



Rural

STOCK DETERIORATION

POLICY WORDING

Rural / STOCK DETERIORATION INSURANCE POLICY

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INTRODUCTION

WELCOME

Welcome to NZI. Thank you for selecting us as your insurer. This is your Rural Stock Deterioration 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.

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:

1. **your** application for insurance, and any oral or written supporting statements or documents supplied by **you**, and
2. this policy wording (including any endorsements or warranties), and
3. 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

A. LOSS OF STOCK

You are insured for **deterioration** of **stock** caused by:

1. **accidental** breakdown of **refrigeration machinery** covered under **your machinery breakdown policy**, or that would be covered but for the application of an excess, or
2. **accidental** breakdown of plant, equipment or supply lines belonging to any New Zealand based utility that supplies power to **your business**.

Provided:

- (a) there is an increase or decrease in the temperature at the refrigerated storage chamber where the **stock** is kept, or
- (b) refrigerant escapes into the refrigerated storage chamber where the **stock** is kept, or
- (c) the **accidental** breakdown contaminates or deprives the **modified gas atmosphere** that is required in the storage chamber where the **stock** is kept. **You** only have this cover (c) if it is shown in the **schedule**.

B. REDUCTION AND PREVENTION OF LOSS

You are insured for reasonable costs **you** incur to successfully:

1. reduce the potential overall cost of any **deterioration** that occurs, and
 2. prevent further **deterioration** from occurring,
- provided the costs are incurred following **deterioration** under Part A Loss of Stock above.

You must tell **us** as soon as possible about the actions **you** take.

OPTIONAL EXTENSION

This following optional extension only applies when shown in the **schedule**.

A. CRYOGENIC STORAGE

You are insured for **deterioration** of **stock** caused by sudden **accidental** damage to **your** cryogenic storage system.

We will not pay for **deterioration** resulting from a shortage of cryogenic fluid alone. 'Exclusion A' does not apply to this extension.

EXCLUSIONS

- A. CRYOGENIC STORAGE** This policy does not insure **deterioration** of **stock** stored in a cryogenic storage system or cooled by cryogenic means.
- 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 physical damage to other insured property, which is not otherwise excluded.
- C. CONSEQUENTIAL LOSS** This policy does not insure any kind of consequential loss (e.g. *financial loss that occurs as a result of the loss of insured property*), including the following:
1. penalties, or
 2. loss of use of any property, or
 3. delays, or
 4. loss of market.
- D. DETERIORATION NOT COVERED** This policy does not insure **deterioration** caused by any of the following:
1. shrinkage, inherent defect, diseases, normal deterioration or natural putrefaction or fermentation;
 2. improper storage, stowage or collapse of packing materials.
- E. UTILITY COMPANY SUPPLY** This policy does not insure **deterioration** due to failure of any New Zealand based utility to supply power to **your business**:
1. due to the deliberate act of any utility, or
 2. the withholding or restriction of supply by any utility.
- F. NATURAL DISASTER** This policy does not insure **deterioration**, liability, prosecution or expense of any type in connection with earthquake, subterranean fire, volcanic eruption, tsunami, geothermal activity, or hydrothermal activity.
- G. NUCLEAR** This policy does not insure **deterioration**, 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:
1. the use of nuclear reactors such as atomic piles, particle accelerators or generators or similar devices, and
 2. the use, handling or transportation of any radioactive material, and
 3. the use, handling or transportation of any weapon or explosive device employing nuclear fission or fusion.
- H. SEEPAGE, POLLUTION AND CONTAMINATION** This policy does not insure **deterioration**, liability, prosecution or expense of any type in connection with seepage, pollution or contamination.
- I. TERRORISM** This policy does not insure **deterioration**, liability, prosecution or expense of any type in connection with an **act of terrorism**.
- J. WAR** **You** are not insured for **deterioration**, liability, prosecution or expense of any type in connection with:
1. war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, or
 2. confiscation, nationalisation, requisition, destruction or damage to property by any government or public or local authority.

BASIS OF SETTLEMENT

- A. MAXIMUM AMOUNT PAYABLE** The most **we** will pay for:
1. any one **event**, and
 2. during an **annual period**,
- is the sum insured shown in the **schedule**.
- B. VALUE OF STOCK** **We** will pay **you** the **retail value** of the **stock** immediately prior to the **deterioration**.
- C. STOCK DECLARATION** Where **you** insure **your stock** under Stock Declaration Conditions **we** will pay **your** claim on the same basis that **you** use to calculate **your** monthly stock declaration.
Your schedule will show if Stock Declaration Conditions apply. Refer General Conditions Part A 8 Stock Declarations.
- D. EXCESS** An excess of 10% of the **deterioration**, with a minimum excess of \$250, will be deducted from the amount payable for each **event**, unless a different excess is shown in the **schedule**.
- E. REINSTATEMENT OF THE SUM INSURED** After **we** have paid a claim under this policy **we** will reinstate **your** sum insured. **We** may ask **you** to pay an additional premium for this. If **we** do, **you** must pay the additional premium.
- F. UNDER INSURANCE / AVERAGE** **You** must ensure that the Sum Insured for each item of **stock** is equal to the **stock's current value**. If the Sum Insured is less, then 'Average' (as below) will apply.
Average
Where the Sum Insured for each item of **stock** is less than the **current value**, **you** are **your** own insurer for the difference between these two amounts. **You** will share the cost of the claim in the same proportion. For example:
Current value \$20,000
Your sum insured \$15,000
You are your own insurer for 25% of any loss that occurs.

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.

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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. DISPOSAL OF PROPERTY

You may dispose of putrid or rotten **stock**. **You** do not require **our** permission to do this provided **you** keep sufficient records of the **stock you** dispose of.

Sufficient records are a written schedule of the items of stock disposed of, or photographs or other visual evidence of loss.

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.

2. RECOVERIES

If any property that **we** have paid a claim for is later found or recovered, **you** must tell **us** immediately and hand it over to **us** if **we** request it.

We have the right to keep any property that **we** have paid a claim for under this policy, including any proceeds if it is sold.

3. REPARATION

If any person is ordered to make reparation to **you** for loss to any property that **we** have paid a claim under this policy for, then **you** must tell **us**. Any payments received, must first reimburse **our** claims payment up to the amount of any reparation received.

4. BRANDED STOCK

If any salvage is branded goods or merchandise, **we** will not dispose of these items by sale unless **you** agree. If **you** do not agree, the value of the salvage will be deducted from any claim payment.

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.

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- 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. INSTALMENT PREMIUMS** If **you** choose to pay the premium by instalments less 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 periods of insurance (e.g. monthly/quarterly – as indicated in the **schedule**) by payment of each instalment premium due under the Deduction Authority.
- 7. STOCK DECLARATION** This condition only applies to those items marked 'D' in the **schedule**.
The premium charged on the item **stock** is provisional and represents 75% of the full premium payable for that item. At the end of each **annual period we** will adjust it as follows:
7.1 **You** must give **us** a declaration of the actual value of the **stock you** held on the last business day of each month. This must be received by **us** within six weeks of that date,
7.2 The sum insured on **stock** is the limit of **our** liability for any one **event**. If a monthly declaration exceeds the sum insured, then **we** will adjust it back to the sum insured for the purpose of calculating **your stock** averages,
7.3 If no declaration is received for any one month, the **stock** sum insured will apply for that month,
7.4 The average of the monthly declarations will be calculated at the end of the **annual period** and the final premium payable will be assessed on the greater of:
(a) that average, or
(b) one half of the sum insured on **stock**.
7.5 **We** will re-calculate **your** actual premium based on the actual figures.
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.
7.6 If **you** fail to make at least 75% of the declarations during the **annual period**, this condition will cease to apply, and:
(a) the premium will be calculated on the full sum insured, and
(b) a premium will be calculated on that basis.

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B. LAWS & 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 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 Reform 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.*

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 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:
 - (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**. However, if:
 - (a) **you** pay the premium by instalments less than annually, 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.

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business	Your agricultural and/or horticultural activities.
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 amount you would reasonably expect to receive for an item if it was sold, taking into account: (a) market conditions, and (b) the item's age and condition.
deterioration	Accidental deterioration or putrefaction (<i>rotting</i>) of stock rendering it unsuitable for its intended purpose.
electronic data	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.
event	Any one event or series of events from one source or original cause.
machinery breakdown policy	The insurance policy, that we call a Rural Machinery Breakdown Policy, that you have with us that insures physical loss or physical damage to machinery, owned or used by you for your business , from electrical, electronic or mechanical breakdown. <i>The Rural Machinery Breakdown Policy, that may also be called Machinery Breakdown Policy or similar, is a prerequisite to this policy.</i>
modified gas atmosphere	A change in the composition of gases in the internal atmosphere of a storage chamber.
period of insurance	The period shown in the schedule , that specifies the start and end dates of this insurance contract.
refrigeration machinery	Any part of plant or equipment (including compressors, fans, pumps, pipes and tanks) that: (a) refrigerates, or (b) creates and/or maintains a modified gas atmosphere in, a storage chamber that is insured under a machinery breakdown policy .
retail value	The reasonable sale price of the item immediately prior to the deterioration taking into account market conditions and the item's age and condition.
rural property	The location or locations of your farm or horticultural business, as shown in the schedule .
schedule	The latest version of the Schedule we issued to you for this policy.
stock	Perishable goods, including their containers and packaging, that are: (i) shown in the schedule , and (ii) at your rural property , and (iii) kept in a refrigerated storage chamber, or a modified gas atmosphere chamber where covered, and/or (iv) would have been moved into a refrigerated storage chamber, or a modified gas atmosphere chamber where covered, if the deterioration covered under this policy had not occurred.
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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NZI is a business division of IAG New Zealand Limited, a wholly owned subsidiary of Insurance Australia Group, Australasia's largest general insurer. Established in 1859, it is today one of the country's largest and longest-serving fire and general insurance brands, protecting tens of thousands of New Zealanders every year.

Through our broad range of commercial, personal, marine, professional risks and rural insurance products, we pride ourselves on helping people to achieve the best protection for their assets.

We partner with a network of skilled and experienced brokers and other insurance intermediaries who distribute our products. We pay remuneration to our brokers and intermediaries when they issue our policies, and when these policies are renewed or varied.

To find out more about the advantages of choosing NZI, talk to your broker or visit nzi.co.nz.

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