

**In Inside Word (sent to you on July 15), we mentioned changes to our earthquake underwriting approach. We also said that we would provide more information around the timing of these changes and we are now in a position to do so.**

## Business Insurance

The changes outlined below are being applied to both new business and renewals with effect from 1 November 2011. Please ensure that your documentation to both the customer and us includes these amendments.

The following clause will apply to all Material Damage and Business Interruption covers:

**Notwithstanding anything to the contrary in the policy schedule or wording, your policy is amended as follows:**

1. *Where the policy provides cover for earthquake damage, volcanic activity, hydrothermal activity or Natural Disaster damage, any sum insured (for each item specified in the policy schedule or provided schedule of values) for such cover also applies as a limit on our liability under the policy for any one period of insurance.*
2. *Any policy provision or extension that provides for reinstatement of sums insured or amount of insurance shall not apply to earthquake damage volcanic activity, hydrothermal activity or Natural Disaster Damage*

*Earthquake damage, volcanic activity, hydrothermal activity or Natural Disaster damage has the same meaning as defined in your policy. Where not defined, and for the purpose of this amendment, this means physical loss or damage directly or indirectly caused by earthquake, hydrothermal, volcanic or geothermal activity, tsunami or fire in consequence of any of these.*

This clause may be amended in specific cases to suit a particular customer's cover, most likely with Corporate business. We will advise you when this is the case.

## Personal Insurance

The following changes for personal insurance will apply to all customers in our Christchurch Exclusion Zone (CEZ)\* only. We will be adding these clauses to all policies in the CEZ however if you have your own broking system and produce your own notices it will be your responsibility to apply these in all cases. Our pre-expiry notices will include reference to this clause and will help you to identify these risks. If you use our existing notices the clauses will already be inserted.

### Rate Changes

These will apply to all renewals and any new or replacement covers with effect from 1 October 2011:

Home 15%

Contents 5%

## Policy Changes

The wording below must be applied to all renewals for Home and Contents with effect from 1 November 2011:

continued...

**→ HOME EQ-1**

**The extent of cover provided to your home under this policy is amended as follows:**

1. Where your home suffers loss or damage caused by earthquake, tsunami or flood, our total liability under this policy in any one period of insurance (regardless of the number of events or claims) shall not exceed either:
  - a. the sum insured specified in the policy schedule; or
  - b. where no sum insured is specified, the equivalent of the cost to rebuild the total square metre area specified in the policy schedule which is limited to a maximum of \$2,000 per square metre (inclusive of any fees, costs and GST).
2. The Additional Benefit - Automatic Reinstatement of Cover will not apply where loss or damage arises from or is caused by earthquake, tsunami or flood;
3. Any claim under Additional Benefit - Natural Disaster Insurance for permanently installed swimming or spa pools, drains, pipes and cables, paths, driveways, garden walls and tennis courts, and any claim for flood damage, is subject to an excess of \$10,000 for any one event;

For the purpose of this policy amendment, flood is defined as the inundation of land by:

- a. water escaping from or released from the normal confines of the sea, any watercourse, reservoir, pond, dam or lake; or
- b. run-off, accumulation or pooling of water.

However, flood does not include inundation of land where it affects only your property.

**IN ALL OTHER RESPECTS THE POLICY REMAINS UNALTERED**

**→ CONTENTS EQ1**

**The extent of cover provided to your contents under this policy is hereby amended as follows:**

1. The Additional Benefit - Automatic Reinstatement of Cover will not apply where loss or damage arises from or is caused by earthquake, tsunami or flood;
2. Any claim for loss or damage arising from flood is subject to an excess of \$10,000 for any one event;

For the purpose of this policy amendment, flood is defined as the inundation of land by:

- a. water escaping from or released from the normal confines of the sea, any watercourse, reservoir, pond, dam or lake; or
- b. run-off, accumulation or pooling of water.

However, flood does not include inundation of land where it affects only your property.

**IN ALL OTHER RESPECTS THE POLICY REMAINS UNALTERED**

**\* Vero Christchurch Exclusion Zone** - this is defined as: an area North of the Rakaia River and South of the Waipara River, extending West to the foothills of the Puketeraki range.

Ends.