



Stock Deterioration Plan
Stock



For the insurance of goods in cold storage.

Please read this policy carefully and see that it meets your requirements

welcome to Stock Deterioration Plan

This policy shall not be in force unless it has been initialled by an authorised official of the Company.

Initialled:



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Important notice

1. This policy contains a provision making it "subject to average".
2. Such provision will have effect only if the property insured under the policy is underinsured at the time of loss in which case the following rules apply:
 - (a) if you suffer a total loss in respect of property the provision will have no effect;
 - (b) if you suffer a partial loss in respect of property 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; and
 - (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 the policy is "subject to average", the maximum amount that you may recover is \$2,500.

Introduction

In consideration of the insured named in the policy schedule having paid or promised to pay the required premium, Vero Insurance New Zealand Limited (hereinafter referred to as "the Company") agrees subject to the terms, conditions and exclusions of the policy to indemnify the insured to the extent set out in the policy.

In issuing this policy, the Company relies upon the information contained in the proposal and any statements or representations made by the insured or anyone acting on behalf of the insured.

The policy and the policy schedule shall be read together as one contract and any word or expression to which a specific meaning has been attached in any part of this policy or of the policy schedule shall bear such meaning wherever it may appear.

The cover provided by this policy only attaches to those items shown in the attached policy schedule against which a sum insured has been shown.

Where an item is not shown in the policy schedule or there is no sum insured, or the number "0", or the word "Nil" is shown, there shall be no cover unless specifically endorsed on to the policy schedule or policy.

Definitions

Words or expressions defined in this policy shall have the same meaning wherever they appear throughout this policy. Wherever used, the singular shall include the plural and vice versa.

Breakdown

Physical *damage* - unintended and unforeseen by the insured which is not otherwise excluded and necessitates the immediate repair of the *plant* before it can resume normal working.

Damage

Loss of or *damage* to the *goods insured* arising from the deterioration or putrefaction caused by:

1. a rise or fall in temperature in the chambers in which the *goods insured* are stored; or
2. contamination due to refrigerant entering the chambers in which the *goods insured* are stored, and solely due to the *breakdown of plant*.

Plant

The refrigeration *plant* or other *plant* described in the policy schedule used in the storage of perishable goods at temperatures within a predetermined range.

Goods insured

Perishable stock described in the policy schedule which is stored in coolrooms, chillers or freezers at the *situation*.

Situation

As shown in the policy schedule, shall be the premises at which the *goods insured* are stored.

Excess

The first portion of each and every claim occurrence which shall be deducted by the Company from each loss.

The cover

Basis of indemnity

The Company will indemnify the insured in the event of *damage* to the *goods insured* which occurs during the period of insurance as a result of *breakdown* of the *plant*.

Sum insured

1. It is hereby declared and agreed that the sum insured for each category of *goods insured* by this policy shall not be less than the maximum cost to the insured of the category shown and this shall be the basis on which indemnity is calculated.
2. If at the time of *damage* the sum insured is less than the maximum cost as described in paragraph 1 above, then the amount recoverable by the insured shall be reduced in such proportion as the sum insured bears to the new replacement value.
3. The Company's liability in respect of each category of *goods insured* will not exceed the sum insured allocated to that category, and the aggregate of such amounts shall be the total sum insured applicable to the *goods insured*.

memorandum 1

Unless otherwise stated to the contrary in the policy schedule, the Company shall not be liable for any loss under this policy unless the *plant* operating the chambers in which the *goods insured* are stored is insured against damage under the Company's MachinePlan policy (the number of that policy being specified in the policy schedule) and liability has been admitted or would have been admitted but for the application of the excess under that policy.

Exclusions

This insurance does not provide indemnity for:

1. *damage* to the *goods insured* as a result of *breakdown* of the *plant* caused by:
 - (a) loss or *damage* to foundations and masonry;
 - (b) failure to maintain parts which by their use or nature suffer a high rate of wear and depreciation including but not limited to chains, flexible pipes, seals, jointing and packing materials, filter cloths, belts, straps, cables other than electrical conductors, fuses, brushes, or batteries;
 - (c) any faults or defects existing at the time of commencement of this insurance or any subsequent renewal thereof and known to the insured or his representatives and not disclosed to the Company;
 - (d) experiments or overload or similar tests requiring the imposition of abnormal conditions; or
 - (i) the direct application of any tool or process in the course of maintenance, inspection, repair, alteration, modification or overhaul;
2. consequential loss or *damage*, or consequential liability of any description

3. *damage to the goods insured* directly or indirectly caused by or arising from:
 - (a) war, invasion, act of foreign enemy, war like operations (whether war is declared or not), civil war, mutiny, rebellion, revolution, insurrection, military or usurped power;
 - (b) confiscation, requisition or destruction of or damage to machinery by order of Government or Local Authority;
 - (c) nuclear weapons material;
 - (d) ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel. (For the purpose of this exclusion, combustion includes any self-sustaining process of nuclear fission);
 - (e) earthquake, hydrothermal activity, volcanic eruption, tsunami, landslip, and subsidence or erosion of the land;
 - (f) fire, smoke, soot, chemical or dust explosion of any kind, lightning;
 - (g) wind, storm, flood, hail, snow, frost, ice, water, accidental leakage or spillage of gas, vapour or liquid;
 - (h) aircraft or other aerial devices or articles dropped therefrom;
 - (i) impact by animals, landborne vehicles, or waterborne craft;
 - (j) riot, civil commotion, strike, locked-out workers, vandalism, malicious acts;
 - (k) burglary and theft, or attempts thereat; or
 - (l) the deliberate or reckless acts of the insured;
4. *damage to the goods insured* arising from:
 - (a) wasting or wearing away or wearing out of any part caused by or naturally resulting from ordinary use or working;
 - (b) erosion or corrosion, gradual deterioration; or
 - (c) direct consequences of progressive or continuous influences of atmospheric or chemical action, gradual shrinkage, inherent defect or disease, natural deterioration or putrefaction, improper storage, packaging or non-uniformity of temperature;
5. The amount of *excess* stated in the policy schedule to be borne by the insured in any one occurrence. If more than one category of goods is damaged in one occurrence the insured will not however be called upon to bear more than the highest single *excess* applicable to such items.

Conditions

1. Observance of terms and conditions

The due observance and fulfilment of the terms and conditions of this policy by the insured in so far as they relate to anything to be done or complied with by the insured, and the correctness of any statements made to the Company (whether made by the insured or not), are conditions precedent to any liability of the Company to provide any indemnity under this policy.

2. Misdescription

This policy is voidable in the event of any misrepresentation, misdescription, or non-disclosure of any material fact. However, the insurance will not be prejudiced by:

- (a) any innocent alteration of risk or inadvertent misdescription of property or occupancy in the proposal; or
- (b) any act whereby the risk of loss or *damage to the goods insured* is increased without the authority or knowledge of the insured;

provided that notice is given to the Company immediately when the insured becomes aware of any of the above happenings. The insured agrees to pay an appropriate additional premium if required.

3. Cancellation

(a) By the insured

The policy may be cancelled by the insured at any time, and with immediate effect, by written notice delivered to the Company. In the event of such cancellation, the Company will be entitled to a pro-rata proportion of the premium (subject to any adjustment required by the terms of this policy) for the time during which the policy has been in force.

(b) By the Company

This policy may be cancelled by the Company at any time by sending a letter to the insured at the insured's last recorded postal address on the Company's records. The cancellation will take effect at 4 p.m. on the 30th day after the letter has been sent. In the event of such cancellation, the Company will refund to the Insured a pro-rata proportion of the premium, subject to any adjustment required by the terms of this policy.

4. Alteration of risk

If any change occurs involving a material alteration in the risk accepted by the Company, the insured shall as soon as possible give notice in writing to the Company. The insured shall at their own expense take prudent precautions to minimise the risk of any claim arising under the policy because of the alteration of risk and shall comply with any reasonable directions or requirements of the Company. The terms and premium required for this insurance may be increased by the Company due to the alteration in risk.

5. Diligence

The insured shall make reasonable endeavours to ensure that:

- (a) the insured *property* is in good working order, and any protective devices installed to prevent *damage* to the insured *property* are operative;
- (b) statutory or other regulations relating to the premises and the operation of insured *property* are observed;
- (c) any automatic fire protection sprinkler system or automatic fire detection system and/or portable fire appliances installed are maintained in good order; and
- (d) any security protection is maintained in efficient working order.

If the Company is prejudiced by the insured not complying with this condition, the Company shall have the right to decline the claim.

6. Claims

Upon becoming aware of any event giving rise, or likely to give rise, to a claim under this policy, the insured must:

- (a) take prompt steps to minimise the *damage*;
- (b) take reasonable steps to protect the *property* from further loss or *damage*;
- (c) immediately notify the Company;
- (d) if a criminal act is suspected, inform the Police;
- (e) within 30 days or as soon as practicable thereafter, submit full particulars of the claim in writing to the Company; and
- (f) at the insured's expense, provide the Company with any reasonable required proof and information in respect of the claim.

7. Reinstatement of amount of insurance

In the event of *damage* for which a claim is payable under any section of this policy, and in the absence of written notice by the Company or the insured to the contrary, the amount of insurance cancelled by such *damage* will be automatically reinstated from the date of occurrence. The insured undertakes to pay such pro rata premium at the applicable rate as may be required following such reinstatement of any of the sums insured.

8. Salvage

Where *property* insured by this policy is damaged, the Company may:

- (a) enter any premises where the *damage* has occurred and take and keep possession of the damaged *property*; and
- (b) deal with the salvage in any reasonable manner;

provided that the insured is not entitled to abandon any *property* to the Company.

9. Inspection

The insured shall allow authorised representatives of the Company to inspect the *property* at any reasonable time and shall provide such information as may reasonably be required. If at the time of inspection, any new facts of a nature likely to increase the risk of *damage* are observed, the Insured shall at the request of the Company restore the risk to normal in the least possible time, failing which the Company reserves the right to suspend the insurance in respect of the property concerned, making a proportionate return of premium.

10. Subrogation

Where, upon accepting liability for a claim under this policy, the Company is entitled to become subrogated to the insured's right of recovery or indemnity from any other person or corporation, the insured must, at the Company's expense do and concur in doing and permit to be done anything reasonably required by the Company for the purpose of enforcing that right. The insured must comply with this condition when required, whether before or after having been indemnified by the Company.

11. Other insurance

If, at the time of any claim arising under this policy, there is any other valid and collectable insurance covering all or part of the same loss, this policy will apply only to the amount of any loss in excess of that recoverable under the other insurance.

12. Fraud

If any claim is in any respect fraudulent, or if any false declaration is made or used in support thereof, or if any fraudulent means or devices are used by the insured or anyone acting on behalf on the insured to obtain any benefit under this policy, all benefit under this policy in respect of that claim will be forfeited.

13. Words defined

Where words are given special meaning in the schedule of this policy, those words will, unless the context otherwise requires, have that same meaning wherever they may appear in the policy.

14. Goods and Services Tax

Provided that Goods and Services Tax (GST) is recoverable by the Company, the sum or sums insured are exclusive of GST to the extent that in the event of a claim the Company will indemnify the insured to the maximum of the sum insured or limit of liability under each item plus additional GST to a maximum of the current rate of GST applied to such amount.

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