



**Policy** Wording

**Liability**

**Consequential Loss**



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### Insuring Clause

1. In consideration of the payment of the premium, in reliance on the written proposal and declaration (which shall be deemed to be the basis of this policy), and subject to its terms, conditions, exclusions, warranties and endorsements, Vero Liability Insurance Limited ("the Company") will indemnify the Insured for financial loss suffered during the Indemnity Period resulting from interruption to or interference with the Business. The interruption or interference must result from an Occurrence during the Period of Insurance in respect of which the Company has accepted indemnity under a Vero Liability Insurance Limited policy, either specified on the Schedule or subsequently agreed to in writing by the Company.

### Basis of Settlement of Claim

1. In the event of a claim the Company will pay the sum of the following:
  - (a) Loss of Gross Profit and/or Increased Costs:
    - (i) The reduction in the income that would normally have been earned during the Indemnity Period if there had been no Occurrence;
    - (ii) The additional expenses reasonably incurred during the Indemnity Period to avoid or minimise a reduction in income resulting from the Occurrence or to resume or maintain normal business activities;
    - (iii) An equitable allowance for any financial loss suffered for a maximum period of 3 months after the Indemnity Period ends because the Insured's stocks have been used to maintain income during the Indemnity Period;
    - (iv) The net loss resulting directly from the Occurrence, of collectable amounts owed to the Insured plus the reasonable costs incurred in establishing, tracing and recovering those debts;
    - (v) The reduction in value of undamaged stock, arising directly from the Occurrence, due solely to the Insured's inability to process or sell that stock normally, measured by the replacement cost of that stock, or if not replaced its market value, less any savings that can be achieved.
  - (b) Claims Preparation Costs:
    - (i) Costs reasonably and necessarily incurred by an accountant appointed or approved by the Company for the preparation of the claim.

From these amounts the Company will deduct any savings made during the Indemnity Period in the Business costs and expenses resulting from the Occurrence.

2. In assessing financial loss, the Company will make all adjustments which, in its discretion, fairly reflect trends, variations or other special circumstances in the Business, which would have affected the Business anyway either before or after the Occurrence. The aim is that the adjusted figures represent, as closely as is reasonably practicable, the financial performance of the Business which would have been obtained during the Indemnity Period but for the Occurrence.

### Limit of indemnity

1. In no case will the Company's liability exceed 90% of the sum insured in the Schedule and in the aggregate.
2. The maximum amount payable by the Company in respect of any claim is 40% of the sum insured during any 3 month period, or pro rata for different periods.

3. The maximum amount of any claim payable by the Company shall be 90% of the actual loss or 90% of the Limit of Indemnity whichever is the lesser amount. The Insured shall be deemed to be its own insurer for the remaining 10%.

### Exclusions

This policy does not apply to:

1. **Additional costs**  
the extra costs incurred in complying with any Act of Parliament, Regulation, Order in Council, By-law, New Zealand or International Standard, or any other industry or professional code of practice or compliance standard;
2. **Asbestos**  
any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of, asbestos in whatever form or quantity.
3. **Fines, Penalties**  
fines penalties or liquidated damages;
4. **"Leaky Buildings" – Moisture or Water Penetration, Building Defects**  
any liability for, or fulfil any obligation in respect of any claim or defence costs, which are directly or indirectly caused by or contributed to, or arises directly or indirectly out of:
  - (a) the action or effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa or any similar or like forms, in any building or structure; or
  - (b) any cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralising, remediating or disposal of, or in anyway responding to or assessing the effects of mould, fungi, mildew, rot, decay, gradual deterioration, micro-organisms, bacteria, protozoa or similar or like forms, in any building or structure; or
  - (c) the failure of any building or structure to meet or perform to the requirements of the New Zealand Building Code contained in the first schedule to the Building Regulations 1992 (or any amendment or substitution thereof) in relation to:
    - (i) external water or moisture; or
    - (ii) either durability or protection from external water or moisture entering that building or structure, or the effects thereof.
5. **Other insurance**  
financial loss normally covered under a Fire or Material Damage Business Interruption or Consequential Loss Insurance Policy;
6. **Prior Litigation**  
liability arising out of any litigation in existence at the commencement of the Period of Insurance.
7. **Property**  
the costs of repairing or replacing loss or damage to real or personal property, and the costs of rewriting and reconstructing the Business records not otherwise covered under this policy;
8. **War, Terrorism**  
death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any of the following regardless of any other cause or event contributing concurrently or in any other sequence to the loss:

- (i) war, invasion, acts of foreign enemies, hostilities or warlike operations (whether war be declared or not), civil war, rebellion, insurrection, riot, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property under the order of any government or public or local authority; or
- (ii) any act of terrorism.

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

This exclusion also excludes death, injury, illness, loss, damage, cost or expense of whatsoever nature directly or indirectly caused by, resulting from or in connection with any action taken in controlling, preventing, suppressing or in any way relating to (i) and/or (ii) above;

## Conditions

### 1. Accounts

The Insured will make available to the Company, or its representative on request:

- (a) such books of accounts and other Business books, vouchers, invoices, balance sheets, and other document proofs, information, explanation and other evidence as may be reasonably required by or on behalf of the Company for the purpose of investigating or verifying the claim;
- (b) a declaration on oath, or in other legal form, of the truth of the claim and/or any connected matters.

### 2. Cancellation

The Insured may cancel this Policy at any time by giving written notice to their broker or the Company.

The Company may cancel the Policy at any time by giving written notice to the Insured or their broker. Cancellation will take effect at 4pm on the 30th day after the date of the notice.

All notices to be given to or by the Company may be delivered personally, posted or emailed to the last known contact address of the relevant party.

The Company will refund any unexpired premium, on a pro-rata basis.

### 3. Care

The Insured will take all care and precautions to prevent any Occurrence.

### 4. Cessation of Cover

The cover under this policy ceases immediately if the Insured:

- (a) is put into receivership or liquidation;
- (b) commits an act of bankruptcy or is adjudicated bankrupt;
- (c) ceases to own or control the Business.

### 5. Claims

Within a reasonable period after the Indemnity Period has expired, the Insured will deliver to the Company:

- (a) a written statement setting out the particulars of any claim, together with reasonable supporting documentation;

- (b) details of other insurance (if any) covering the Occurrence and/or the loss.

### 6. Disputes

In the event of any irresolvable dispute between the Insured and the Company arising out of this policy or any claim, as a precondition to any other legal action the parties will participate in a formal mediation process with a mediator to be mutually agreed upon.

### 7. Fraud

If any Insured acts fraudulently in respect of any claim, without prejudice to any other rights of the Company all benefits under this policy are forfeited.

### 8. Indemnity

If the Company accepts indemnity under a Vero Liability Insurance policy only due to the operation of a Breach of Warranty or Non Disclosure extension, then the operation of this policy will be solely at the discretion of the Company.

### 9. Notice

The Insured will give the Company immediate written notice of any Occurrence which might give rise to a claim under this policy, and will take and/or permit all steps which may be reasonably practicable to avoid or diminish any loss.

### 10. Other Insurance

If there is any other insurance covering the loss, this policy will only provide cover in excess of the cover provided by the other insurance. This condition applies even if the other insurance has a condition to the same effect as above.

### 11. Progress Payments

At the Insured's request, the Company will make progress payments to the Insured during the Indemnity Period, provided that the requested progress payment is supported by the accountant appointed by the Company.

### 12. Rights or Remedies

At the request of the Company, the Insured will do, and concur in doing and permit to be done, everything which the Company may reasonably require to enable the Company to exercise, at its own expense, any rights or remedies of the Insured in relation to any Occurrence.

### 13. Waiver of Privilege

If the Company instructs any lawyer to investigate or defend any claim against the Insured, the Insured authorises the lawyer to provide to the Company any documents, information or advice in respect of the claim, including in relation to indemnity; and the Insured waives any privilege to the extent necessary to give full effect to the Company's entitlement in this respect.

## Definitions

Unless the context otherwise requires, the following definitions will apply:

### 1. Business

means the Business of the Insured specified in the Schedule.

### 2. Indemnity Period

means the period commencing at midnight on the day which the Insured was first required to notify the Company of the Occurrence under a Vero Liability Insurance Limited policy, and expiring:

- (a) 12 months later or such other period as specified in the Schedule; or

(b) when the Business returns to the level that the Business would have attained but for the Occurrence.

**3. Insured**

means the person and/or entity named in the Schedule.

**4. Income**

means revenue received or receivable in the course of the Business. It includes revenue for goods sold, services rendered and rent and expenses from tenants, less the cost of goods sold and any other expenses of the Business that vary with production and/or revenue.

**5. Limit of Indemnity**

means the amount of the Limit of Indemnity stated in the Schedule.

**6. Occurrence**

means an event during the Period of Insurance in respect of which the Company has accepted indemnity under a Vero Liability Insurance Limited policy and which results in interruption or interference with the Business.

**7. Period of Insurance**

means the period in the Schedule.

**8. Schedule**

means the current Schedule attaching to this Policy duly signed by an authorised officer of the Company.

