

Effective 15 December 2023



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**FARM & LIFESTYLE BLOCK  
INSURANCE**

**Farm Machinery Breakdown Policy**





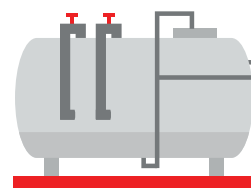
## You know farming. We know rural insurance. Let's work together.

We've partnered with New Zealand's rural communities for over 150 years. Along the way, we've learnt a thing or two about making our policies work smarter to cover your farm, business and personal assets.

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# Welcome to your Farm Machinery Breakdown Policy – breakdown insurance for your farm machinery



In this policy wording, we set out what's covered and what's not covered under your policy, your responsibilities, and how we work together with you at claim time.

## Who we mean by 'you'

When we say 'you' or 'your', we mean the *entity, insured, insured person, person, people, or people insured* named on your *schedule*, and their partner.

A partner is either a:

- marriage or de facto partner under the Property (Relationships) Act 1976
- civil union partner under the Civil Union Act 2004.

## Who we mean by 'we'

When we say 'we', 'us', or 'our', we mean Vero Insurance New Zealand Limited.

## The documents that make up your insurance policy

Your insurance policy is made up of three parts.

1. This policy wording. It explains what we do and don't cover, the responsibilities you have under the policy, and how to make a claim.
2. Your policy *schedule*. It gives details specific to you, including who and what is insured, when cover starts and ends, and the *premium* you've agreed to pay. The policy *schedule* also includes any special terms that might apply, which might also detail things that we do and don't cover.
3. The information in your proposal, application, or declaration.

## Read your policy wording, so you know what we do and don't cover

We agree to give you insurance cover as outlined in this policy wording and your policy *schedule*, as long as your *premium* payment is up to date.

Read your insurance policy documents carefully, so you know what you are, and are not, covered for. Keep them together in a safe place.

Once you've read this policy wording, contact your insurance adviser if you would like more information.

## Headings in this policy wording are descriptive

The headings used in this policy wording are descriptive – they're to help you find information. They're not part of the terms and conditions, so you can't rely on them to interpret the policy's meaning.

## Words in italics have specific meanings

When words are in *italics*, they have specific meanings that we've defined in the 'Definitions' section on page 20. When we use these words, we mean the definitions we give in the 'Definitions' section.

## What this Farm Machinery Breakdown Policy covers

This policy covers you for *breakdown* of farm *machinery* listed on your *schedule* that results from your *farming operations* during the *period of insurance*.

Your cover, including the benefits, is subject to the terms, limitations, exclusions, conditions, and cover limits that apply to this policy.

### Specified machinery – we'll cover machinery you specify on your schedule

We'll cover your *machinery* that is individually listed on the *schedule for breakdown* anywhere in New Zealand.

### Unspecified machinery – we'll cover machinery not specified on your schedule

We'll cover your *machinery* that is not individually listed on the *schedule for breakdown* anywhere in New Zealand if your *schedule* shows the item 'Sundry Farm Machinery'.

### Unspecified pumps and motors – we provide limited cover for loss to pumps and motors that are not specified on your schedule if you also have Farm Asset cover

We'll automatically cover the *breakdown* of a submersible pump, surface pump, or motor that is not individually listed on the *schedule* and is located at the *insured location*. Your *schedule* must show that you have purchased Farm Asset cover.

To qualify for this cover, the pump (including submersible pumps) or motor must:

- not be individually listed on your *schedule*
- be located at the *insured location*
- have a *replacement value* of less than \$10,000
- be less than twelve years old (since the date of manufacture).

For a submersible pump we'll pay up to \$10,000 or any higher amount your *schedule* shows for 'Submersible Pumps' for any one *event*. For surface pumps or motors, we'll pay up to \$10,000 or any higher amount your *schedule* shows for 'Fusion' for any one *event*.

For the purposes of this section 'pump' means the pump end, motor, and cables. It does not include switchgears or other equipment associated with the submersible pump or surface pump.

If your *schedule* shows the item 'Sundry Farm Machinery', you are only entitled to one claim payment per submersible pump, surface pump, or motor per *event*.

## Benefits we include in your cover

Your cover also includes the benefits below, if the circumstances they outline apply.

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## Lifting and lowering of submersible pumps – we'll cover lifting and lowering of pumps

If we have accepted a claim for *breakdown* to a submersible pump, we'll also pay the reasonable costs to lift the submersible pump unit for repair or replacement and to return it back to its operating position once completed.

The most we'll pay in total for a claim where this benefit has been triggered is the following list, added together.

- The *sum insured* shown on your *schedule* (including benefits paid from within it) for an item or an *insured location*.
- \$2,500, or any higher amount shown on your *schedule* for lifting and lowering costs.
- Any GST.
- Any amounts that we are required to pay under these benefits:
  - Replacement of refrigerant
  - Temporary *machine* hire.

## Machinery change – we'll temporarily cover you for replacement or additional pumps and motors

If you replace, or buy another, surface pump, submersible pump, or motor, we'll cover it against *breakdown* automatically for up to 30 days, at the *insured location*.

However, we won't cover:

- pumps and motors worth more than \$50,000
- *breakdown* that happened before the pumps and motors were tested or commissioned
- pumps or motors that are not similar in type, class, or function to those that we already insure.

You must give us full details of the replacement or additional pump or motor within 30 days of buying it. If you don't, cover stops automatically. When we get this information, we may charge an additional *premium*, calculated proportionally from the date that cover commenced.

The most we'll pay under this benefit is \$50,000 or any higher amount shown on your *schedule*.

## Replacement of refrigerant – we'll cover replacement of refrigerant

If your *machinery* loses refrigerant as a direct result of *breakdown*, we'll pay the reasonable costs to replace it.

We'll pay up to \$2,500 for any one *event*.

Any amount we pay under this benefit, we'll pay in addition to your *sum insured*.

## Temporary machinery hire – we'll cover the costs of hire equipment

If we've accepted your claim and your *machinery*, pump, or motor can be fixed, we'll pay the reasonable costs to hire a replacement for use while your *machinery*, pump, or motor is being repaired.

This benefit also includes the reasonable labour and hire costs for installing and removing the temporary equipment.

You must notify us, and we must agree, to any temporary equipment being hired before a hire arrangement is in place.

## Exclusions – things we don't cover

We won't cover you in these situations.

### Communicable disease

We won't cover any *breakdown*, damage, interruption, liability, claim, cost, expense or any other sum of any kind that arises directly or indirectly out of, is contributed to by, or is in connection with any of the following.

1. Communicable disease.
2. The actual, or perceived, fear or threat of communicable disease.
3. Actions by any person, *entity* or public authority to respond to, control, prevent or suppress communicable disease.

Any other sum of any kind also includes any increased or additional costs or expenses of a claim that this exclusion does not otherwise apply to.

This exclusion:

- takes priority over any other term in this policy or any endorsement (including any that might contradict it)
- applies regardless of any other cause or *event* contributing at the same time or in any other order to 1–3 above.

When we say communicable disease, we mean any of these things.

- Any human, animal, plant or other disease that can be transmitted directly or indirectly from any organism to another organism by means of any substance or agent, including without limitation, any:
  - virus
  - bacterium
  - parasite
  - other organism
  - any variation of any of the above, whether living or not.
- Any Infectious Disease or Quarantinable Disease as defined in or declared under the Health Act 1956.

### Confiscation

We won't cover *breakdown*, damage, or liability in any way connected with confiscation, acquisition, designation, destruction or decision by government or local authorities.

### Consequential loss

We won't cover any intangible or consequential *loss* of any kind, including:

- depreciation
- loss of use
- loss of enjoyment
- loss of value.

### Cyber acts and incidents

We won't cover any *breakdown*, damage, liability, cost, or expense in any way connected to a *cyber act* or *cyber incident*. This exclusion does not apply if a *loss* covered by this policy causes a *cyber incident*.

However, if there's resulting *breakdown* to other parts of your property caused by a *cyber act* or *cyber incident*, we'll cover it (unless it's excluded under another part of this policy).

## Damage by insects and vermin

We won't cover *breakdown* in any way connected to insects or vermin — except possums.

However, if there's resulting *breakdown* to other parts of the *machinery* caused by the excluded *breakdown*, we'll cover it (unless it's excluded under another part of this policy).

## Damage during cleaning, repair, renovation, or restoration

We won't cover any *breakdown* in any way connected to any cleaning process, renovation, repair, or restoration — but this only excludes the property that has undergone that process.

If there's resulting *breakdown* to other parts of the *machinery* caused by the excluded *breakdown*, we'll cover it (unless it's excluded under another part of this policy).

## Data

We won't cover any *breakdown*, damage, liability, cost, or expense of any kind in any way connected to:

- *data* being totally or partially destroyed, distorted, erased, corrupted, altered, misinterpreted, or misappropriated
- errors in creating, amending, entering, deleting, or using *data*
- total or partial inability or failure to receive, send, access, or use *data* for any time
- any loss of use of *data*, or *data* being reduced in functionality, repaired, replaced, restored, or reproduced
- the value of any *data*.

This exclusion applies whether any other causes or *events* contribute at the same time, or in any order, to any of the above.

## Defective workmanship

We won't cover *breakdown* in any way connected to poor or defective workmanship.

However, if there's resulting *breakdown* to other parts of the *machinery* caused by the excluded *breakdown*, we'll cover it (unless it's excluded under another part of this policy).

## Defects

We won't cover *breakdown* in any way connected to any defect in design or inherent fault.

However, if there's resulting *breakdown* to other parts of the *machinery* caused by the excluded *breakdown*, we'll cover it (unless it's excluded under another part of this policy).

## Deferred maintenance

We won't cover any *breakdown* in any way connected to inadequate maintenance or failing to service the *machinery* regularly.

## Deliberate or reckless acts

We won't cover any *breakdown*, damage, or liability in any way connected with you or anyone else this policy covers, acting or failing to act, in a way that is:

- deliberate
- intentional
- knowing
- wilful
- reckless.

This exclusion applies whether the act or failure to act was criminal or not.

## Excesses

We won't cover any *excesses*.

## Gradually operating clauses

We won't cover *breakdown* caused by the action of *micro-organisms*, mould, mildew, rot, fungi, or any other gradual cause.

We won't cover *breakdown* caused by corrosion or rust.

## Improvements

We won't cover alterations, additions, improvements, overhauls, or maintenance.

## Natural disaster

We won't cover *breakdown* or damage in any way connected with any of these:

- earthquakes or *natural landslips*
- volcanic eruptions or hydrothermal activity
- tsunami
- fire resulting from any of the above.

## Nuclear activity

We won't cover *breakdown*, damage, or liability in any way connected with nuclear weapons, ionising radiation, or contamination by radioactivity from nuclear fuel, or the combustion of waste from nuclear fuel.

## Operating media

We won't cover operating media such as fuels, cleansing agents, and lubricants.

## Pre-existing damage

We won't cover any pre-existing damage.

## Parts

We won't cover parts which:

- suffer a high rate of wear or depreciation because of their use or nature,
- are exchangeable and replaceable, including shear pins, bits, drills, knives, and other cutting edges
- are made of glass, ceramic, rubber, textiles, or synthetic materials.

## Sanctions

We won't provide any cover, service, or benefit, or pay anything in connection with your policy, including any *premium* refund, if doing so may breach or risk exposure to any of the following.

1. Penalties, sanctions, prohibitions, proscriptions, preventions, or restrictions under United Nations resolutions.
2. Sanctions, proscriptions, preventions, laws or *regulations* of New Zealand, Australia, the United Kingdom, the United States of America, or the European Union.



## Terrorism

We won't cover *breakdown*, damage, or liability in any way connected with any act of terrorism. This includes any act of terrorism in any way connected to pollution, contamination, or explosion that is:

- biological
- chemical
- radioactive
- nuclear.

An act of terrorism means any act which:

- may include the use of force or violence, or the threat of its use; and
- is carried out or arranged by any person or group(s) of people, whether acting alone or on behalf of or in connection with any organisation(s) or government(s).

From its nature or context, the act:

- is done for, or in connection with, political, religious, ideological, ethnic or similar purposes; and
- may include the intention to influence any government or to put fear in the public or any section of the public.

## Uncommissioned machinery

This policy does not apply to *machinery* before it's successfully commissioned.

## Uninsured causes

This policy does not cover the cost of rectifying the following:

- *accidental loss* that does not result in *breakdown* of the *machinery*
- *breakdown* that results from experiments, overload, or similar tests that impose abnormal conditions on *machinery*
- *breakdown* caused by faults or defects that you or your *employee* knew about at the start of each *period of insurance* and did not tell us about
- *breakdown* that is covered under a maintenance contract, warranty, or guarantee
- *breakdown* from directly applying any tool or process while the *machinery* is being maintained, inspected, repaired, altered, modified, or overhauled.

This policy does not cover *breakdown* to the *machinery* or the part immediately affected, caused by any of the causes below.

- scratching of painted or polished surfaces
- wasting, wearing away, or wearing out of any part that's caused by or naturally resulting from ordinary use or working
- gradual deterioration
- the direct consequence of the progressive or continuing influence of atmospheric or chemical action.

However, if there's resulting *breakdown* to other *machinery* caused by the excluded *damage*, we'll cover it (unless it's excluded under another part of this policy)

## Unrecovered pumps

This policy does not apply to submersible pumps that are not recovered to the surface.

## War

We won't cover *breakdown*, damage, or liability in any way connected with:

- war
- invasion
- acts of foreign enemies
- hostilities or warlike operations (whether war is declared or not)
- civil war
- civil commotion assuming proportions of or amounting to an uprising
- military uprising
- popular uprising
- mutiny
- rebellion
- revolution
- insurrection
- military or usurped power.

## Making a claim

If something happens, and you think you may need to make a claim, first make sure everyone is safe.

Then, contact your insurance adviser or us as soon as possible.

Once we have all the information we need, we'll decide the best way to advance your claim.

### What you must do if something happens that might lead to a claim

If anything happens that might lead to a claim under this policy, you must do all the following.

- Tell the Police if there's been theft, burglary, or vandalism.
- Tell your insurance adviser or us about what's happened.
- Take all reasonable steps to minimise the *loss*.
- Send us any communications you get about an *event* that might lead to a claim.
- Obtain our permission before you start repairs (unless you're replacing or repairing window glass).
- Let us inspect any damaged property.
- Provide us any information or help we may need, including proof that you own the property you're claiming for.
- Help us take any recovery action we choose against anyone we consider responsible for the *loss*.
- At your cost, cooperate with our assessors, investigators, lawyers, and anyone else we appoint to help us. This includes attending meetings with them when we need you to.

#### **!** If you don't fulfil these responsibilities

If you don't fulfil the responsibilities outlined above, we may:

- reduce the amount we pay you
- refuse to pay, or decline, your claim
- require you to pay back to us anything we've paid for the claim.

### What you must do to help us settle your claim

#### Obtain our permission before you incur expenses or negotiate claims

You must obtain our written permission before you incur any expense or negotiate, pay, settle, admit, reject, or make any agreement about any claim.

#### We will act in your name

In your name, we can take any proceedings necessary to use your legal right of recovery from anyone else.

If we act in your name, we'll do so at our expense. You must provide all reasonable help and cooperation, at your cost.

#### We will share and collect information about your claim

You allow us to share information with third parties about any claim you make under this policy. You also allow us to get information from third parties that's relevant to any claim you make under this policy.

#### You must complete documents agreeing settlement

Before we settle your claim, you must complete documents describing our settlement for your claim.

## Excess – you will have to pay an excess

The *excess* is the amount you must pay towards the cost of any claim.

The *excess* forms the first part of any *breakdown* you're claiming for.

We'll take the *excess* away from the amount of your claim, not from any policy limit.

If *breakdown* arises from multiple incidents, occasions, or events, the *excess* (or each relevant *excess*) applies to each incident, occasion, or *event* that causes *breakdown*.

### One event, one excess

Usually, you'll pay an *excess* for every claim. However, if you need to claim under more than one policy with us for *breakdown* caused by a single *event* at the same location, you'll only pay one *excess*. This will be the largest applicable *excess* of all your policies.

### Different types of excess can apply

More than one type of *excess* could apply – the specific circumstances of your claim will determine the total value of the *excess* you need to pay.

## How we settle your claim

If your *machinery* suffers a *breakdown* which we accept under this policy, how much we pay to settle your claim depends on whether the *machinery* is specified on your *schedule* and whether the *machinery* can be repaired or whether it's a *total loss*.

### What we'll pay if machinery can be repaired

We'll pay the lesser of the cost to repair the *machinery* so that it is working normally, or the *current value*.

If we agree, you may repair the *machinery* yourself, and we'll also pay you for:

- the cost of materials and wages you incur that are required for the repairs
- a reasonable amount to cover your overhead charges.

If you do repair the *machinery* yourself, we retain the right to any damaged parts that are able to be sold or scrapped for an income (salvage value).

For any parts needed for the repair, we won't pay more than the manufacturer's or supplier's latest list price.

### What we'll pay if the machinery cannot be repaired

If we decide the *machine* is unable to be safely or economically repaired, we will settle your claim as a *total loss*.

#### For machinery, pumps and motors that are not specified on your schedule

For pumps, motors, and *machinery* that are not specified on your *schedule*, the most we'll pay is the lesser of the:

- *current value* of the damaged pump, motor, or *machinery*
- amount shown on your *schedule* for any one item
- amount shown on your *schedule* for any one *event*.

#### For machinery, pumps and motors that are specified on your schedule

For *machinery* that is specified on your *schedule*, the most we'll pay is:

- *replacement value* for *machinery* that's under 5 years old
- *current value* for *machinery* that's over 5 years old.
- In no circumstances will we pay more than the *sum insured* shown on your *schedule*.

#### How we calculate current value for machinery under this cover

To calculate the *current value* of *machinery*, we take the *replacement value*, and apply a rate of 8% depreciation for each year since manufacture up to a maximum depreciation rate of 72%.

We don't depreciate labour costs related to repairing or replacing your *machinery*.

### Costs we'll pay that are associated with your claim

We'll pay the following costs out of your *sum insured*.

#### Professional fees and clearance costs

We'll pay the following reasonable costs if they are necessary to repair or replace your farm *machinery*.

- Costs you incur from demolishing the damaged part of your farm *machinery*, clearing the *machinery* site, and removing any debris from the *insured location*.
- Fees you incur for the service of consultants or repair services. The fees must be directly necessary to repair or replace your farm *machinery* following any *breakdown* this policy covers. You must get our permission before you incur these fees. This does not include costs which would not usually be required to repair or replace *machinery* of a similar nature to that being claimed for.

## Expediting costs

We'll pay the following reasonable costs to repair or replace your farm *machinery* faster:

- Express freight or airfreight (nationally or locally) for parts or a replacement *machine*
- Labour overtime
- Work performed on public holidays

The most we'll pay for these costs is \$2,500 for any one *event*. If spending more will not result in the repair or replacement of your farm *machinery* happening more quickly, we'll only pay for standard freight and standard labour rates.

## The maximum we'll pay for your claim

The most we'll pay under this policy is the following list, added together.

- The *sum insured* shown on your *schedule* (including benefits paid from within it) for an item or an *insured location*.
- Any GST.
- Any amounts that we are required to pay under these benefits:
  - Lifting and lowering of submersible pumps
  - Replacement of refrigerant
  - Temporary *machine* hire.

## What your responsibilities are

This section outlines the responsibilities you, and anyone else insured under this policy, must meet.

### Information given to us must be correct

Your proposal, application, or declaration form is the basis of this contract.

All statements and information you give us, or anyone gives us on your behalf, must be complete and correct. This includes statements and information:

- in any proposal, application, or declaration – whether we get the statements and information verbally, electronically, or in printed form
- that support this policy or any claim.

If you give incorrect or false information in relation to your claim, or if your claim is fraudulent in any way, we won't pay the claim. If your claim is fraudulent, your policy automatically ends – we will cancel your policy from the date you made the claim or gave us the false information.

If you give us incorrect or incomplete information, or if information is withheld, and your claim is declined or we *avoid* your policy, this may affect your ability to obtain insurance in the future.

### You have a duty of disclosure

You have a duty of disclosure, which means you must tell us everything we'd consider material to decide:

- whether to issue, renew, or change this policy
- the terms on which we'd issue, renew, or change this policy, including the *premium* we charge.

Your duty of disclosure applies each time you renew or change this policy. If you don't meet your duty of disclosure, we can refuse a claim, reduce any claim payment, or *avoid* the policy. This may affect your ability to obtain insurance in the future.

### Tell us if anything changes

Tell us straight away if there's a change that could affect your cover, our decision to insure you, or the *premium* we charge. Some examples of when you might need to do this are:

- you buy or sell a significant piece of *machinery*
- you move a significant piece of *machinery* to a new location
- you modify a piece of *machinery* from the manufacturer's standard specifications.

If you're not sure whether something is important, tell us anyway. If you don't keep us up to date, we can refuse a claim, or reduce any claim payment, or *avoid* the policy.

### ! If we avoid your policy

If we *avoid* your policy, we treat it as though it never existed. You will have to pay back any claim payments we have made to you, and we will refund you any *premium* you have paid to us.

This might mean you find it difficult to get other insurance in the future.

### You must take all reasonable steps to prevent loss

You must, at your cost or expense, take all reasonable steps to prevent *loss* and keep the property covered by this policy in good condition. We always have the right to examine property this policy covers.

You must also try to avoid any *loss* that you could be held legally liable for.

We won't cover *loss* or legal liability in the event that you are reckless or grossly negligent.

Reckless or grossly negligent means you've failed to act in the way a reasonable person would, given the circumstances you faced when the *loss* happened.

## You're responsible for setting your sum insured

You're responsible for setting your *sum insured*. You must ensure at all times it is enough to cover *loss* or damage to your *machinery*.

## If you're paid reparation, you may need to pay it to us

If anyone covered by this policy is paid reparation for *loss* to property that we are paying (or have paid) a claim for, you must tell us. You must give us the reparation payments to repay the claim payments that we have made, up to the amount of the reparation received.

## You can't pass on your rights or interests under this policy

Without our prior written agreement, you can't assign, or attempt to assign, either of the following to any other party:

- this policy or your interest in it
- your rights to any claims proceeds under this policy.



## Policy conditions and other important information

### Your premium

Your *premium* is the payment you make in exchange for your insurance cover. Your *premium* is detailed on your policy *schedule*.

### Paying your premium

Your insurance policy is an annual contract. You can choose to pay annually in full, or in instalments.

Your *premium* will be higher if you pay by anything other than annual instalments, as we charge you instalment fees.

Making changes to your policy details may affect the *premium* you need to pay or have paid for the remainder of your *period of insurance*.

If you pay annually and don't pay the full amount, we may reduce the *period of insurance* to align with the amount you paid.

### Your premium must be paid up to date before we'll pay a claim

If you need to make a claim and you have *premium* that is less than 28 days overdue, we may do one of these things:

- withhold the claim payment until you've paid the overdue *premium*
- deduct the overdue *premium* from the claim payment.

### Your policy ends if your premium is more than 28 days overdue

If your *premium* is overdue by more than 28 days, your insurance cover under this policy ends. Cover stops from the date you have paid up to.

## How your policy can be cancelled

### You can cancel your policy

#### You have a cooling-off period if you change your mind

When you first purchase this policy, you can cancel it within 30 days if you change your mind. We'll refund all the *premium* you've paid if you haven't made a claim.

#### You can cancel after the cooling-off period

You can cancel your policy at any time after the 30-day cooling-off period. If you haven't made a claim, we'll refund any *premium* you have already paid for insurance cover after the cancellation date.

### We can cancel your policy

#### We can write to you to cancel your policy

We can cancel this policy at any time by writing to either:

- you at the address or email address on our records
- your insurance adviser.

Your policy will be cancelled from 4.00pm on the 14th day after we send the letter. We will refund any *premium* you've already paid us for cover after the effective date of the cancellation.

#### We'll cancel your policy if you make a fraudulent or false claim

If you make a fraudulent or false claim, this policy automatically ends. We don't need to cancel it in writing, but we may confirm to you in writing that it was automatically cancelled at a particular time. We refund any *premium* you have already paid for cover after the cancellation date.

## We don't cover you if you breach these terms

To be covered under your policy, you must comply with the terms and conditions outlined in this policy wording.

If we find that anyone insured by your policy has breached any of these terms or conditions, we can decline a claim, or reduce the payment.

However, nothing in this policy wording affects our rights or yours under common law, including our right to *avoid* your policy for not making full disclosure in accordance with your duty of disclosure.

## This policy can cover multiple parties as joint insureds

This policy is a joint policy if your *schedule* shows joint names, or includes the name of a Trust, as being insured.

We view each *insured person* as acting with the explicit permission of any other. You each have the right to change this policy, make or settle a claim under this policy, or cancel this policy.

Any breach of the policy terms or conditions by one person will prevent all *insured people* from claiming under this policy.

## You must do what you can to care for insured property

You must, at your cost or expense, take all reasonable steps to prevent *breakdown* and keep property we're covering in good condition. We'll always have the right to examine your property that we're covering.

You must also try to avoid any *breakdown* that someone could hold you legally liable for.

We won't cover you if you're reckless or grossly negligent. Reckless or grossly negligent means you've failed to act in the way a reasonable person would, given the circumstances you faced when the *loss* happened.

## How GST applies when we pay a claim

The *sum insured*, dollar figures for benefits, and limits to items in this policy exclude GST. Where we are able to recover GST under the Goods and Services Tax Act 1985, GST will be added, where applicable, to claim payments. All *excesses* include GST.

## We may appoint an adjuster

If we want to appoint a loss adjuster, assessor, surveyor, valuer, or investigator for a claim under this policy, you will be required to cooperate with whomever we appoint.

## We don't cover you if you have other insurance

We won't cover you for *breakdown* or liability where insurance cover is provided for the same *breakdown* or liability. We won't contribute towards any claim under any other policy.

## If your property is secured by an interested party

If your *machinery* is secured by financial agreement, we may make any claim payment to the interested party. This will meet our responsibilities under this policy.

Where required, we'll share personal information about you with any party that holds a financial interest in your property.

We don't cover parties with a financial interest under this policy, and those parties can't make claims.

## New Zealand law applies to this policy

This policy is governed by New Zealand law and New Zealand courts have exclusive jurisdiction over any legal proceedings about it.

When this policy mentions an Act of New Zealand Parliament, this includes any substitution, amendment, or replacement of the Act. If the Act has been repealed and there is no substitution or replacement, we mean any part of an Act with substantially the same purpose and function. It includes the *regulations* under the Act.

## We'll put details of your claims on the Insurance Claims Register

In buying this policy, you allow us to put details of any claims you make on the Insurance Claims Register (ICR) so other insurers can see them. You also allow us to obtain personal information and details of claims you've made from the ICR.

The ICR is a database of insurance claims. It helps prevent insurance fraud by enabling insurance companies to share details of claims. The ICR is operated by Insurance Claims Register Limited (ICR Ltd), PO Box 474, Wellington 6140.

## Definitions

This section defines some words and phrases that have specific meanings in this policy wording. When we use the words or phrases below, we use *italics*, and we mean the definition we give in this section.

### **Accident, accidental, and accidentally**

A sudden and unforeseen *event* not intended or expected by you.

### **Avoid (a policy)**

We'll treat your policy as though it never existed in accordance with the legal principles which govern the duty of disclosure and its remedies.

### **Breakdown**

*Loss* that requires any part of the *machinery* to be repaired or replaced for it to function normally, and which involves:

- breaking, deforming, or seizing of parts
- electrical or electronic failure.

### **Computer system**

Any of the following in any configuration:

- computers, hardware, and software
- communications systems
- electronic devices, including smart phones, laptops, tablets, and wearable devices
- electronically controlled equipment, including *data* processing equipment
- server, cloud, or microcontroller equipment
- any similar system, input, output, *data* storage device, networking equipment or back up facility.

### **Current value**

The amount you need to get back to where you were financially before the *loss*. To calculate the *current value* of *machinery*, we take the *replacement value*, and apply a rate of 8% depreciation for each year since manufacture up to a maximum depreciation rate of 72%.

We don't depreciate labour costs related to repairing or replacing your *machinery*.

### **Cyber act**

One or more unauthorized, malicious, or criminal acts, involving accessing, processing, using, or operating any *computer system*. *Cyber act* also includes the threat or hoax of these acts.

### **Cyber incident**

Either of the following.

- Any error, omission or series of related errors or omissions involving accessing, processing, using, or operating any *computer system*.
- Any partial or total unavailability or failure, or recurring unavailability or failure, involving accessing, processing, using, or operating any *computer system*.

### **Data**

Any kind of information, including facts, concepts, or code.

In this definition, we mean information that is converted, recorded, or transmitted in a form that a *computer system* can access, communicate, display, distribute, interpret, process, transmit, store or use.

**Employee**

Someone who works for you on your *farming operations*. They may be:

- someone you've contracted to provide a service
- someone who has an apprenticeship with you
- someone you've hired or borrowed
- a sub-contractor who provides labour only
- a sharemilker or someone with a share farming arrangement.

**Entity**

The *insured* on your *schedule* and all the *insured's subsidiaries*.

**Event**

Something that happens and lasts for no longer than 72-hours, which causes a *loss* or series of *losses*.

**Excess**

The first amount of any claim that you must pay. We'll deduct it from any payment to you.

You'll find the amount on your *schedule* or in the relevant section of this policy.

**Farming operations**

Your usual farming activities. They include:

- exhibitions and competitions at shows and dog trials
- distributing farming materials from aircraft, if an independent aerial operator is operating the aircraft on your behalf (but not if they are distributing 1080, 1081, or similar chemicals; or hormone herbicides including phenoxy and herbicides that regulate growth)
- owning or using of any farming or agricultural equipment used only for your *farming operations*
- selling or supplying farm goods and produce
- occasional farm contracting, but only to the extent allowed by additional benefits in various sections of this policy
- other business operations on your *schedule*
- hunting clubs, if they aren't your only source of income.

They exclude owning or using aircraft or watercraft.

**Insured**

Any of the following:

- the *insured* on your *schedule*
- the *entity* on your *schedule*
- any *subsidiary* of the *insured* or the *entity* that's in New Zealand
- the *insured person* on your *schedule*.

**Insured location**

The location on your *schedule*.

**Insured person**

Any natural person who is any of the following:

- a former, current, or future director, *officer*, or *employee* of the *entity*
- a former, current, or future director, *officer*, or *employee* of the *entity* because of any applicable legislation

- a former, current, or future trustee of a superannuation fund set up for the *employees* of the *entity*
- a former, current, or future partner or *employee* of the partnership insured on your *schedule*
- the person named on your *schedule*, or former, current, or future *employee* of that person, when acting in that capacity.

*Insured person* excludes any:

- liquidator
- external auditor
- receiver
- official assignee
- statutory manager
- administrator including voluntarily appointed administrators
- mortgagees in possession
- *employee* of any of the above.

### **Loss**

Physical *loss* or damage that prevents *machinery* from working normally, that you don't intend or foresee and we don't otherwise exclude.

### **Machine**

A device that either:

- converts and directs motion or energy, or
- performs any electronic process.
- This includes any protective component connected with that device.

### **Machinery**

*Machinery* means any motor or pump – including submersible motors and pumps – *electronic equipment*, *farm computer*, or mechanical equipment that is listed individually on your *schedule*. It does not include pressure vessels.

*Machinery* also means any motor or pump – including submersible motors and pumps – *electronic equipment*, *farm computer*, or mechanical equipment that's not individually listed on your *schedule*, if your *schedule* lists 'Sundry Farm Machinery'.

*Machinery* only includes items in current use by you for your *farming operations*.

*Farm computer* means a computer that you use for your *farming operations*, but does not include *electronic equipment*.

*Electronic equipment* means any electronic equipment at the insured site that you use for your *farming operations* or business, apart from *farm computers* and motors.

### **Micro-organisms**

Living things such as:

- amoeba
- bacteria
- fungi
- mould
- protozoa
- any similar forms.

### **Officer**

Anyone who, at the time of an offence or alleged offence, held the position or did the duties of the *insured's*:

- director
- *officer*
- trustee
- manager
- secretary
- full time, part-time or temporary *employee*.

### **People insured**

The *people insured* are any of:

- the *insured*, and any *subsidiary* company in New Zealand
- the *insured's* partners, directors, executive *officers*, or *employees*, when acting in that capacity – we only cover them for the liability we would have covered the *insured* for if the *claim* had been made against the *insured*

### **Period of insurance**

The timeframe we provide your insurance cover for (usually 12 months), as shown on your *schedule*.

### **Premium**

The amount you need to pay us to ensure cover commences and remains in force. This is the initial *premium* or any subsequent *premium*, and includes any government levies and taxes.

### **Regulations**

Any Act of Parliament or *regulations* made according to any Act of Parliament, or *regulation* or bylaw of any local authority.

### **Replacement value**

What it costs to repair the property to as-new condition, or to purchase a new item if repair is not viable.

### **Schedule**

The policy *schedule*, policy change, endorsement, expiry notice, or renewal notice that we most recently issued to you or your insurance adviser.

### **Subsidiary**

A company is a *subsidiary* if any of these apply.

- Another company controls who's on its board of directors
- Another company can control more than half the number of votes that can be exercised at a company meeting
- Another company owns more than half the company's issued shares (excluding shares that are only entitled to a specified amount of profits or capital, and have no other right to participate)
- Another company is entitled to more than half of all share dividends (excluding shares that are only entitled to a specified amount of profits or capital, and have no other right to participate)

### **Sum insured**

The amount your *schedule* shows your farm *machinery* is insured for.

### **Total loss**

We have declared that your farm *machinery* is damaged beyond economic repair.

