to claim payments.

6. PREMIUM PAYMENT OPTIONS

If **you** choose to pay the premium other than annually, then:

6.1 **you** must use the Deduction Authority **we** require, and

6.2 this policy is for the initial **period of insurance** starting on the 'From' date and ending on the 'To' date stated in the **schedule**.

The policy will be renewed for further fortnightly, monthly or quarterly periods of insurance (as indicated in the **schedule**) by payment of each instalment premium due under the Deduction Authority.

7. PREMIUM ADJUSTMENTS

If the premium for this policy has been calculated based on estimated annual figures, then the premium is only a provisional premium for the **period of insurance**.

Within 3 months of the expiry of the **period of insurance**, **you** must tell **us** what the actual figures were. **We** will re-calculate **your** actual premium based on the actual figures.

If **you** have not told **us** what the actual figures were within the 3 months, and at the time of the **insured damage** the sum insured is less than the actual figures for those items, then the amount **we** will pay will be reduced in the same proportion.

The difference between the actual and the provisional premiums will either be payable to **us** or refunded to **you** depending on the outcome of the adjustment, but any refund will be limited to a maximum of 50% of the provisional premium.

B. LAWS AND ACTS THAT GOVERN THIS POLICY

1. **ACTS OF PARLIAMENT** Where this policy refers to any Act of Parliament, it also includes any subordinate legislation made under it, and any other subsequent Acts or Regulations.
2. **GOVERNING LAW AND JURISDICTION** The law of New Zealand applies to this policy and the New Zealand Courts have exclusive jurisdiction.
3. **INSURANCE LAW REFORM ACTS** The exclusions and conditions in this policy are subject to **your** rights under the Insurance Law Reforms Acts 1977 and 1985.

C. YOUR OBLIGATIONS

1. **COMPLY WITH THE POLICY** **You** (and any other person or entity **we** cover) must comply with the conditions of this policy at all times. If **you** fail to comply, **we** may not pay **your** claim.
2. **PROVIDE ACCURATE INFORMATION** **You** must make sure all statements and representations that are made to **us**, at any time, either by **you** or anyone else, are truthful and complete.
3. **REASONABLE CARE** **You** must take reasonable care at all times to avoid circumstances that could result in a claim. **Your** claim will not be covered if **you** are reckless or grossly irresponsible.
4. **CHANGE IN CIRCUMSTANCES** **You** must tell **us** immediately if there is a material:
 - 4.1 increase in the risk insured, or
 - 4.2 alteration of the risk insured.Once **you** have told **us** of the change, **we** may then cancel or alter the premium and/or terms of this policy.
If **you** fail to notify **us** about a change in the risk insured, **we** may:
 - (a) declare this policy unenforceable, or
 - (b) decline any subsequent claim either in whole or in part.These actions will be taken from the date **you** knew, or ought to have known, of the increase or alteration in the risk insured.
Information is 'material' where we would have made different decisions about either:
 - (i) accepting your insurance, or
 - (ii) setting the terms of your insurance,*if we had known that information. If in any doubt, notify us anyway.*
5. **SOFTWARE LICENCES** **You** must provide **us** with proof of ownership of any proprietary software that **you** intend to claim on.
6. **BACK UP COPIES** **You** must make backup copies of all **electronic data** at no more than fortnightly intervals, and the copies must be stored at a safe location away from the **situation**.
7. **MAINTENANCE AGREEMENT** The servicing provider must maintain a stock of spare parts and suitably qualified technicians who are able to respond within four hours of any service call.
Such agreements must provide parts and labour free for:
 - (a) safety checks,
 - (b) preventative maintenance,
 - (c) rectifying **breakdown** caused by normal operation, aging, or maintenance.
8. **AVERAGE** **You** must ensure the sums insured for:
 - 8.1 'What You Are Insured For Section One' are not less than the **new replacement cost** of **insured equipment**, and
 - 8.2 'What You Are Insured For Section Two' are not less than:
 - (i) the cost of replacement of the **media** by new **media** of the same specification, and
 - (ii) the estimated cost of re-collection and preparation of **electronic data** in the same approximate form, and
 - (iii) any necessary additional expenses for the hire of personnel, premises, and **electronic data** preparation machines.

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If the above is not complied with and any values or sums insured, are understated, this policy is 'Subject to Average'. This means the amount **you** recover for a partial loss will reduce by the same percentage as the amount for which the property was insured bears to the full value of that property.

The Meaning of Subject to Average

1. **Your** insurance policy contains a provision making it 'subject to average'.
2. That provision will have effect only if the property insured under the policy is underinsured at the time of **loss**.
3. If the property insured under the policy is underinsured at the time of **loss** the following rules apply:
 - (a) if **you** suffer a total loss, the provision will have no effect.
 - (b) if **you** suffer a partial loss, the maximum amount that **you** may recover will bear the same proportion to **your** actual loss as the amount for which the property is insured bears to the full value of the property.
 - (c) whatever **your** loss, in no case will **you** be entitled to recover more than the amount for which the property is insured.

Example: Your property is worth \$20,000. You insure it for \$10,000. You suffer a loss of \$5,000. If your policy is 'subject to average', the maximum amount that you may recover will be \$2,500.

DEFINITIONS

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

accidental	Unexpected and unintended by you .
act of terrorism	Includes any unlawful act, or preparation in respect of action, or threat of action designed to influence or coerce the government de jure or de facto of any nation or any political division thereof, or in pursuit of political, religious, ideological, or similar purposes to intimidate the public or a section of the public of any nation 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) de jure or de facto, and that: <ol style="list-style-type: none">(a) involves violence against one or more persons, or(b) involves damage to property, or(c) endangers life other than that of the person committing the action, or(d) creates a risk to health or safety of the public or a section of the public, or(e) is designed to interfere with or disrupt an electronic system.
annual period	The period of insurance , but no more than 12 months. However, if: <ol style="list-style-type: none">(a) you pay the premium monthly or quarterly, or(b) the period of insurance is for more than 12 months, the annual period is any one 12-month period calculated from the date this policy first started, and consecutively thereafter.
breakdown	Failure to operate as a result of an internal electrical or physical malfunction.
business operations	The activities of running your business at the situation .
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'.
current value	The new replacement cost of an item, less an allowance for depreciation taking into account its age and use, i.e. the present market value.

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electronic data	Records and information that the insured equipment manipulates and stores. Facts, concepts and information converted to a form useable for communications interpretation or processing by electronic and electromechanical data processing or electronically controlled equipment. It includes programs , software and other coded instructions for the processing and manipulation of data or the direction and manipulation of such equipment.
equivalent equipment	Any equipment that: (a) is the same as, or (using current technology) is equivalent to, or is as similar as possible to the insured equipment , and (b) has equivalent (but not greater) specifications to that of the insured equipment . If equipment of an equivalent specification is not available, then equivalent equipment will be equipment with specifications as close as possible to that of the insured equipment .
indemnity period	The period that: (a) starts when the insured loss or breakdown occurs, and (b) ends no later than the number of months specified in the schedule as the 'Indemnity Period', during which, your business operations are affected because of the insured loss or breakdown .
insured damage	Loss or breakdown occurring at the situation , during the period of insurance , to any insured equipment owned by you for your business operations , provided that the loss or breakdown is covered under 'What You Are Insured For Section One'.
insured equipment	The equipment you own at the start of the period of insurance and shown in the schedule as insured items.
insured profit	The amount by which (a) the sum of the turnover plus the amount of the closing stock shall exceed, (b) the sum of the amount of the opening stock plus the amount of the uninsured working expenses . Notes about this calculation: <ul style="list-style-type: none">▶ the amount of the opening and closing stocks must be in accordance with your normal accounting methods, allowing for depreciation, and▶ the words and expression used have the usual meaning attached to them as used in your books and accounts, including the uninsured working expenses.
loss	Accidental physical loss or accidental physical damage.
maintenance agreement	An agreement under which the insured equipment receives maintenance servicing from the equipment's owner, supplier, or authorised agent.
media	The storage materials on which electronic data is recorded.
natural disaster damage	Loss that results directly from: (a) earthquake, subterranean fire, volcanic eruption, tsunamis, geothermal activity, hydrothermal activity, or fire caused by any of these, or (b) measures taken under proper authority, following an event listed in (a) to: <ul style="list-style-type: none">(i) avoid its spreading, or(ii) reduce its consequences.
new replacement cost	The cost of buying and installing a new item of insured equipment of the same: (a) size, and (b) speed, and (c) capacity, and (d) purpose, and (e) quality of manufacture, including any costs of connection to services and utilities that are necessary to make the equipment fully operational. <i>This includes the cost of transportation, labour, parts and materials, plus all duties and imposts (excluding GST).</i>

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period of insurance	The period shown in the schedule , that specifies the start and end dates of this insurance contract.
program	An organised list of instructions that, when executed, causes the computer to behave in a predetermined manner.
rate of insured profit	The rate of insured profit to turnover that would have been achieved during any part of the indemnity period but for the insured damage .
reduction in revenue	The amount that the revenue , during any part of the indemnity period , shall fall short of the revenue that would have been achieved but for the insured damage .
reduction in turnover	The amount that the turnover , during any part of the indemnity period shall fall short of the turnover that would have been achieved but for the insured damage .
repair	<p>Restoring the insured equipment to its state of serviceability before the loss occurred. We will also pay the following costs, provided they are necessary and reasonably incurred:</p> <ul style="list-style-type: none">(a) dismantling and re-installation costs associated with restoring the equipment, and(b) ordinary freight to and from the place of repair, and(c) any government charges. <p>In all cases:</p> <ul style="list-style-type: none">(i) we will not make any deduction for depreciation of any part replaced, and(ii) we will make a deduction for the value of any salvage, and(iii) if the repairs are carried out at a repair shop owned by you, we will pay you the cost of materials and wages incurred for the repairs, plus a reasonable percentage to cover your overheads.
revenue	The monies paid to you , or monies billed by you for work done or services provided as part of your business operations .
schedule	The latest version of the Schedule we issued to you for this policy.
situation	The location or locations referred to in the schedule .
turnover	<p>Whichever of the following options we choose:</p> <ul style="list-style-type: none">(a) all money, or other consideration you receive for goods or services in connection with your business operations, or(b) such other index of business operations that gives the fairest result.
uninsured working expenses	Those expenses that are no longer incurred by you when your business is unable to operate.
we	NZI, a business division of IAG New Zealand Limited. <i>We may also use the words 'us', 'our' or 'company' to describe NZI.</i>
you	The person(s) or entity named in the schedule as 'Insured'. <i>We may also use the word 'insured' to describe you.</i>



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