

Business Interruption Policy Wording

Terms of our policy to
cover business interruption

FMG
Advice & Insurance

Thank you for choosing to insure with FMG. We are New Zealand's leading rural insurer, 100% New Zealand owned and protecting property and livelihood in New Zealand communities since 1905.

Contents

Important information about your FMG policy	5
We cover your business interruption	8
Loss of gross profit	8
Additional increased costs of working	8
Loss of rent	9
Dual wages	9
Wages in lieu of notice	10
Outstanding debtors	10
Automatic benefits	10
Costs of preparing a claim	10
Prevention of access	10
Utility interruption	11
Damage to your suppliers' and customers' premises	11
Closure of premises by public authority	11
Deferment of indemnity period	12
Stock shortages	12
Cover departments independently	12
Optional benefits	12
Natural disaster	13
Indoor plants get frost damage	13
What you are not insured for	13
Cost of reinstating loss or damage	13
Frost unless you have the optional benefit	13
Infectious disease	13
Natural disaster	13
Plants in the open	13

Making a claim	14
What you must do	14
What you must not do	14
How we will manage the claim	15
General conditions of this policy	16
What you agree to do	16
How we will manage this policy	16
How to interpret this policy	19
Definitions	19
Contact us	23

Terms of our policy to cover Business Interruption

This policy wording describes the Business Interruption policy. The policy covers types of financial loss resulting from the interruption or interference to your business.

Important information about your FMG policy

Please read and file this document and your policy certificate

Please take the time to read carefully through this policy wording and the accompanying policy certificate. Together, these two documents form your insurance contract with us.

The policy certificate shows what you are covered for

Your policy certificate is particularly important. If there is any inconsistency between your FMG policy wording and what is on the certificate, it is the certificate that prevails.

We are here to help

Under this contract, you and FMG both have responsibilities to ensure everything runs smoothly. Read these documents to find out what they are. If there is anything that you don't understand, please contact us.

Please:

- tell us of any errors in your documentation
- contact us if there is anything you don't understand and would like explained
- keep this policy in a safe place along with your renewal notice(s).

We will remind you when your policies need to be renewed

The date that cover ceases is shown on the policy certificate. If your policy is renewable, we will contact you about renewing your insurance just before that date.

We have defined the meanings of some words

In this document, we use italics to show that the words have the meanings given in the definitions section.

We also use the following common terms throughout the document, with the meanings shown:

- **Certificate** means the latest version of your policy certificate issued by us. The certificate contains details of your insurance cover under this policy.
- **FMG** means FMG Insurance Limited as shown on the certificate.
- **Period of insurance** means the duration of your policy, as shown on the certificate (unless the policy is ended earlier by you or us).
- **We, us, or our** means FMG.
- **You and your** means the person (or persons) shown on the certificate as the insured. You can also be a company, partnership or other legal entity.

You must provide information and pay your premium

You agree to give us correct and complete information

We have provided this policy based on the information you have disclosed to us. If you give us information that is incorrect or incomplete, you might not be covered under the policy.

You need to tell us:

- all material information before the cover starts, even if we don't specifically ask about it (material information is information that could change our decision if we knew about it)
- straight away if your circumstances change in any way while you are insured with us, both during the period of insurance and at renewal.

You agree to pay your premiums on time

Cover under your policy will not start until you have paid, or have agreed to pay, the premium (including any government charges) for the period of insurance. If your premiums are not paid by the due date, your insurance could be cancelled and you will not be insured.

You agree to the exclusions and obligations detailed in the policy

You are not covered for some items, events, and circumstances. These are called exclusions. Exclusions are detailed throughout the policy.

This policy also contains certain conditions and obligations that you must meet. If you don't, we may decline any claim you make. Any other person who is entitled to claim under this policy must also meet these conditions and obligations.

We will be fair in the way we provide this cover

We provide the cover listed on the certificate

The policies and benefits we agree to provide are listed on your certificate. This policy wording details the cover that this policy and benefits provide.

We are bound by the Fair Insurance Code

FMG is a member of the Insurance Council of New Zealand and bound by the Council's Fair Insurance Code. For a copy of the Code, please call us on 0800 366 466.

We comply with the Privacy Act 1993

We collect personal information about you, your business, or both. We asked you for personal information to fully evaluate and to administer this policy, and we may ask for more if you make a claim or renew the policy. You also authorise us to:

- collect relevant information about you or your business from third parties, such as other insurers and EQC.
- disclose information about you in connection with insurance to third parties.

We fully understand the importance of protecting your personal, commercial and financial information. We store your information securely, within our organisation, and will not share it except in compliance with the Privacy Act 1993. You have rights under the Privacy Act 1993 to access and correct the information we hold about you.

For information about how we collect, use and store your personal information, see the full Privacy Statement on our website (www.fmg.co.nz).

We provide a 30-day 'cool off' period

We are confident this policy will be right for you. However, you may cancel this policy within 30 days of the start date if you are not entirely happy, without giving us a reason. We will refund any premium you have paid, provided you do not have a claim during this 30-day period.

We agree to cover your business interruption

We agree to provide the insurance set out in this policy if 'Business Interruption' is shown on the certificate. You are insured for the following types of financial loss as shown on your certificate resulting from an interruption or interference to your *business* as a direct consequence of the *loss* in New Zealand during the period of insurance.

We cover your business interruption

1. We cover your business interruption

1.1 We cover the loss of gross profit

You are insured for your financial loss in respect of *gross profit* caused by a shortage of turnover or increased costs of working.

The amounts payable are:

- For shortage of turnover: the amount calculated by multiplying the *rate of gross profit* by the *shortage of turnover* during the *indemnity period*.
- For increased costs of working:
 - The amount of additional expenditure you necessarily and reasonably incur for the sole purpose of avoiding or diminishing the *shortage of turnover* which would have otherwise occurred during the *indemnity period* as a direct consequence of the *loss*.
 - This amount cannot exceed the amount calculated by multiplying the *rate of gross profit* by the amount of *shortage of turnover* avoided or diminished.

From the amount payable we will deduct the sums saved for business charges and expenses that are not paid or that are reduced during the *indemnity period* as a direct consequence of the *loss*.

We will pay up to the amount shown on the certificate for any one *event*. This is the most we will pay for the *indemnity period* for any one *event*.

1.2 We cover additional increased costs of working

You are insured for reasonable additional costs you incur during the *indemnity period* as a direct consequence of *loss*, to avoid or reduce a *shortage in turnover*, or resume or maintain normal operations.

You are not insured for any portion of these costs that:

- would have been recoverable under any other clause of this policy if the sum insured under it had been high enough to meet them,
- are recoverable under automatic benefit 1.1 (additional costs) of your FMG Farm Contents policy, or
- are recoverable under automatic benefit 2.10 (temporary loan equipment) of your FMG Farm Buildings policy.

We will pay up to the amount shown on the certificate for any one *event*. This is the most we will pay for the *indemnity period* for any one *event*.

1.3 We cover loss of rent

You are insured for financial loss where, as a direct consequence of the *loss*, you:

- have a reduction in *rent receivable*, and/or
- incur additional expenditure solely to avoid or diminish the reduction in *rent receivable*.

The amount payable is:

- For the reduction in *rent receivable*: the amount that *rent receivable* during the *indemnity period* falls short of the *standard rent receivable*.
- For the additional expenditure: the amount necessarily and reasonably incurred to avoid or diminish the reduction in the rent receivable limited to the reduction in rent avoided.

In calculating the amount payable, we will also deduct the business charges and expenses that are not paid or that are reduced during the *indemnity period* as a direct consequence of the *loss*.

We will pay up to the amount shown on the certificate for any one *event*. This is the most we will pay for the *indemnity period* for any one *event*.

1.4 We cover dual wages

You are insured for financial loss in respect of *wages* caused by a shortage of turnover or increased costs of working.

The amounts payable are:

- For shortage of turnover:
 - During the *initial period*: the amount calculated by multiplying the *rate of wages* by the *shortage of turnover* during this period, less a deduction for savings made in respect of the reduction in the amount of *wages* paid during this period as a direct consequence of the *loss*.
 - During the remaining portion of the *indemnity period*: the amount calculated by multiplying the *rate of wages* by the *shortage of turnover* during this period, less a deduction for savings made during this period for the reduction in the amount of *wages* paid as a direct consequence of the *loss*.
- For increased costs of working: the amount by which the additional expenditure you necessarily and reasonably incur for the sole purpose of avoiding or diminishing the *shortage of turnover* exceeds the amount payable under clause 1.1 (gross profit) for increased costs of working.

You can substitute the *initial period* referred to in the 'shortage of turnover' item with the *alternative period*. If you do this then the maximum payable under the remaining portion part is limited to the amount deducted under the initial period part for savings during this alternative period.

The maximum amount payable under the 'shortage of turnover' item for the remaining portion part is the amount calculated by multiplying the remaining percentage of the *rate of wages* by the *shortage of turnover* during the remaining portion of the *indemnity period* plus any savings made during the initial period for the reduction in the amount of *wages* paid as a direct consequence of the *loss*.

The maximum amount payable under the 'increased costs of working' item is the additional amount that would have been payable under the 'shortage of turnover' item of the Dual Wages cover had such expenditure not been incurred.

We will pay up to the amount shown on the certificate for any one *event*. This is the most we will pay for the *indemnity period* for any one *event*.

1.5 We cover wages in lieu of notice

You are insured for costs you incur for paying *wages* to *employees* whose services cannot be used as a direct consequence of *loss* for the period that:

- starts at the date of *loss*
- ends no later than the number of weeks shown on the certificate.

The amount payable is:

- the amount of *wages* paid to *employees* whose services cannot be used
- plus an equitable allowance (based upon the *shortage in turnover* or an alternative index acceptable to us) for *wages* paid to *employees* whose services cannot be used fully over this period.

We will pay up to the amount shown on the certificate for any one *event*.

1.6 We cover outstanding debtors

You are insured for financial loss in respect of outstanding debtor balances you are unable to collect as a direct consequence of the *loss* to your accounting and business records.

The amount payable is the difference between the outstanding debit balances and the amount received or traceable for outstanding balances after making an allowance for bad debts.

We will also pay reasonable additional costs incurred to trace and establish these debit balances.

We will pay up to the amount shown on the certificate for any one *event*. This is the most we will pay for the *indemnity period* for any one *event*.

2. The cover includes automatic benefits

You are automatically insured under this section for the following benefits. Reference to ‘financial loss’ in these benefits means the types of loss listed in clauses 1.1—6.1 of the ‘We agree to cover your business interruption’ section above that are shown on your certificate.

2.1 We cover the costs of preparing a claim

You are insured for the reasonable costs you incur, with our prior consent, to prepare and present your claim covered under this policy.

We will pay up to \$10,000 or any higher amount shown on the certificate for this benefit for any one *event*.

2.2 We cover loss when you have issues accessing your premises

You are insured for your financial loss resulting from the interruption or interference to your *business* as a direct consequence of *accidental* physical loss or damage in the period of insurance to property, roads and bridges in the vicinity and outside of the *premises* that prevents or hinders the use of or access to these premises.

This loss or damage is deemed to fall within the definition of ‘*loss*’.

We will pay up to 10% of each amount shown on the certificate.

You are not covered for any portion of the financial loss recoverable under optional benefit 2.3 (prevention of access) of the FMG Farm Contents policy.

Section 1 - We cover your business interruption

2.3 We cover loss when your utilities are interrupted

You are insured for your financial loss resulting from the interruption or interference to your *business* as a direct consequence of *accidental* physical loss or damage during the period of insurance to plant, equipment or supply lines of any New Zealand supplier of:

- power or gas
- water or sewage disposal
- telecommunications.

This interruption or interference must be for a period of more than 24 hours.

You are only covered if:

- there is no cause for this loss or damage to be known within a reasonable period of time, or
- had you owned the plant, equipment or supply lines, this loss or damage would have been insured under your:
 - FMG Material Damage policy,
 - FMG Farm Buildings policy, and/or
 - FMG Farm Contents policy.

This loss or damage is deemed to fall within the definition of 'loss'.

We will pay up to 10% of each amount shown on the certificate. The most we will pay is \$500,000 for any one event.

2.4 We cover loss due to damage to your suppliers' and customers' premises

You are insured for your financial loss resulting from the interruption or interference of your *business* as a direct consequence of *accidental* physical loss or damage in New Zealand during the period of insurance:

- at premises not owned or occupied by your *business*:
 - where you have property deposited, stored, being processed, repaired, altered or renovated, or
 - that you are wholly or partially dependent on for the supply of goods.
- at customer's premises, provided that had you owned these premises the loss or damage to them would have been insured under your:
 - FMG Material Damage policy,
 - FMG Farm Buildings policy, and/or
 - FMG Farm Contents policy.

This loss or damage is deemed to fall within the definition of 'loss'.

We will pay up to 10% of each amount shown on the certificate.

2.5 We cover loss when public authorities close your premises

You are insured for your financial loss resulting from the interruption or interference to your *business* as a direct consequence of all or part the *premises* being closed during the period of insurance by order of a competent authority because of:

- a murder or suicide at the *premises*,
- injury or illness sustained by a guest arising from or traceable to foreign or injurious matter in food or drink provided on the *premises*, or
- defects in the drains and other sanitary arrangements at the *premises*.

This closure is deemed to fall within the definition of 'loss'.

We will pay up to 15% of each amount shown on the certificate.

2.6 You can elect to defer the indemnity period

2.6.1 When you can elect a deferral

You can elect to defer the start of the *indemnity period* to a later date so long as that date is before the earliest of:

- the number of months specified on the certificate as the indemnity period
- 12 months from the date of *loss*.

You can only defer the indemnity period once and cannot defer if we have already paid, or agreed to pay, a claim under this policy for the relevant *loss*.

2.6.2 How you notify us about a deferral

You must notify us that you intend to defer the indemnity period within 90 days of the date of *loss*.

If you defer the indemnity period, you must notify us of the new start date no later than 30 days after that deferment date.

2.6.3 The effect of a deferral

When calculating the amount payable for the deferred indemnity period, we will take the following into account:

- The start date for the deferred indemnity period will be treated as the date of the *loss*.
- We will make *adjustments* to ensure that the final adjusted figure represents, as nearly as reasonably practicable, the result that would have been obtained during the deferred indemnity period but for the *loss*, except:
 - before the deferred indemnity period, if goods are sold or services rendered for the benefit of your *business* away from your *premises*, the money paid or payable in that respect will be brought into account in arriving at the turnover during the deferred indemnity period
 - as a result of the *loss*, if *turnover* increases before the start of the deferred *indemnity period*, we will deduct this increase from the reduction in *turnover* during the deferred indemnity period.

2.7 We take into account stock shortages after the indemnity period expires

If *turnover* is temporarily maintained from accumulated *stock* you hold during the *indemnity period* and this causes a stock shortage after this *indemnity period* expires, we will take this storage into account and make an equitable allowance for it.

To be covered the *indemnity period* shown on the certificate must be 12 months or more.

2.8 We cover your departments independently

We will apply the provisions of this policy separately to each department affected by the *loss* if your *business* is conducted in departments that have independent trading results.

The maximum amount we will pay for all departments in the aggregate for any *indemnity period* is the amount shown on the certificate.

3. You can choose to add the following optional benefits

These optional benefits only apply if you have purchased them and they are shown on your certificate. Reference to 'financial loss' in these benefits means the types of *loss* listed in clauses 1.1—6.1 of the 'We agree to cover your business interruption' section above as shown on your certificate.

Section 1 - We cover your business interruption

3.1 We cover loss caused by natural disaster

If you have bought this benefit, clause 4.4 (you are not insured for natural disaster) will not apply.

3.2 We cover loss if your indoor plants get frost damage

If you have bought this benefit, you are insured for your financial loss resulting from the interruption or interference to your *business* as a direct consequence of *accidental physical* loss or damage during the period of insurance to your *indoor plants* caused by frost.

The loss or damage must occur in New Zealand and be covered under your FMG Material Damage policy. This loss or damage is deemed to fall within the definition of 'loss'.

We will pay up to the amount shown on the certificate.

4. What you are not insured for

This section contains specific exclusions for the Business Interruption policy.

4.1 You are not covered for the cost of reinstating loss or damage

This policy does not cover the cost of reinstating loss or damage to any property whether insured or not.

4.2 You are not covered for frost unless you have the optional benefit

You are not insured for financial loss because of *loss* to your *indoor plants* caused by frost, unless covered by optional benefit 3.2 (frost).

4.3 You are not covered for infectious disease

You are not insured for financial loss caused by, or in any way connected with, a notifiable infectious disease under the Health Act 1956 or any subsequent amendment or replacing Act unless covered under automatic benefit 2.5 (public authority action).

4.4 You are not covered for natural disaster unless you have the optional benefit

You are not insured for financial loss because of *loss* caused by a *natural disaster* unless you have bought optional benefit 3.1 (natural disaster).

4.5 You are not covered for plants in the open

You are not insured for financial loss caused by, or in any way connected with, loss or damage to any plants growing in the open.

Making a claim

The conditions in this section are important. You must meet all conditions before we will accept a claim under your policy with us.

5. What you must do

5.1 As soon as you know you are likely to make a claim

You must let us know immediately if anything happens that is likely to lead to a claim.

You must take reasonable steps to minimise the claim and avoid any further claim.

You must make a complaint to the police if you suspect criminal activity.

5.2 When communicating with us

You must complete our claim form in full if we ask you to do so, and return it to us within 30 days of our request.

You must provide all reasonable information and assistance we require at any time.

You must immediately send us all relevant correspondence and court documentation.

You must authorise us to:

- get personal information about you from you and third parties in connection with your insurance
- disclose personal information about you to third parties in connection with your insurance.

For more information about how we collect, use and store your personal information, see the full Privacy Statement on our website (www.fmg.co.nz).

5.3 When you have other insurance

You must immediately notify us of any other insurance that covers you for any of the risks covered under this policy.

6. What you must not do

6.1 You must not accept liability or settle things yourself

You must not admit you are liable to any party.

You must not say or do anything that prejudices our ability to:

- defend any action against you, or
- take recovery action in your name.

You must not start any remedial action or dispose of any property you intend to claim on without our prior approval.

6.2 You must not make untrue statements

You, and anyone else entitled to claim under this policy, must ensure all statements made to us are true and complete.

If your claim is dishonest or fraudulent in any way, we are entitled to:

- decline your claim in whole or in part

- bring this policy to an end from the date of the dishonest or fraudulent act
- bring all other insurance you have with us to an end from the date of the dishonest or fraudulent act.

We may also notify the police, the Serious Fraud Office, or both.

7. How we will manage the claim

7.1 We will pay the difference between another insurance and this one

You must immediately let us know if you have other insurance covering the risks covered under this policy. We will only pay over and above the limit payable under that other insurance.

7.2 We may make progress payments

We will, at our option, make regular progress payments for your claim provided that:

- you provide us with proof of your insured loss, and
- if the combined progress payments exceed the total amount of the loss, you must immediately refund us the difference between these amounts.

7.3 We may recover costs from those responsible for the loss

If we accept any part of your claim, we may exercise any legal rights you have to recover amounts from the persons responsible for the loss. Any recovery will be at our cost.

If we do this, you must co-operate and give us any help we ask for. If you refuse, you may have to repay the money we paid you.

If we succeed in recovering any money from the persons responsible, we will pay to you any remaining money recovered after deducting:

- our recovery costs, and
- the money we have paid you.

7.4 We will take into account a salvage sale in calculating the shortage of turnover under the Gross Profit and Dual Wages clauses

If, following *loss* that results in a claim under this policy, you hold a salvage sale during the *indemnity period*, we will take that salvage sale into account by alternatively calculating the loss of gross profit as follows:

- For clause 1.1 (gross profit) by:
 - multiplying the *rate of gross profit* by the sum of the *shortage of turnover* and the *turnover* earned from the salvage sale during the *indemnity period*
 - deducting from that amount the gross profit earned from the salvage sale
- For clause 1.4 (dual wages) by:
 - multiplying the *rate of wages* by the sum of the *shortage of turnover* and the *turnover* earned from the salvage sale during the *indemnity period*
 - deducting from that amount the *wages* earned from the salvage sale

General conditions of this policy

The following conditions apply to the whole policy, and cover what you agree to do, how we manage the policy, and how the policy will be interpreted.

8. What you agree to do

These conditions must all be met before we will accept a claim under this policy.

8.1 You must comply with all terms of this policy

You, and anyone else entitled to claim under this policy, must comply with all the terms of the policy before we will meet any claim under it.

You must tell the truth at all times.

8.2 You must tell us immediately if anything changes

After this policy starts, you must notify us immediately of any change in circumstances you are aware of that affects any risks insured under this policy, whether by increasing or altering them.

Once you have done so, we may change the premium and terms of cover, at our discretion.

If you fail to let us know about any change in circumstances, we may (from the date of the failure):

- refuse to meet any claim or part of it
- cancel this policy.

8.3 You must take reasonable care

You must take reasonable care, at your own expense, to avoid and minimise loss insured under this policy, and liability to others.

This includes all of the following:

- complying with all relevant laws
- complying with all manufacturer's recommendations
- employing competent *employees*
- maintaining and operating all security protection equipment, and all fire protection and extinguishment equipment, at all relevant times.

We will not pay any claim if you have been reckless or grossly irresponsible.

8.4 Premiums must be paid on time

Cover under this policy will begin when you have paid, or have agreed to pay, the premium for the period of insurance (including any government charges).

If we have agreed that you can pay your premium in instalments, cover under this policy will begin when you have paid, or have agreed to pay, the first instalment (including any government charges), due under this agreement.

You must pay your premiums by the due date.

If you suffer a total loss:

- we will not settle your claim:
 - until the full annual premium is paid, or

- if you are paying your premium by instalments, until the balance of the full annual premium is paid, and
- we may deduct any outstanding annual premium from the claim settlement.

8.5 You must let us know of any lapse of more than 60 days

You must notify us immediately if for over 60 days your:

- operations are going to cease, or
- premises will be vacant.

Your cover under this policy ends at 4pm on the 60th day, unless we have agreed in writing that it will continue.

8.6 You must seek our written agreement to a transfer of interest

No interest in this policy can be transferred or assigned without our written agreement.

9. How we will manage this policy

9.1 How to make changes to this policy

If we agree, you may change this policy by giving us notice of the changes.

We may change the terms of this policy at any time by giving you notice at the last known address we have for you. The changes we make will take effect 30 days after the day we send or deliver the notice to you.

9.2 How to cancel this policy

You may cancel this policy at any time by giving notice to us.

We may cancel this policy at any time by giving notice to you at the last known address we have for you.

Your policy will be cancelled 30 calendar days after the day we send or deliver the notice to you.

- If you cancel this policy we will (subject to “We will be fair in the way we provide this cover” on page 6) refund 90% of the unexpired portion of your premium
- If we cancel this policy, we will refund the unexpired portion of your premium.

If you have made a claim and we have paid the full amount under:

- the policy, we will cancel the policy
- an item, we will cancel the item
- an optional benefit, we will cancel the optional benefit.

In all three cases, the cancellation will be from the date of loss.

9.3 Special conditions when the policy insures more than one person or entity

If this policy insures more than one person or entity, they are insured separately as though a separate policy was issued to each.

The most we will pay in total to all insured persons or entities are the amounts shown in this policy or on the certificate.

9.4 We will add Goods and Services Tax GST where applicable

Where we are able to recover GST under the Goods and Services Tax Act 1985:

- all amounts insured exclude GST (unless otherwise shown on the certificate), and
- GST will be added, where applicable, to claim payments.

9.5 We can inspect your property

We are entitled to inspect property insured, at any reasonable time. You must provide any information we reasonably require in connection with that property.

When we inspect the property or provide an inspection report, we are not determining or warranting the safety of any operation, property or premises, nor are we confirming that these are covered by the policy.

9.6 We can give information and make payments to interested parties

If you advise us of a party holding a financial interest over the property insured under this policy, all of the following apply:

- we note that interest, but the party is not directly insured under this policy
- you authorise us to disclose personal information about you to that party in connection with this policy
- we may make a claim payment directly to that party up to the limit of its interest.

If we make such a payment, we have met our obligations to you under this policy for that amount.

How to interpret this policy

10.1 Words in italics have a specific meaning

Words which appear in italics must be interpreted using their defined meaning stated in the definitions section.

10.2 We use New Zealand currency

All monetary amounts referred to in this policy are expressed and payable in New Zealand dollars.

10.3 The law of New Zealand governs this policy

The law of New Zealand applies to this policy and the New Zealand courts have exclusive jurisdiction.

10.4 'Acts of Parliament' include amendments and regulations

Any Acts of Parliament referred to in this policy include any:

- amendments or statutory regulations made under them, and
- Acts or regulations made in substitution for the original Acts or regulations.

10.5 Headings are for ease of reading

The headings in this document are merely there to make it easier to read. They do not form part of the policy and are not to be used in interpreting it.

Definitions

The following definitions apply to your policy.

Please note:

- references to the singular include the plural and vice versa
- the definitions apply to any derivatives of the word used in this policy.

Accident and **accidental** means an event that is sudden, unintended and unforeseen by you.

Adjustment means adjustments necessary to provide for trends, variations or other circumstances affecting your *business* before or after the *loss* or which would have still affected it had the *loss* not occurred.

Once the above process is taken into account the adjusted figures represent, as much as is reasonably practical, the results which, but for the *loss*, would have been achieved during the relative period after the *loss*.

Alternative period means the portion of the *indemnity period* that:

- starts at the commencement of the *indemnity period*
- ends no later than the *indemnity period*.

Business means your occupation, work, or trade, as shown on the certificate.

Confiscation means confiscation, requisition, nationalisation, destruction of, or damage to property by order of Government, a local authority, a court, or any public authority. The definition of confiscation excludes such orders given for the purpose of controlling a peril covered by this policy.

Employee means:

- any employees directly employed by you for your *business*
- any employee directly employed by you for domestic duties, or
- any employee directly employed by you in, or any principal or director (but only in their capacity as such) of your:
 - *farming operations*
 - your normal regular horticultural activities associated with the growing of your plants, or
 - homestay activities.

Homestay activities means your accommodation of temporary visitors to the house you live in who pay you for hospitality, meals, accommodation, or any combination of these for a short term (paying guests) provided that:

- your maximum paying guest capacity is no more than six people,
- your annual turnover from paying guests is not greater than \$30,000, and
- for taxation purposes, you claim no more than 50% of the house you live in for your accommodation of paying guests.

Event means a single *loss* or series of *losses* that have the same cause.

Farming operations means your normal regular farming activities including:

- exhibitions and competitions at shows
- using your property for horse or hunt club activities, except horse racing organised by a racing or trotting (or similar) organisation
- distributing farm material from aircraft, except for 1080, 1081, herbicides, fungicides, pesticides or similar poisons or substances
- artificial insemination technician activities
- occasional agricultural or horticultural contracting, excluding the use of explosives or herbicides or fungicides
- your normal regular horticultural activities associated with the growing of your plants.

Gross profit means the amount that *turnover* plus closing stock exceeds opening stock plus uninsured working expenses.

Opening stock and closing stock:

- have the meaning you usually attach to them in your books and accounts.
- are to be calculated in accordance with your normal accounting methods, with due provision being made for depreciation (if any).

Uninsured working expenses means those expenses that vary in direct proportion to the turnover.

Expenses insured under clauses 1.4 (dual wages) or 1.5 (wages in lieu of notice) will be deemed to be uninsured working expenses.

Indemnity period means the period that your *business* operations are affected by the *loss*. This period:

- starts at the date of the *loss* or the date deferred to under automatic benefit 2.6 (indemnity period deferment)
- ends no later than the number of months shown on the certificate.

Indoor plants means your plants insured under your FMG Material Damage policy that are growing in a fully enclosed building designed specifically to grow them and associated:

- plant boxes
- plant trays
- expendable equipment.

Indoor plants do not include plants growing in the open.

Initial period means the portion of the *indemnity period* that:

- starts at the commencement of the *indemnity period*
- ends no later than the number of weeks shown on the certificate

Loss means:

- *accidental* physical loss or damage of property at the *premises* for which a claim is payable, or would be payable but for the excess, under your:
 - FMG Material Damage policy other than automatic benefit 2.10 (breakdown), or
 - FMG Farm Buildings policy and/or Farm Contents policy other than a loss involving breakdown.
- *accidental* physical loss or damage at the *premises* in New Zealand during the period of insurance to any property not owned by you that your business uses, provided that we would have accepted a claim for that loss or damage had that property been insured under your:
 - FMG Material Damage policy other than automatic benefit 2.10 (breakdown), or
 - FMG Farm Buildings policy and/or Farm Contents policy other than a loss involving breakdown.
- *accidental* death of poultry that you are entitled to receive a Growers Payout Fee for under your Broiler Chicken Growing Agreement.

Breakdown means the breaking, deforming, seizing of, or electrical or electronic failure to, any part of property that must be repaired or replaced to resume normal operation.

Loss of electronic data means the loss, corruption, destruction, malfunction or unavailability of information or instructions in electronic form. This includes programs, software and other electronic data. This extends to the loss of use, reduction in functionality, or any other associated loss or expenses connected with the loss of such data, including data retrieval costs.

Natural disaster means earthquake (including earthquake fire), volcanic eruption, tsunami, hydrothermal activity, or natural landslide. Natural landslide means the movement (whether by way of falling, sliding or flowing, or by a combination of these) of ground-forming materials composed of natural rock, soil, artificial fill or a combination of such materials that, before movement, formed an integral part of the ground. Natural landslide does not include the movement of ground due to subsidence below ground, soil expansion, soil shrinkage, soil compaction, or erosion (the wearing away of rocks, soil and the like by action of water, ice or wind).

Nuclear materials means:

- ionising radiation or contamination by radioactivity from:
 - any nuclear fuel
 - any nuclear waste
 - the combustion or fission of nuclear fuel, or
- nuclear weapons material.

Premises means the land, and the structures on it, at the location shown on the certificate.

Rate of gross profit means the rate of *gross profit* earned on the *turnover* for the financial year immediately before the date of the *loss*, subject to *adjustment*.

Rate of wages means the rate of *wages* to *turnover* for the financial year immediately before the date of the *loss*, subject to *adjustment*.

Rent receivable means the amount of rent received and payments for services provided in respect of or associated with letting the property situated at the *premises*. Such payments, whether made directly to you

or to others on your behalf, include:

- contributions made to any variable or promotional funds
- operational expenses
- rates
- insurance premiums
- rent for car parks
- any other expenses of whatever nature and description

Shortage of turnover means the amount that *turnover* for the *indemnity period* falls short of the *standard turnover* for the same period, because of the *loss*.

In accordance with clause 7.4 (salvage sale) of the how we manage your claim section, we will take into account any salvage sale during the indemnity period in calculating the shortage of *turnover*.

Standard rent receivable means the *rent receivable* during that part of the 12-month period immediately before the date of the loss that corresponds with the indemnity period, subject to adjustment.

Standard turnover means the turnover during that part of the 12-month period immediately before the date of the *loss* that corresponds with the *indemnity period*, subject to *adjustment*.

Stock means:

- stock and materials of trade
- harvested produce
- items held for sale on commission that you are legally liable for, including the value of the work done, containers, and packaging materials of your *business*.

Terrorism means a particular type of use, threatened use, or preparation for the use, of:

- force or violence towards any person or group(s) of people,
- property damage,
- conduct that creates a risk to health and safety, or
- interference or disruption with an electronic system.

What makes it terrorism is that these are actions by a person, group or groups (whether acting alone, or on behalf of, or in connection with, any organisation or government):

- designed to influence, coerce or retaliate against, a government or group of people, or
- to bring about change that aligns with the person or group's particular political, religious, ideological, ethnic, economic agenda.

Our definition of 'caused by terrorism' extends to conduct connected with controlling, preventing, suppressing, retaliating against, or responding to such actions.

Turnover means the money paid or payable to you for goods sold and delivered and for services rendered in the course of your *business*.

Wages means the remuneration (including a due proportion of bonuses, holiday pay, accident compensation levies and other charges on wages) of all *employees*, except those whose remuneration is treated as salaries in your books of account.

War means conflict, invasion, act of foreign enemy, hostilities or warlike operations (whether declared or not), civil war, mutiny, civil commotion assuming the proportions of or amounting to an uprising, insurrection, rebellion, revolution, military or usurped power, and extends to activity connected with controlling, preventing or suppressing such conduct.

Tell us what you think about us and our service

Your feedback helps us to identify opportunities to make our products and services even better. If you have any feedback—good or bad—we would like to hear from you.

If you have a concern about something that has happened, tell us and we will investigate the issue and inform you of the outcome, either by phone, in writing or by visiting you at a convenient time.

Similarly, if you have received exceptional service, we would like to know about it so we can congratulate our team—so please let us know.

How you can contact us

-  Call us on 0800 366 466
-  Contact your local FMG manager
-  Write to us at FMG, PO Box 1943, Palmerston North 4440, New Zealand
-  Visit our website www.fmg.co.nz
-  Email us at contact@fmg.co.nz
-  Fax us on 0800 366 455

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